

Open call for tenders to assist EFRAG

Developing a cost benefit analysis for

1. the Listed SMEs, small non-complex credit institutions and captive insurance/re-insurances Draft European Sustainability Reporting Standard (LSME)

and

2. For the ESRS voluntary standard for non-listed SMEs (VSME)

A. Summary of contract requirements and tendering procedure

1. Contracting entity

1.1 Name and address

EFRAG 35 Square de Meeûs, B-1000 Brussels Belgium

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1.2 Internet address

www.efrag.org

1.3 Date of publication of this notice

20 September 2023.

1.4 Time limit to answer to the call for tenders

Tenders must be sent by 20 October 2023 by close of business to the email address: call.for.tender@EFRAG.ORG. Tenderers are advised to keep proof of the sending time.

1.5 Communication

Additional information can be obtained from the above-mentioned address.



1.6 EFRAG's mission statement

EFRAG's mission is to serve the European public interest in both financial reporting and sustainability reporting by developing and promoting European views in the field of corporate reporting. EFRAG builds on and contributes to the progress in corporate reporting.

In its financial reporting activities, EFRAG ensures that the European views are properly considered in the IASB's standard-setting process and in related international debates. EFRAG ultimately provides advice to the European Commission on whether newly issued or amended IFRS Standards meet the criteria of the IAS Regulation for endorsement for use in the EU, including whether endorsement would be conducive to the European public good.

In its sustainability reporting activities, EFRAG provides technical advice to the European Commission in the form of Draft European Sustainability Reporting Standards (ESRS) elaborated under a robust due process and supports the effective implementation of ESRS.

EFRAG seeks input from all stakeholders, and obtains evidence about specific European circumstances, throughout the standard-setting process. Its legitimacy is built on excellence, transparency, governance, due process, public accountability and thought leadership. This enables EFRAG to speak convincingly, clearly, and consistently, and be recognised as the European voice in corporate reporting and a contributor to global progress in corporate reporting.

2. Description of the contract

The present call for tenders concerns the sustainability reporting standard -setting activities, in particular:

1. the Draft ESRS for listed SMEs, small non-complex credit institutions and captive insurance/re-insurances (LSME)¹; and
2. the Draft Voluntary ESRS for non-listed SMEs (VSME).

The two standards serve two very different purposes and the cost-benefit analysis of the two will require to interact with different groups of stakeholders both from the preparers and from the users' sides. Nevertheless, the contractor shall look at the two activities together, as LSME and VSME are interconnected via a building block approach, which is briefly described below.

The building block approach conceptually consists of 5 steps:

- i. VSME step 1 (core module) = "metric dataset"
- ii. VSME step 2 = VSME step 1 (core module) + "narrative information on general disclosures and Policies, Actions and Targets"
- iii. VSME step 3 = VSME step 2 + "EU SF Law datapoints module"
- iv. LSME = VSME step 3 + value chain cap datapoints (and adjustments due to the consolidated view in VSME versus individual view in LSME²)

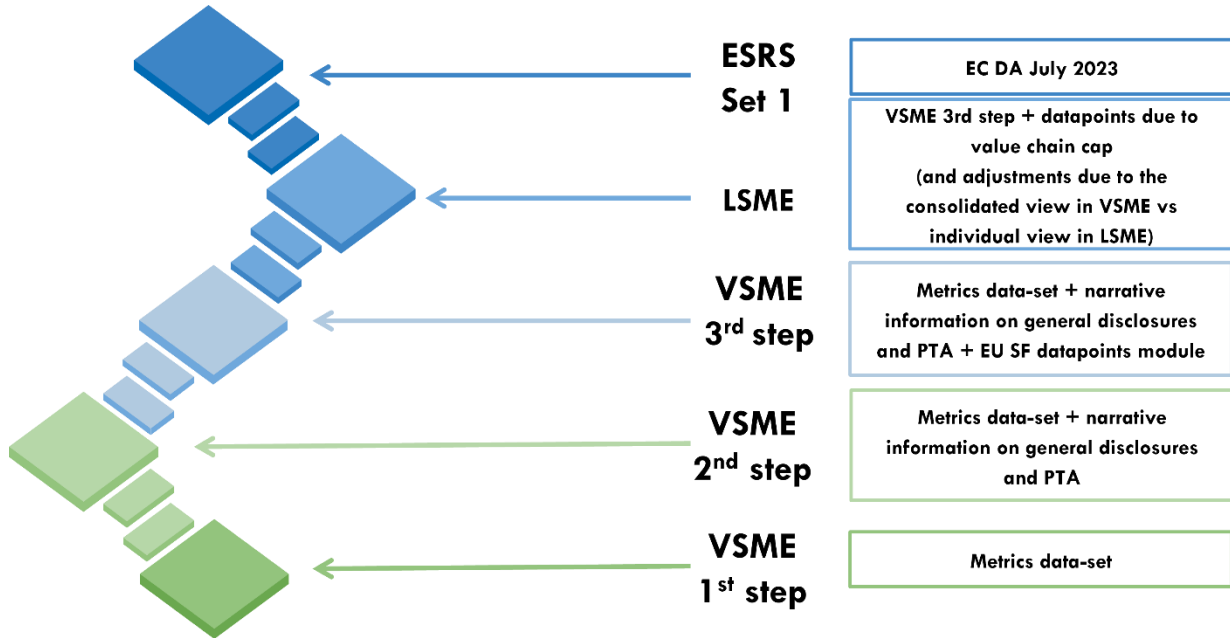
¹ For further information see section C. Background Information.

² There is no LSME standard for consolidated sustainability reporting. Under Art. 19a(9), listed SMEs are exempted from carrying out individual sustainability reporting if they are included in the consolidated management report of a parent company that has carried out consolidated sustainability reporting in



- v. In addition, LSME, which has been built as a bottom-up exercise as a progressive aggregation of different modules as illustrated in this building-block mechanism, can be seen as a simplification of ESRS Set 1 (EC Delegated Act July 2023).

The building block approach is presented graphically below. Please refer to [paper 04-05](#) presented at EFRAG SR TEG on 13 July 2023.



2.1 Background

In December 2022, the Corporate Sustainability Reporting Directive (CSRD) was published in the European Official Journal. The objective of the CSRD is to improve sustainability reporting to better exploit the potential of the European single market and to contribute to the transition to a fully sustainable and inclusive economic and financial system in line with the European Green Deal and the UN Sustainable Development Goals.

The CSRD introduces simplified sustainability reporting standards for listed SMEs, small non-complex credit institutions and captive insurances and reinsurances (LSME ESRS) as derogation to the ESRS for large undertakings. Micro, small and medium sized companies that are not listed are not in the scope of CSRD. Listed micro enterprises are explicitly excluded from the CSRD scope.

LSME

Listed small and medium sized undertakings (LSME ESRS), except micro-undertakings, are included in the scope of CSRD, but they are allowed to report in accordance with LSME ESRS, to be issued as Delegated Act on the basis of a Draft proposed by EFRAG. The Draft LSME ESRS to be developed by EFRAG, shall be proportionate and relevant to the capacities and the

accordance with Art. 29a (and if certain other specific conditions are met). Under Art. 29a(1), where a listed SME is parent undertakings of a large group (which does not happen frequently but cannot be excluded), they have to report in accordance with the ESRS for large undertakings (Art. 29a(5)). Under Art. 29a(7), if a listed SME is providing consolidated sustainability reporting, it is exempted from providing individual sustainability reporting. Under Art. 29a(8), listed SMEs are exempted from carrying out their consolidated sustainability reporting if they are included in the consolidated management report of another parent company that has provided consolidated sustainability reporting in accordance with Art. 29a (and if certain other specific conditions are met) .



characteristics of small and medium-sized undertakings and to the scale and complexity of their activities (art. 29c). Small and medium sized undertakings include:

- i) small and medium-sized undertakings as defined in the Accounting Directive that are public interest entities (securities listed in regulated markets); EFRAG secretariat has estimated the number of those companies to be about 700 in EU³. Additionally, according to Art. 4(5) of the Transparency Directive (as amended by the CSRD), the scope includes third country listed SMEs that, according to the Article 40a of the CSRD are in scope of LSME, whose number has not yet been estimated by EFRAG secretariat.
- ii) small and non-complex credit institutions defined in point (145) of Article 4(1) of Regulation (EU) No 575/2013; According to EBA figures the number of SNCIs in Europe is 2.300⁴.
- iii) captive insurance undertakings defined in point (2) of Article 13 of Directive 2009/138/EC of the European Parliament and of the Council and
- iv) and captive reinsurance undertakings defined in point (5) of Article 13 of that Directive. (art 19a 6). Estimation of 300 captive insurance/reinsurances in EU (based on EIOPA).

The sustainability reporting standards for large undertakings shall not specify disclosures that would require undertakings to obtain information from small and medium-sized undertakings in their value chain that exceeds the information to be disclosed pursuant to the LSME ESRS (art 29b 4). We refer to this as the '*value chain cap*', i.e., the disclosures in LSME ESRS determine what is the maximum detail of information that large undertakings shall be required to collect from SMEs in their value chain in order to prepare their ESRS sustainability statement. LSME is the result of a drafting exercise aimed at covering the minimum content identified in the CSRD for LSME with a significant simplification of the corresponding DRs and datapoints in Set 1. The general purpose has been to achieve the appropriate balance between proportionality and users' needs, including the necessity to cover as per the CSRD the SFDR⁵ (Sustainable Finance Disclosure Regulation) datapoints. This led to a shortlist of 5 to 7 'value chain' datapoints that are considered necessary to meet the users' needs, i.e., these are the datapoints that undertakings applying ESRS Set 1 are expected to demand from their SMEs in their value chain. in LSME ESRS. A list of them based on the EFRAG Secretariat working papers available at the date of issuance of this call for tenders is provided in Appendix A.

³ For the identification of the listed SMEs which fall into the scope of the [draft] LSME ESRS, EFRAG Secretariat extracted undertakings from Orbis database that are based in Europe and are listed in on a European regulated market. To also note that the EC and CEPS have published their own studies on SMEs and the CSRD ((Study on the non-financial reporting directive - Publications Office of the EU (europa.eu), / EUR-Lex - 52021SC0150 - EN - EUR-Lex (europa.eu)). The studies indicate a total number of about 1.000 listed SMEs in Europe, that is different from the data that the EFRAG Secretariat has estimated. To note that the secretariat estimations do not cover the figures on third country SMEs listed in a EU regulated market at the moment.

Small and medium-sized undertakings (SMEs) Breakdown by size – Source: Orbis elaborated by EFRAG secretariat. Methodological approach: i) extract listed companies in the 27 member states, ii) manually identify listed SMEs based on accounting directive criteria, iii) double check with the regulated markets of Europe. Total 699 companies (523 medium, 176 small). To note that the estimated figure only considers the number of European listed SMEs listed in EU regulated markets, it does not differentiate listed SMEs that are parents of a large group (art. 29 a would apply) nor it includes the third –countries SMEs listed in EU regulated markets or listed SMEs that are subsidiaries of third-countries parent companies (both in scope of LSME ESRS).

⁴ Based on EBA data, the EFRAG Secretariat has identified 2361 Small and Non-Complex Credit Institutions in the EU, with almost 50% representation in Germany, 20% in Poland and 16% in Austria.

⁵ Regulation (EU) 2019/2088.



The effective date for the obligation to issue ESRS sustainability statements by LSMEs is 1 January 2026, but entities in scope have an option to delay the first application to 1 January 2028 (except for Small and Non-Complex Institutions defined in point (145) of Article 4(1) of Regulation (EU) No 575/2013 and captive insurance and reinsurance undertakings defined in point (2) of Article 13 of Directive 2009/138/EC of the European Parliament and of the Council).

In this context, EFRAG is currently developing the Exposure Draft of LSME ESRS (the LSME ESRS ED) with the aim to launch a public consultation in Q4 2023 or at the beginning of 2024 for 120 days. The latest publicly available version of the working paper LSME ESRS is accessible on EFRAG webpage [here](#)). After the public consultation on the LSME ESRS ED EFRAG expects to finalise the Draft LSME ESRS and submit it, in the form of a Technical Advice to the European Commission accompanied by the final cost-benefit analysis by the first half of November 2024.

The LSME ESRS will be adopted by the European Commission by means of a Delegated Act.

VSME

Non-listed SMEs, which are not subject to any sustainability reporting requirements under the Accounting Directive, receive requests for sustainability information from customers, banks, investors or other stakeholders.

Despite non-listed micro, small and medium companies being outside the scope of the CSRD, EFRAG is developing simple, voluntary standards for use by non-listed SMEs (VSME). This voluntary standard should enable non-listed SMEs to respond to requests for sustainability information in an efficient and proportionate manner, and so facilitate their own participation in the transition to a sustainable economy.

This market need was highlighted in the EC impact assessment accompanying the CSRD proposal and confirmed by EFRAG European Corporate Reporting Lab (Final Report 2021⁶) and by the former EFRAG PTF cluster in charge of SMEs that was composed by representatives of SMEs and banks. Commissioner McGuinness and the European Commission have recommended EFRAG to work on such a voluntary standard⁷.

The [communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - SME Relief Package](#) - includes initiatives to make it easier for SMEs to access sustainable finance.. In particular, the European Commission will ensure that SMEs have a simple and standardised framework to report on ESG issues, by limiting the risk of disclosure requirements trickling down on non-listed SMEs in the value chain of undertakings in the scope of CSRD and ensuring the rapid delivery of voluntary standards for non-listed SMEs.⁸

VSME will not have legal status and will not be issued as Delegated Act, however it aims at becoming the market accepted standard to serve the information needs of lenders, other investors and large companies that have business relationships of SMEs in their value chains.

Being a voluntary tool and being addressed to a category of less resourced companies, the value and benefits of VSME will crucially depend on the level of market acceptance and recognition that VSME will ultimately achieve as ‘the’ standard for data collection requests by lenders, other investors and large companies.

⁶ Please refer to the Final Report [here](#)

⁷ European Commission – Questions and Answers on the Adoption of the European Sustainability Reporting Standards (31 July 2023)

⁸ Link for the publication [here](#) (page 16)



Micro, small and medium companies (which are the intended scope of VSME) are the vast majority of companies in Europe. They are in total 23.2 million⁹.

EFRAG plans to make available VSME for use at the same effective date of LSMEs (1 January 2026).

In this context, EFRAG is currently developing the Exposure Draft of VSME ESRS (the VSME ESRS ED) with the aim to launch a public consultation in Q4 2023 or at the beginning of 2024 for 120 days. The latest publicly available version of the working paper VSME ESRS is accessible on EFRAG webpage [here](#)). After the public consultation on the VSME ESRS ED EFRAG expects to finalise the VSME ESRS and submit it for due consideration to the European Commission accompanied by the final cost-benefit analysis by the first half of November 2024.

2.2 Objective and content of the contract

The objective of the contract is to provide two separate cost-benefit analyses, in particular collecting data and evidence and performing analysis that can support EFRAG's conclusions on the ex-ante cost-benefit analysis of the:

1. LSME ESRS described in Section B.2 as 4 separate cost-benefit analysis reports:
 - a. listed SMEs
 - b. small and non-complex credit institutions;
 - c. captive insurance and reinsurance undertakings; and
 - d. third –countries SMEs listed in EU regulated markets or listed SMEs that are subsidiaries of third-countries parent companies (both in scope of LSME ESRS).
2. VSME ESRS described in Section B.3.

The purpose of cost-benefit analysis is to understand the impacts:

1. Of LSME ESRS ED and of final Draft LSME ESRS as submitted to the European Commission. This also includes understanding the cost-benefit balance deriving from the approach proposed by EFRAG to implement the *value chain cap*.
2. Of VSME ESRS ED and of final VSME ESRS as submitted to the European Commission.

The two analyses on LSME and VSME shall take into account the various stakeholders' points of view on a systematic basis to enable informed judgements about how to balance the needs of different and possibly competing interests, including costs and benefits, including wider impacts on sustainability matters.

Contractors are asked to assess the costs and benefits for a broad set of stakeholders including: reporting entities, lenders, investors, rating agencies, data providers and other financial market participants), civil society organisations and society at large.

On **LSME**, the assessment of the benefits shall consider the societal expected positive impacts of the new reporting requirements. With the introduction of the requirement to disclose information on sustainability matters for the undertakings in scope of LSME ESRS, the legislator expects:

- a) to protect and enhance the access of these undertakings to financial capital, avoiding discrimination against them on the part of financial market participants;

⁹ Micro (<10 employees + balance sheet and turnover combined, accounting directive) = 21.7 million (93.3% of total EU companies). Small (<50 employees + balance sheet and turnover combined, accounting directive) = 1.3 million (5.6% of total EU companies). Medium (<250 employees + + balance sheet and turnover combined, accounting directive) = 202.000 (0.9% of total EU companies). Source: Eurostat, 2020 + EC impact assessment CSRD)



- b) to ensure that financial market participants have the information they need from investee undertakings to be able to comply with their own sustainability disclosure requirements laid down in the Sustainable Finance Disclosures Regulation (SFDR)¹⁰.

Benefits and costs can be direct or indirect (e.g., increased investability for small, listed companies or reduced risk or receiving multiple and diverging data requests from lenders and clients).

For the provision of value chain information and to assess the implementation of the *value chain cap*, the group of stakeholders impacted by LSME ESRS include LSME preparers, who will incur the costs to prepare the value chain information, on one hand, and large undertakings and the users of their sustainability statement, on the other hand, as those undertakings and users will benefit from the availability of value chain information provided by LSMEs.

On **VSME**, the assessment of the benefits shall consider both the savings for SMEs that will have a common reference for data requests, therefore avoiding multiple requests, as well as the societal expected positive impacts of an inclusive and proportionate approach to allow SMEs to undertake their sustainability journey. The analysis should also consider the benefit for lenders, investors and counterparties in the value chain in terms of reduced costs to define specific questionnaires and to educate the counterparties on the content of the data requests.

The cost-benefit analysis should also consider the modular approach that EFRAG has designed to implement the VSME ESRS, i.e., to include ‘target’ modules of disclosures for companies with different levels of complexities and ambitions.

On both **LSME and VSME**, contractors are asked to assess the costs and benefits of applying the Draft ESRS taken as a whole and not disclosure requirement by disclosure requirement. This does not preclude contractors from applying a bottom-up approach to assess costs for individual sections of Draft ESRS and then determine the aggregated amounts. In such case, input on the most difficult and ‘costly to apply’ sections or disclosure requirements of the Draft ESRS would be welcomed.

EFRAG expects to issue both Exposure Draft of LSME ESRS (LSME ESRS ED) and Exposure Draft of VSME ESRS (VSME ESRS ED) for public consultation in Q4 2023 or the beginning of 2024 for 120 days. Contractors should use the consultation period to collect the necessary data and conduct the analyses on the basis of the Exposure Draft. After the consultation period, and based on the feedback received, EFRAG may need to amend the proposed Draft LSME ESRS and Draft VSME ESRS. The contract will have to also cover the analysis of the effects of the revisions, if any, on the cost-benefit analysis once contents of the final Draft LSME ESRS and the final Draft VSME ESRS is known (expected around September 2024).

2.3 Leveraging on previously performed cost-benefit analyses

In performing the work, the contractor should take into consideration and build on the following:

- The European Commission’s [impact assessment of the CSRD proposal](#); and
- The report provided by a think tank (CEPS) [Study on the non-financial reporting directive - Publications Office of the EU \(europa.eu\)](#), which the European Commission used to prepare its impact assessment for the proposals for a CSRD; in particular for cost calculations when it made its proposal for the Corporate Sustainability Reporting Directive.

¹⁰ Regulation (EU) 2019/2088.



- [The cost-benefit analysis on the Draft ESRS](#) technical advice submitted by EFRAG to the European Commission in November 2022. The Cost Benefit Analysis was provided by two think-tanks (CEPS and Milieu).

In doing so, the contractor shall cover only the contents of the LSME ESRS, the value chain CAP, and the VSME ESRS to avoid addressing the analysis already performed in relation to other provisions.

2.4 Detailed description

See Section B.2 and B.3 Formal requirements and description of the procurement process.

2.5 Delivery deadlines

EFRAG expects to be required to deliver both the Draft LSME ESRS and the Draft VSME ESRS by the first half of November 2024 at the latest.

The selected contractor or consortium first shall prepare:

1. a draft cost-benefit analysis (4 separate reports as described in 2.2 *Objective and content of the contract*) based on the Draft LSME ESRS ED and
2. a draft cost-benefit analysis based on the Draft VSME ESRS ED.

Both Draft LSME ESRS ED and Draft VSME ESRS ED will be submitted to public consultation in Q4 2023 or beginning of 2024. The two-draft cost-benefit analyses will have to be subsequently updated, as needed, by the selected contractor or consortium to reflect the changes (if any) arising from the public consultation on the LSME ESRS ED and on the VSME ESRS ED respectively, as agreed by EFRAG SRB advised by the EFRAG SR TEG in the context of the final approval of the Draft LSME ESRS and VSME ESRS.

The table below provides the envisaged projected timeline for the project:

Activity	Period
Award of the contract to the selected contractor	Mid November 2023
Kick-off meeting with the selected contractor	End November 2023
Presentation of the outline/ methodology (data gathering, critical assumptions) to EFRAG SR TEG and EFRAG SRB	Tentative mid December 2023
Development of the cost benefit analysis based on EFRAG's LSME ESRS Exposure Drafts (EDs) and VSME ESRS Exposure Drafts (EDs)	During the consultation (about 4 months)
Presentation of first result CBA to EFRAG SR TEG and EFRAG SRB	April 2024
Revision of Draft LSME ESRS and Draft VSME ESRS reflect changes (if any) arising from EFRAG's public consultation.	May - July 2024
Final review and approval of changes by EFRAG	July – September 2024 (considering summer period)
Final CBA reflecting changes in final Draft LSME ESRS and final Draft VSME ESRS- presentation EFRAG SR TEG and EFRAG SRB	October 2024



EFRAG deadline to submit the technical advice to the EC on: -Draft LSME ESRS and CBA and -Draft VSME ESRS and CBA to the EC	By the first half of November 2024
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As indicated in the table above, EFRAG's internal review and approval process of the work done by the contractor implies that the latter is made available to EFRAG one month ahead of the transmission to the European Commission and therefore all the tasks and deliverables under this call for tenders must be completed in view of that objective.

Contractors are asked to start their work as soon as their engagement is confirmed, on the basis of the latest available version of working paper of LSME ESRS Exposure Draft and VSME ESRS Exposure Draft and supporting methodological documents¹¹. EFRAG Secretariat will provide updated information as soon as available.

It is expected that the consultant will provide updates every two weeks on the progresses to the EFRAG Secretariat in order to monitor the quality and provide early feedback. It is also expected that EFRAG Secretariat will provide input on the questionnaires used by the consultant in the surveys with the relevant stakeholders. The consultant will share early draft reports with the EFRAG Secretariat.

The consultant may be asked to provide presentations in one or more public EFRAG SR TEG or EFRAG SRB meetings at the discretion of EFRAG.

The organisation of the study should take place in the following phases which do not aim at producing different papers but ensuring a close coordination between the contractor and the EFRAG Secretariat on the progress of the report:

- a. The contractor shall submit a structured outline report (similar to a table of contents plus text indicating the intended methodology) of the cost-benefit analysis by end November 2023 as basis for the kick-off meeting at the date agreed between the EFRAG Secretariat and the contractor;
- b. The contractor shall present the outline and methodology to the EFRAG SRB and EFRAG SR TEG tentatively towards mid December 2023;
- c. The contractor shall submit the draft reports (4 separate reports on LSME and one on VSME) based on the Exposure Drafts in April 2024 to EFRAG. The draft reports should include all the elements specified in Section B 'Scope of work' and should explain the contractor's research and data gathering procedures, methodology for economic modelling and critical assumptions.
- d. The draft reports will be discussed by EFRAG Governance Bodies at public meetings.
- e. The contractor will be informed of the main developments occurring during and after the consultation period that may affect its mission including changes to the content of the proposed Draft LSME ESRS and Draft VSME ESRS.
- f. EFRAG will comment on the draft reports and the contractor shall follow up on the EFRAG comments.
- g. The contractor shall integrate changes following the consultation that EFRAG SRB and EFRAG SR TEG will deliberate. It shall present the final reports at latest by beginning October 2024 including the impacts of the changes to the ESRS EDs.

During the drafting of the reports, an on-going information exchange between the contractor and the EFRAG Secretariat about the progress of the reports shall be established via e-mail

¹¹ Currently available as agenda papers to the SR TEG public meeting on 13 July 2023. Link [here](#).



and/or virtual (MS teams) meetings. The EFRAG Secretariat will provide information on the outcome of the public consultation, including on the expected costs and benefits of specific datapoints or disclosure requirements, if applicable. The contractor should at least give updates every two weeks by means of virtual or physical meetings. Any coordination meetings, if considered necessary, will be held in Brussels unless otherwise agreed with EFRAG. Travel expenses of these kick-off and coordination meetings are part of the all-inclusive study price.

The tasks, deliverables and deadlines further are described in section B.2 and B.3 of this call for tenders.

3. Formal requirements and description of the procurement process

3.1 Duration of the contract

The contract will expire upon delivery by EFRAG of the final Deliverables to the EC (see below), which is expected by the first half of November 2024.

Specific terms and conditions applicable to the mission (including penalties for late delivery) are included in the accompanying draft contract that form an integral part of the call for tenders.

Factors to estimate the price of the service

The contractors shall submit a detailed financial proposal for LSME and a detailed financial proposal for VSME, separately identifying in each proposal the number of man days (full time equivalent) per level of seniority of members of the team, including:

- the daily rate per level of seniority;
- all other costs, expenses (including travel costs, meeting and other out-of-pocket costs) and fees.

The financial proposals must be estimated including VAT¹².

3.2 Reports

The reports should be in English and be submitted in electronic MS Word format. Graphs, tables and figures being part of the text of the studies must be provided in a format which can be edited using MS Word. Each report shall also include:

- a. An abstract of no more than 200 words in English. The purpose of the abstract is to serve as a reference tool to help the reader to quickly ascertain the study's subject;
- b. An Executive Summary (the Executive Summary shall be independent from the main text. It shall offer an outline of the analysis and summarise the main results of the report and shall not be a repetition of the main text); and
- c. The following standard disclaimers:

“Funded by the European Union through the Single Market Programme in which the EEA-EFTA countries (Norway, Iceland and Liechtenstein), as well as Kosovo participate. Any views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union, the European Commission or of countries that participate in the Single

¹² EFRAG has no VAT status and should therefore be invoiced VAT included for all provisions of services including those received from abroad.



Market Programme. Neither the European Union, the European Commission nor countries participating in the Single market Programme can be held responsible for them.”

4. Quality standards

4.1 General quality standards

The contractor shall undertake to perform the tasks assigned to them in accordance with the highest professional standards and to observe the highest integrity throughout the process (data, research, analysis, presentation, citations, etc.). The standards to be respected include:

- a) All written deliveries should be drafted in a concise language, allowing readers to readily gain an overview of the specific subject, independent of their prior knowledge;
- b) The contractor should bear in mind that the delivery must stand up to scrutiny in a wider context and that factual errors, imprecise or ambiguous wordings or an unclear, inaccurate, or incomplete stating of sources and references may jeopardise the credibility of the delivery as a whole;
- c) Factual accuracy shall be ensured. The contractor has the responsibility to present the results fully without omission, misrepresentation, or deception. In particular:
 - i. The most recently available information and data shall be included. Existing relevant work, if any, within the relevant community shall be taken into account as broadly as possible, including research that challenges the contractors' own results. Contradictory findings shall not be excluded at the outset;
 - ii. All material from the work of others which is used for the assignment, such as data, information, ideas, concepts, methodologies, quotes and literature must be clearly referenced at the appropriate place in the text by way of systematic referencing. A complete bibliography, and where applicable, a list of persons/organisations interviewed, is essential; and
 - iii. Inverted commas or quotation marks shall be used in case another author's material is copied word-for-word (direct quotation). Sources should also be clearly referenced in case of paraphrasing, i.e., when putting another author's ideas into one's own words.
- d) The contractor shall put in place effective internal quality control mechanisms. Non-compliance with the above standards can lead to the rejection of the services.

4.2 Plagiarism

Where performance of the contract entails the use of an intellectual or industrial property right belonging to a third party, the contractor hereby must warrant that the contractor has obtained authorisation from the holder or holders of the said rights or from his or their legal representatives to use those rights for the purposes of this contract.

In such cases, the contractor must also inform EFRAG of any obligation or restriction arising from copyright or another intellectual or industrial property right belonging to a third party. Any fee for which the contractor may be liable for such authorisation shall be paid by the contractor.

All material from the work of others which is used for the assignment, such as, data, information, ideas, concepts, methodologies, quotes and literature must be clearly identified and stated at the appropriate place in the text by way of a systematic referencing system.

These works must be attributable to their original authors. Where the texts referred to are available on the Internet, hyperlinks should be provided if possible. A complete bibliography ("references"), and where applicable, a list of persons/organisations interviewed, is



essential. Plagiarism checks will be carried out. In the case that serious plagiarism is detected and not eliminated by the contractor, EFRAG will reject the study.

4.3 Results and copyright

EFRAG acquires ownership of the results of the work carried out under the contract ('the results'). EFRAG may use the results for the following purposes:

- Use for its own purposes;
- Make the report publicly available;
- Communication through press information services;
- Inclusion in databases, indexes and portals as EFRAG would see appropriate;
- Modification by or in the name of EFRAG; and
- Quote from and/or incorporate extracts from the report in its conclusions on the cost-benefit analysis submitted as part of EFRAG's Technical Advice to the EC and in any other reports, presentations and technical papers that EFRAG might prepare in connection with this project.

The contractor may not publish or otherwise use the report commissioned by the EFRAG unless a prior written authorisation is obtained.

5. Scope of the work and guidance on the quality criteria

The contractor will support the EFRAG SRB and EFRAG SR TEG in the assessment of the effects (benefits and costs) of the provisions included in the proposed Draft LSME ESRS and Draft VSME ESRS.

LSME

The tender should describe the methodology the contractor proposes to use to meet the objectives of the contract to assess the impact of the Draft LSME ESRS, with separate specification of the objective related to the *value chain cap*.

The assessment of the LSME ESRS shall follow the European Commission's Better Regulation guidelines, as defined in Tool #63 on the Better Regulation Toolbox. The assessment further builds on other tools to identify the impacts (Tools #29 to 36) and types of costs and estimate the costs and benefits (Tools #56 to 58).

(...) To quantify the costs generated by the first set of ESRS, the Standard Costs Model (SCM) was adopted, as defined in Tools #58 of the Better Regulation Toolbox¹³.

VSME

The tender should describe the methodology the contractor proposes to use to meet the objectives of the contract to assess the impact of the VSME ESRS.

¹³ European Commission (2021), Better Regulation Toolbox, available at: https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how/better-regulation-guidelines-and-toolbox/better-regulation-toolbox-0_en/process/planning-and-proposing-law/better-regulation-why-and-how/better-regulation-guidelines-and-toolbox/betterhttps://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how/better-regulation-guidelines-and-toolbox/better-regulation-toolbox-0_enregulation-toolbox-0_en.



The two assessments (4 separate reports on LSME and one report on VSME) should leverage the estimations presented in the impact assessment of the CSRD proposal and on the [cost-benefit analysis performed on the first set ESRS](#) for large undertakings. The EFRAG Secretariat will make available an illustration of the simplifications to the standards for large undertakings embedded in the LSME ESRS Exposure Draft and an illustration of the simplifications to the standards for large undertakings embedded in the VSME ESRS Exposure Draft. The CBAs on Draft LSME and the CBA on Draft VSME shall assess whether and to what degree the expected costs and benefits would be different from those mentioned in the impact assessment of the CSRD and of the first set ESRS and an explanation of the difference in expected costs, if any. It is expected that contractors look, among other pertinent dimensions, at all the dimensions below:

For LSME:

Expected benefits for companies

- Better access to capital markets due to the inclusion of the securities issued by LSME in investment portfolios of investors and financial market participants. The benefit for small issuers of being more attractive from a sustainability investors perspective and being in same level playing field as larger issuers while using simplifying reporting.
- Facilitate the provision of sustainability information to counterparties in the value chain.
- The effect of the obligation to report the information contained in the Draft LSME ESRS on the companies including increased awareness of the issues, improvements in internal procedures related to the production and approval of the Draft LSME ESRS information, adjustments to internal policies and practices; integration of sustainability risks in the company strategy; and changes in policies with a direct impact on the main business model of a company.
- As a consequence of the effects described above, better market appeal for good and services of the company due to their enhanced sustainability profile.
- The possible synergies and efficiencies deriving from a set of standards and data requirements to ensure better coherence and integration with the various component of the European policies that are related to sustainability, including the SFDR and the Taxonomy Regulation.
- Reduced costs of having to face multiple divergent requests of sustainability information from counterparties in the value chain.
Cost savings for preparers; for instance, preparers' current costs of dealing with multiple ad hoc sustainability information requests would be reduced by the mandatory application of LSME ESRS, also in light of data to be provided to rating agencies, surveys and demands of financial service companies (banks etc.).

Expected Costs for companies

- One off and ongoing cost to implement and maintain the reporting processes and produce annual sustainability statement. The costs should be presented as incremental, compared to the existing company practice;
- Contractors should also consider costs incurred by companies that are not themselves within the scope of the CSRD but are affected as being part of the supply chain of larger companies (the so-called trickle-down effect) and how Draft LSME ESRS “caps” the value chain information requirements of large undertakings.
- Estimated indirect costs should be also considered where these may be affected by the scope and indicators used in the Draft LSME ESRS, notably those associated with the assurance level required by the CSRD² for the ESRS information (i.e., both the costs of the requirement for the statutory auditor to check the existence of the information in the management report as well as the assurance provided by any third-party assurance provider).



- Assessment of further risks such as the risk for EU companies incurring higher reporting costs than non-EU companies, with negative impacts on their international competitiveness.

Expected benefits for users of sustainability reporting

- Possible benefits for users of sustainability information from better access to comparable, relevant and reliable sustainability information from more companies. Costs reduction associated with trying to find adequate information should also be assessed.
- For the purposes of this exercise, and consistent with the propositions in the CSRD, the terms 'users' focuses on the primary intended users of sustainability information disclosed in company annual reports:
 - On the one hand investors, including asset managers, who want to better understand the risks and opportunities that sustainability issues pose to their investments, as well as to better understand the social and environmental impacts of those investments;
 - On the other hand, non-governmental organisations, trade unions and other stakeholders, who want to better hold companies to account for their social and environmental impacts.
- The possible synergies and efficiencies deriving from a set of standards and data requirements that is more coherent and integrated with the various components of the European policies that are related to sustainability (for example the SFDR and the Taxonomy Regulation).

For other stakeholders

- Qualitative or where relevant quantitative assessment of any other significant positive or negative impacts on the economy, society, the environment or fundamental rights derived resulting from the application of the Draft LSME ESRS on corporate culture with special emphasis on the impact of double materiality and notably impact materiality application.

The cost and benefit analysis of the Draft LSME ESRS shall in general consider the following two aspects:

- The fact that Draft LSME ESRS is a derogation that the undertakings in scope may use instead of the ESRS for large undertaking.
- The fact that Draft LSME ESRS is part of a building block system with the future voluntary guidance for non-listed small, medium and micro enterprises being the entry level.

The cost and benefit assessment on LSME should be developed as 4 separate reports (as described in 2.2 *Objective and content of the contract*) and should distinguish between:

- Listed EU small and medium sized companies within the scope of CSRD;
- Third countries small and medium sized companies with securities listed in the EU in scope of the CSRD;
- Small non-complex credit institutions within the scope of the CSRD
- Captive insurance and reinsurance withing the scope of the CSRD and
- Larger companies within the scope of the CSRD and
- Others outside the scope of the CSRD.

and identify the extent to which the Draft LSME ESRS would affect differently these companies in relation to their sizes or to the fact that they that were or were not in the scope of the CSRD including the possible trickling down effect.

Value chain cap



The methodology, inputs, results and supporting evidence of costs and benefits of the approach in Draft LSME ESRS for the implementation of the *value chain cap* are to be presented in separate sections of the reports, reflecting that the group of stakeholders that will benefit from it is different from the group of stakeholders that will face its costs.

For VSME:

Expected benefits for companies

- Reduced costs as they will not face multiple data requests but they can refer to VSME as the standard for data collection from lenders, investors and business partners.
- Better access to lenders, investors and business partners due to the availability of sustainability data structured following VSME ESRS.
- The reporting contained in the Draft VSME ESRS could support awareness of the sustainability related issues, improvements in internal procedures related to the production of the VSME ESRS information, adjustments to internal policies and practices; integration of sustainability risks in the company strategy; and changes in policies with a direct impact on the main business model of a company.
- As a consequence of the effects described above, better market appeal for good and services of the company due to their enhanced sustainability profile.
- The possible synergies and efficiencies deriving from a set of standards and data requirements to ensure better coherence and integration with the various component of the European policies that are related to sustainability, including the SFDR and the Taxonomy Regulation.

Expected Costs for companies

- One off and ongoing cost to implement and maintain the reporting processes and produce annual sustainability statement. The costs should be presented as incremental, compared to the existing company practice, where applicable;

Expected benefits for users of sustainability reporting

- Benefits for lenders, other investors and business partners that will have access to a common dataset of structured ESRS information without the need to invest in structuring ad hoc questionnaires and in education
- Costs reduction associated with trying to find adequate information should also be assessed
- Indirect benefits also relate to non-governmental organisations, trade unions and other stakeholders, who want to better hold companies to account for their social and environmental impacts
- The possible synergies and efficiencies deriving from a set of standards and data requirements that is more coherent and integrated with the various components of the European policies that are related to sustainability (for example the SFDR and the Taxonomy Regulation).

For other stakeholders

- Qualitative or where relevant quantitative assessment of any other significant positive or negative impacts on the economy, society, the environment or fundamental rights derived resulting from the application of the VSME ESRS on corporate culture with special emphasis on the impact of double materiality and notably impact materiality application.

The cost and benefit analysis of the Draft VSME ESRS shall in general consider that VSME ESRS is part of a building block system with Draft LSME ESRS.



Information on organization and quality control on LSME and VSME

The tender should also provide a description of:

- How the contract would be organised and managed including experience of proposed team members in the relevant field of (sustainability) standards and reporting and/or costs of reporting;
- The quality control procedures the contractor would apply.

6. Exclusion, selection and award criteria

6.1 Exclusion criteria

Tenderers must meet the exclusion criteria as laid down in the Information Form and sign the Information Form as part of the tender in this respect.

6.2 Selection criteria

Tenderers must prove their economic, financial, technical and professional capacity to carry out the work subject to this call for tenders.

The economic and financial capacity will be assessed on the basis of a signed declaration of financial capacity, professional independence and absence of conflicts of interest (see point 3 of the Information Form) to be submitted by the tenderer. EFRAG reserves the right to seek evidence at any time relating to the tenderer's economic and financial capacity. Tenderers must prove their technical and professional capacity.

Tenderers must demonstrate relevant experience and credibility in delivering inputs for impact assessments or studies in the field of sustainability reporting and capital markets in an EU context. The tenderer must prove experience in the domain of the call for tenders by one or more recent projects delivered in this field.

The tenderer should propose a team of experts with sound educational and professional qualifications and professional experience. Each team member should have at least three years of relevant experience. The tenderer should propose a project leader with at least five years of relevant experience. The tender should provide information about the tenderer's relevant experience including:

- Experience in the field of researching the anticipated behavioural consequences of changes in financial or capital markets regulation on an EU-wide basis;
- Experience in the field of correlating anticipated behavioural consequences with macro-economic impacts on an EU-wide basis;
- Experience in interview/survey techniques, data collection, statistical analyses and drafting reports and recommendations; and
- Capacity to draft economic reports in English.

The tender should also provide CVs that summarise the relevant professional qualifications and experience of the Project Manager and other core team members of the project team. The contractor may reject tenderers at selection stage in case of professional conflicting interests that may affect the performance of the contract.



6.3 Award criteria

The tenderer will be awarded according to the best-value-for-money procedure. The maximum total of quality score is 100 points divided as follows:

Criteria	Max points
a. Quality, relevance and coherence of proposed approach gathering evidence on the one-off and ongoing cost and benefits arising from the Draft LSME ESRS	20 points
b. Quality, relevance of proposed approach and methodology for correlating behaviours with economic consequences for the EU and EEA and EFTA countries and benefits arising from the Draft LSME ESRS	20 points
c. Organisation of the work (including quality of the team, quality of the proposed mechanism for project management, balance of profiles and break down of tasks);	30 points
d. Coordination and quality control (including risk management)	10 points
e. Price (Comparison of prices will be made on the basis of the stated, all-inclusive fixed price using a formula i.e. the lowest quoted price will receive the maximum number of 20 points; all other offers will receive a number of price points in relation to the lowest offered price: Price points = (lowest price / price of the respective tender) x 20	20 points

6.4 Other information

The tenderer should complete and sign the Information Form that is part of the tender documents. This form includes a confirmation in relation to the EFRAG's EC grant agreement as well as a confirmation that your organisation has no potential conflicts of interest.

6.5 EFRAG's EC grant agreement

Part of EFRAG's financing comes from the European Union in the form of a grant (the EC grant). Articles 11 (proper implementation), 12 (conflict of interest), 13 (confidentiality and security), 14 (ethics and values), 17.2 (visibility), 18 (specific rules for carrying out action), 19 (general information obligations) and 20 (record-keeping) as laid down in the Single Market Programme (SMP) General Model Grant Agreement ([SMP MGA – Multi & Mono version 1.0 August 2021](#)) also apply to the subcontractors are applicable to contractor but also applicable to the sub-contractor. A condition for inclusion as a valid tender is that the prospective contractor confirms that it has been made aware of these Articles and agrees to be bound by them if the contract is awarded to them.

The tender is only open to organisations established/domiciled in the European Economic Area and EFTA countries.

6.6 Time limit for receipt of tenders

Tenders must be sent by 20 October 2022, close of business to the email address: call.for.tender@EFRAG.ORG. Tenderers are advised to keep proof of the sending time.

6.7 Language in which tenders must be drawn up

Tenders must be submitted in English.



7. Notification of the results and award of the contract

7.1 Notification of the results

EFRAG has the intention to notify the successful tenderer at the second half of November 2023. As part of the evaluation process, EFRAG has the right to request a presentation of the proposal at the EFRAG offices or by Teams. Please note that the notification at this stage does not constitute a commitment on the part of EFRAG.

Prior to signing the Draft Contract, EFRAG may decide to prolong the period to respond to the call for tender or either abandon or cancel this procurement procedure without entitling any tenderer to any compensation. Notification of the results will also be sent to the unsuccessful candidates.

7.2 Award of the contract

The contract will be awarded, through the signature of a Contract (the Draft Contract is part of the tender documents), to the candidate who has made the most advantageous offer in terms of quality and price (see selection and award criteria above). At the time of signature of the Contract, signed originals, forming an integral part of the contract, shall be submitted. The signature of the Contract will set the start for the period of execution of the contract. There can be no provision of services without such a Contract.

8. Components of this call for tenders

This call for tenders consists of:

- Open call for tenders to assist EFRAG in preparing the cost benefit analysis for LSME ESRS
- Open call for tenders to assist EFRAG in preparing the cost benefit analysis for VSME ESRS
- The Information Form; and
- The Draft Contract.



B. Scope of work¹⁴

B.1. General requirements

The objective of the contract is to:

1. assist EFRAG in its ex-ante cost-benefit analysis of the Draft LSME ESRS, including assessment of how EFRAG has implemented the value chain cap.
2. assist EFRAG in its ex-ante cost-benefit analysis of the Draft VSME ESRS

The analysis findings will serve as an input to:

1. EFRAG's Technical Advice to the EC on Draft LSME ESRS; and
2. EFRAG's release of Draft VSME ESRS to the EC.

Background information on ESRS is provided in Section C.

On **LSME**, the objective of the work is the impact on preparers, users other stakeholders, notably civil society, of:

- a) applying Draft LSME ESRS by small and medium sized companies as defined in CSRD (listed SMEs, small non-complex banks and captive insurances/reinsurances) that are included in the scope of the proposed CSRD;
- b) the approach taken by EFRAG in Draft LSME ESRS to the implementation of the *value chain cap*.

The overall analysis should cover, or be representative of, entities in the EU and if feasible EEA countries as a whole, with a good representation of small and medium sized companies (listed SMEs, small non-complex banks and captive insurances/reinsurance undertakings, large companies and financial market participants and small non-listed companies outside the scope of CSRD) across a wide range of industries and countries. Where resources or data constraints require it, deeper analysis can be restricted to specific market segments, or Member States. However, reasons why these restrictions are necessary should be documented and the tender should give a sense of expected coverage.

On **VSME**, the objective of the work is the impact on preparers, users (lenders, investors, counterparties in the value chain) and other stakeholders, notably civil society, of applying VSME ESRS by non-listed small and medium sized companies. This includes the assessment of the modular approach, whereas micro-undertakings are expected to use the entry-level module and the most complex and ambitious companies in scope are expected to also use the EU SF Law datapoints module (see the accompanying document Building blocks available at the following [link](#)).

The overall analysis should cover, or be representative of, entities in the EU and if feasible EEA countries as a whole, with a good representation of non-listed small and medium sized companies, including macro-entities. Where resources or data constraints require it, deeper analysis can be restricted to specific market segments, or Member States. However, reasons

¹⁴ See also paragraph 2.3 and 3.2 about the possible extension of the contract scope of work.



why these restrictions are necessary should be documented and the tender should give a sense of expected coverage.

The contractor is expected to provide evidence on the market perception of VSME ESRS and the extent to which it may be expected to succeed in becoming the market accepted point of reference for data-requests of lenders, other investors and business partners. A representative sample of these actors should be included in the study.

B.2. DRAFT LSME ESRS

LSME ESRS EDs are expected to be issued in Q4 of 2023 or beginning of 2024 for public consultation with a consultation of 120 days.

The timing implies that contractors have to prepare their tenders before the ESRS EDs are issued; using the information contained in Working Papers (WPs) made public¹⁵ for discussion at EFRAG SR TEG and EFRAG SRB:

- WPs were made publicly available for transparency reasons, only as preparatory documents prepared at technical level for consideration by the EFARG SR TEG and EFRAG SRB.
- They provide information on the conceptual thinking adopted in the elaboration of the draft standards, the progress and considerations so far, and the direction taken on the proposals for disclosure requirements on the cross-cutting and topical sustainability matters,
- WPs are not open to public consultation but serve as work-in progress documents leading to the exposure drafts to be submitted to a future public consultation.

As a consequence, significant changes to the drafts as presented in the WPs may arise from the subsequent steps of the due process as well as after handing over to the EFRAG governing bodies.

The links to the relevant WPs are accessible [here](#). All working papers were published by the time this call for tenders is launched.

¹⁵ Link [here](#)



Name of the standard	Working Papers Published
V2.3 LSME ESRS Section 1	<u>Section 1</u>
General Requirements	
V2.3 LSME ESRS Section 2	<u>Section 2</u>
General Disclosures	
V2.3 LSME ESRS Section 3	<u>Section 3</u>
Policies, Actions, Targets, Engagement and Remediation	
V2.3 LSME ESRS Section 4	<u>Section 4</u>
Environmental Disclosures	
V2.3 LSME ESRS Section 5	<u>Section 5</u>
Social Disclosures	
V2.3 LSME ESRS Section 6	<u>Section 6</u>
Business Conduct Disclosures	
EFRAG Secretariat working paper on building block approach	<u>Building blocks</u>
EFRAG Secretariat supporting methodological material: decision three	<u>Basis for conclusions LSME</u>
Appendix A: List of datapoints that are relevant for the value chain cap	Page 20 of this paper
EFRAG Secretariat supporting methodological material: elements to be covered in the basis for conclusions	



B.3. DRAFT VSME ESRS

VSME ESRS ED is expected to be issued in Q4 of 2023 or beginning of 2024 for public consultation with a consultation of 120 days.

The timing implies that contractors have to prepare their tenders before the ESRS EDs are issued; using the information contained in Working Papers (WPs) made public (please refer to the links in the table below) for discussion at EFRAG SR TEG and SRB:

- WPs were made publicly available for transparency reasons, only as preparatory documents prepared at technical level for consideration by the EFRAG SR TEG and EFRAG SRB.
- They provide information on the conceptual thinking adopted in the elaboration of the draft standards, the progress and considerations so far, and the direction taken on the proposals for disclosure requirements on the cross-cutting and topical sustainability matters,
- WPs are not open to public consultation but serve as work-in progress documents leading to the exposure drafts to be submitted to a future public consultation.

As a consequence, significant changes to the drafts as presented in the WPs may arise from the subsequent steps of the due process as well as after handing over to the EFRAG governing bodies.

The links to the relevant Working Papers are accessible in the table below. All working papers were published by the time this call for tenders is launched.

Name of the standard	Working Papers Published
V1 VSME ESRS	<u>V1 VSME ESRS</u>
EFRAG Secretariat working paper on building block approach	<u>Building block approach</u>
EFRAG Secretariat supporting methodological material: elements to be covered in the basis for conclusions	<u>Basis for conclusions VSME</u>



C. Background information

About the Corporate Sustainability Reporting Directive Provisions on LSME

In December 2022, [Corporate Sustainability Reporting Directive \(CSRD\)](#) was published in the EU Journal establishing a new framework for sustainability reporting in the EU. Undertakings under scope would have to report in compliance with European sustainability reporting standards (ESRS) adopted by the European Commission as Delegated Acts.

The CSRD requires sustainability reporting by all large undertakings and all listed undertakings (circa 50 000 entities). It also establishes a mandatory regime for small and medium sized companies that are listed SMEs, small non-complex banks and captive (re)insurances (together “LSME”, circa 3.000 entities) to be prepared on the basis of simplified reporting standards, taking into account the following:

- (a) Comprehensive coverage of sustainability topics: environment (including climate), social and governance;
- (b) Fostering proper quality of information (relevant, faithfully represented, comparable, understandable, reliable);
- (c) Addressing the needs of all stakeholders under the concept of double materiality (impact and financial materiality);
- (d) To be located in the management report;
- (e) To be audited by an external third party (limited assurance initially); and
- (f) Capable of being translated to digital format at the outset.

The reporting areas for LSME are defined in art.19a6 of the CSRD as a sub-set of the reporting areas for large undertakings.

About EFRAG’s role

In the CRSR , EFRAG is provides technical advice to the European Commission in the form of draft European Sustainability Reporting Standards, using proper due process, public oversight and transparency, and with the expertise of relevant stakeholders.

The reporting standards are adopted by the European Commission by means of Delegated Acts. The European Commission is to review the adopted Delegated Acts at least every three years after the date of application, taking into consideration the technical advice of EFRAG, to take account of relevant developments, including developments in international standards.

The first reporting by undertakings using the LSME standard is expected in January 2027 with reference to reporting year 2026, however a 2 years opt-out is established in CSRD to provide flexibility to LSME. When using this pot-out first reporting will take place in January 2029 with reference to reporting year 2028.

About the first set of ESRS for large undertakings and the EC Delegated Act

The European Commission has adopted the Delegated Act on ESRS for large undertakings on 31 July 2023, which can be found [here](#).

Note: the reference to those documents is made because the Draft LSME ESRS achieves a significant simplification compared to the Delegated Act ESRS for large undertakings, following a proportionality principle.



Appendix A: Value chain cap datapoints in LSME

DR in EC Delegated Act July 2023	Draft LSME ESRS Section correspondence	DR title
Disclosure Requirement SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Section 2	Disclosure Requirement 7 (SBM-3) - Material impacts and risks and their interaction with strategy and business model (+ Voluntary Disclosure 8 (SBM-4) – Material opportunities)
Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Section 4	Disclosure Requirement E1-2 – Gross Scopes 1, 2, 3 and Total GHG emissions
Disclosure Requirement E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	Section 4	Disclosure Requirement E1-3 – GHG removals and GHG mitigation projects financed through carbon credits
Disclosure Requirement E2-5 – Substances of concern and substances of very high concern	Section 4	Disclosure Requirement E2-2 – Substances of concern and substances of very high concern
Disclosure Requirement E4-5 – Impact metrics related to biodiversity and ecosystems change	Section 4	Disclosure Requirement E4-1 – Impact metrics related to biodiversity and ecosystems change
Disclosure Requirement E5-4 – Resource inflows	Section 4	Disclosure Requirement E5-1 – Resource inflows ¹⁶
Disclosure Requirement E5-5 – Resource outflows	Section 4	Disclosure Requirement E5-2 – Resource outflows ¹⁷

¹⁶ On the basis of the latest SR TEG discussions, the quantitative metric of this disclosure requirement could be considered as not impacting from a value chain cap perspective, i.e., undertakings could prepare their Set 1 ESRS sustainability statement without collecting this information.

¹⁷ On the basis of the latest SR TEG discussions, the quantitative metric of this disclosure requirement could be considered as not impacting from a value chain cap perspective, i.e., undertakings could prepare their Set 1 ESRS sustainability statement without collecting this information.

