

SECTION 4 Environment								
LSME Topic / Par.		Preparers	Users	Other ¹	VSME referenc e	Feasibility of VSME	Loss of information for users	EFRAG
DR E1-1 – Energy Consumption	FIELD TEST	FEASIBILITY: DR was never calculated before and may not be relevant for certain sectors such as R&D. Challenging and costly due to data availability issues.	GUIDANCE: Majority agree datapoints needed. Add estimation models tailored to sectors and geographies. Suggestion to simplify by keeping only SFDR and the ones related to energy consumption.	GUIDANCE: Feasible/ possible to prepare. Further guidance needed.	B 3 – Energy and greenho use gas emission s, paragraph 24(b)	MEDIUM	- no info related to nuclear sources - no info required on energy production	Align with VSME (limit to energy consumption; disaggregate by fossil fuel and renewable sources; simplify calculation guidance in AR1). Consider possible alignment with SFDR PAI indicator #6 from Table 1 (Energy consumption intensity per high impact climate sector - Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector). [Commission Delegated Regulation (EU) 2022/1288]
	PUBLIC CONSULTATION	69% agree. DR CHANGES: 1. Limit requirement to renewable sources (challenge to disclose consumption from both nuclear sources and renewable sources). 2. Simplify and harmonize across environmental topics (45 out of 83 ARs refer to climate).	75% agree. 1. CLARIFY - It will be necessary to identify possible steps for decarbonization.	85% agree. 2. DR CHANGE: Limit the number of additional datapoints in the ARs (45 out of 83 ARs refer to climate). Supported by National or European authority/Standard Setter Comment Letter National or European Authority/ Standard Setter support harmonizing and streamlining ARs.				
DR E1-1 – Energy Intensity	FIELD TEST	FEASIBILITY: DR was never calculated before and may not be relevant for certain sectors such as R&D. Challenging and costly due to data availability issues	GUIDANCE: Majority agree provide more guidance including a list of high impact sectors. add estimation models tailored to sectors and geographies.	GUIDANCE: Possible to prepare. Further guidance needed.	N/A	LOW - not included in VSME	(SFDR Tab. 1 KPI 6)	Keep the SFDR indicator (general approach: Table 1 as a “shall”, Table 2 and 3 as a “may”).

¹ Note – SNCI’s only responder for Others. 6 out of 6 SNCI’s (100% response rate) for FT

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	PUBLIC CONSULTATION	65% agree. 1. FEASIBILITY: relating energy consumption to revenue. 2. SIMPLIFY: reduce granularity. 3. PHASE-IN: to be further extended (to 2 or 3 years).	88% agree. 1. CLARIFY - Add list/reference of high climate impact sectors. 2. GUIDANCE - Provide calculation guide.	80% agree. 2. DR CHANGE: Net-Turnover as a denominator is not suitable for SNCI, allow the possibility for SNCI to define this itself until an industry standard has been issued. 3. DR CHANGE: delete, to be calculated directly by FMPs as the denominator and nominator will be available. Reasons: technical reasons of KPI, typically operating in one business segment only, reconciliations with financial statements too burdensome. Supported by National or European authority/Standard Setter Comment Letter, especially §9-12 and AR 3-AR 5.				Provide further guidance (e.g., reference to existing Q&A explanation on this aspect).
DR E1-2 – Scopes & GHG	FIELD TEST	FEASIBILITY: DR is challenging to calculate as there is lack of (high quality) information, especially on value chain. Not relevant to e.g. R&D.	DR CHANGE & PHASE-IN: 67% agree to keep but suggest aligning with SFDR for Scopes 1/2/3, along with a phase-in. One suggested only keeping Scope 1 & 2.	GUIDANCE: Highly challenging and costly. Further guidance needed.	B 3 – Energy and greenhouse gas emissions, paragraph 25	MEDIUM	Scope 3, applicable only based on the type of activities carried out by the undertaking	Align with VSME: Scope 1&2 only; Scope 3 voluntary, except for certain activities in particular; delete paragraph 15 on boundary (make it only aligned with financial control); eliminate

<p>PUBLIC CONSULTATION</p>	<p>53% agree.</p> <ol style="list-style-type: none"> 1. CLARIFY the applicability of EU ETS disaggregated information only to regulated sectors. 2. CLARIFY the prescribed method for consolidating emissions (operational vs. financial control) as it deviates from the GHG Protocol 3. CLARIFY how to report emissions from leased assets, joint arrangements and associates that are not in the value chain. 4. SIMPLIFY: Scope 3 emissions on voluntary basis (difficulty in acquiring data from partners); too high expectations for Scope 1 and 3. 5. CLARIFY: Scope 3 emissions in AR 12(h), points i. to iii. (inclusion of subsidiaries and/or unconsolidated subsidiaries contradicts with CSRD requirement on only individual reporting by LSMEs and not reporting on their small or medium-sized group). 6. DR CHANGE: methodological issue in meeting GHG Protocol requirements when reporting undertaking is an LSME while being at the same time a parent of a small or medium-sized group (so having subsidiaries). This issue should be considered when 	<p>78% agree. Noted importance of GHG emissions information for business partners and decarbonization reasons.</p> <ol style="list-style-type: none"> 1. PHASE-IN: extend Scope 3 emissions transition period to 5 years (particularly complex for value chain related total emissions). 	<p>81% agree.</p> <ol style="list-style-type: none"> 1. SIMPLIFY: exclude Scope 3 from mandatory reporting (make it an additional requirement for EU Law). 2. SIMPLIFY: gross scopes quantification is too complex for SMEs. 3. DR CHANGE: delete §12(a), §17, AR 7 and AR 10 (Scope 1), as no LSME is concerned by EU ETS (large installations >20MW). 4. SIMPLIFY §15: adapt explanation of the consolidation scope to LSMEs. 5. DR CHANGE: reword §17 as "The disclosure on gross Scope 1 GHG emissions required by paragraph 12 (a) shall include the gross Scope 1 GHG emissions in metric tonnes of CO₂eq." 6. DR CHANGE: make voluntary §18 (market-based Scope 2) and related delete AR 6. 7. DR CHANGE: reword §20 as "The disclosure of total GHG emissions required by paragraph 12(d) shall be the sum of Scope 1, 2 and 3 GHG emissions required by paragraphs 12(a) to 12(c). The total GHG emissions shall be derived from the underlying Scope 2 GHG emissions being measured using the location-based method". 8. DR CHANGE: delete AR 7 (geographic, operational, economic disaggregation). 9. CLARIFY AR 11(d) (optional use of market-based methodology). 10. DR CHANGE: delete reference in AR 13(b) (total GHG emissions based on market-based Scope 2), and AR 14 (Scope 1 under EU ETS, Scope 2 market-based and total GHG emissions market-based lines). 				<p>% regulated trading schemes;</p> <p>Make special paragraph on this aspect: methodological issue in meeting GHG Protocol requirements when reporting undertaking is an LSME while being at the same time a parent of a small or medium-sized group (so having subsidiaries). This issue should be considered when mandating on listed SMEs the obligation to meet the GHG Protocol requirements.</p>
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		<p>mandating on listed SMEs the obligation to meet the GHG Protocol requirements.</p> <p>Industry Association supports stronger requirements to ensure the abovementioned SFDR/Benchmarks Regulation/Pillar 3 data points and data points on key climate metrics such as GHG emission scopes 1, 2 and 3 are effectively disclosed by companies.</p>		National or European Authority/ Standard Setter also put above content in a Comment Letter.				
DR E1-2 – GHG Intensity & Net Revenues	FIELD TEST	<p>FEASIBILITY: DR is challenging to calculate as there is lack of (high quality) information, especially on value chain. Not relevant to e.g. R&D.</p>	<p>67% agree</p> <p>1. ALIGN & PHASE-IN: to keep but suggest aligning with SFDR for Scopes 1/2/3, along with a phase-in. Or only keeping Scope 1 & 2.</p> <p>2. GUIDANCE: support on estimation tools/methods.</p>	<p>GUIDANCE Highly challenging and costly. Further guidance needed.</p>	N/A	LOW	- not included in VSME	<p>Make voluntary, only when requested by banks, as in VSME. Implies calculation of S3.</p> <p>No action on denominator (ESRS aligned).</p>

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	PUBLIC CONSULTATION	59% agree. 1. SIMPLIFY: this section should be voluntary or not applicable to LSMEs. 2. SIMPLIFY: reduce granularity (e.g., considering that green certificates from the energy providers may not have been received until the report publication). 3. SIMPLIFY: allow SNCI the possibility to define a denominator (sales is not suitable). 4. PHASE-IN: 3 years recommended.	100% agree. 1. PHASE-IN: recommended, as this metric will not be available until Scope 3 emissions are included in total GHG emissions. 2. CLARIFY: clearer guidance on how the calculation/reconciliation will be performed, with examples.	84% agree. 1. DR CHANGE: allow SNCI the possibility to define own denominator (Net-Turnover is not suitable) until an industry standard is been issued. 2. DR CHANGE: delete §21, to be calculated directly by FMPs as the denominator and nominator will be available. Reasons: technical reasons of KPI; delete AR 17 to AR 18. 3. DR CHANGE: delete or defer §22 (reconciliations with financial statements). National or European Authority/ Standard Setter also put above content in a Comment Letter.				Provide clearer calculation guidance. * One year phase-in already allowed.
DR E1-3 – GHG Removals &	FIELD TEST	FEASIBILITY: DR is challenging to calculate as there is lack of (high quality) information, especially on value chain. Not relevant to e.g. R&D.	CLARIFY: The design of carbon offsetting projects should be validated with a DR that mentions the use of several standards and mechanisms. This DR should always be separate to GHG totals.	GUIDANCE: Software/tool to calculate. Lack of information on the value chain.	N/A	LOW	- not included in VSME	Make DR voluntary Simplify language to extent possible

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Mitigation	PUBLIC CONSULTATION	69% agree. 1. SIMPLIFY: Further simplifications should be considered.	88% agree. 1. CLARIFY: removals and carbon credits should always be reported separately from the total GHG amounts. Supported by National or European authority/Standard Setter Comment Letter.	90% agree. 1. DR CHANGE: delete AR 19. to AR 27, or simplify them in line with proposed deletion in related data points becoming voluntary. 2. DR CHANGE: turn into a "may" disclosure (encouraging investments in reductions rather than in carbon credits). National or European Authority/ Standard Setter also put above content in a Comment Letter.				
DR E1-4 – Anticipated Financial Effects & Risk	FIELD TEST	GUIDANCE: DR should be complemented with more guidance and software/tool to calculate, especially on scenario development. Not relevant for certain sectors e.g. R&D.	SIMPLIFY: Should only be voluntary and if the LSME identifies negative financial effects due to physical and transition risks.	GUIDANCE: Highly challenging and costly. Further guidance needed.	N/A	LOW	- not included in VSME	Cannot be completed by reference to financial statement, as the anticipated financial effects only arise in sustainability reporting (Refer to decisions on Section 2 SBM 3 current

	PUBLIC CONSULTATION	<p>41% agree.</p> <p>1. ALIGN: should be completed by reference to financial disclosures (avoid reporting discrepancies). 2. DR CHANGE: to report only if it can be done with reasonable effort. 3. GUIDANCE on how to report this disclosure, list of abbreviations and glossary, in less technical language. 4. DR CHANGE: remove "before considering climate [change adaptation / climate mitigation] actions" from §31(a) and §32(a), or at the very least clarify this DR's intent by adding "before considering future/additional adaption measures". This is problematic as it would mean reporting on the gross risks, rather than the net risks for companies (undue burden, not helpful for users to assess a company's performance). Decision-useful information addresses risks after mitigation measures (= net risks). 5. Further SIMPLIFY this DR.</p> <p>Industry Association supports further simplification of e.g Climate Related scenarios.</p> <p>An Undertaking Association supports clarifying the</p>	<p>100% agree.</p> <p>1. DR CHANGE: make voluntary and only required if the LSME confirms the existence of negative financial effects due to physical and transition risks. 2. DR CHANGE: alternative – keep mandatory only reporting on financial effects of physical risks (required by EBA Pillar 3 Template 5); and require financial effects of transitional risks only if the undertaking discloses that it has a transition plan (avoids LSMEs the spending of additional resources to perform climate scenarios).</p>	<p>85% agree.</p> <p>1. SIMPLIFY to avoid a substantial burden. 2. ALIGN with EPBD Recast (stipulate requirements for buildings' energy classes, and buildings renovation goals). 3. SIMPLIFY §29-§35 (too many datapoints and immaturity of the methodology). Proposed modification: "The undertaking shall disclose: (a) whether it has identified climate-related hazards and transition events, (b) if so, how it has assessed the vulnerability of its assets, activities and value chain to these hazards and transition events, creating gross climate-related risks, with the time horizons, and (c) whether it has undertaken adaptation actions." 4. DR CHANGE: delete AR 30 and AR 35. Proposed change in related data points: "When disclosing the information required under paragraph X, the undertaking may consider: (a) the share of assets and business activities considered to be at material physical risk; (b) the share of net revenue from business activities considered to be at material physical risk; (c) the estimated amount of potentially stranded assets from the reporting year until 2030 and from 2030 to 2050; (d) a breakdown of the carrying value of its real estate assets, including rights-of-use assets, by energy efficiency classes; (e) the share of assets (including finance lease/right-of-use assets) at material transition risk; (f) the monetized gross Scope 1, 2 and total GHG emissions (in monetary units)."</p>				<p>and anticipated financial effects).</p> <p>Provide further guidance.</p> <p>Simplify (e.g., climate-related scenarios; integrate proposed modifications after adapting them) and make conditional to LSMEs acknowledgment of negative financial effects due to physical and transition risks.</p> <p>No action on §31(a) and §32(a) (gross/net risk).</p> <p>Explore alignment with new VSMEs proposed requirements on building's energy classes.</p>
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		sequencing for listed SMEs reporting under EU Taxonomy Article 8 DA on eligibility and alignment and on Pillar 3 to account for necessary changes to Pillar 3 ITS, BTAR, and GAR. This would ensure consistent timelines of the different reporting requirements.		5. DR CHANGE: delete ARs for simplification in line with proposed change in related data points. National or European Authority/ Standard Setter also put above content in a Comment Letter.				
DR E2-1 – Pollution	FIELD TEST	DATA AVAILABILITY CHALLENGES: There are data availability issues for this DR.	ALIGN: Suggestion to use sector and geography-tailored estimation models that require minimum input information.	GUIDANCE: Include more guidance, including precise reporting definitions, thresholds and examples.	B 4 – Pollution of air, water and soil, paragraph 26	MEDIUM	- requirement on micro plastics - contextual information	Include detailed guidance on microplastics and what expectations are + guidance on pollution reporting as per VSME Update reference to PRTR considering recent regulatory changes

	PUBLIC CONSULTATION	<p>72% agree.</p> <p>1. CLARIFY: define 'inferior methodology' from AR 52 (confusion as to why mass balance would be inferior to direct measurement). 2. DR CHANGE: disclosure on 'inferior methodology' (AR 52) should instead require to outline the general approach and policies regarding the measurement of emissions and the methods used. The current formulation could lead to a significant amount of datapoints where methods would have to be explained. 3. CLARIFY: add a description of the scope, consider introducing reporting thresholds.</p> <p>Industry Association Comment Letter states “reinsert microplastics as a sub-topic”.</p>	<p>100% agree.</p> <p>1. Further GUIDANCE on best practice (where not mandated in the undertaking's jurisdiction) for measuring and disclosing each pollutant emitted to air, water and soil.</p>	<p>80% agree.</p> <p>1. CLARIFY §38(b) and AR 43, specifically on which microplastic emission sources are intended and which measures are expected to be implemented. Microplastics are regulated at the EU level by an amendment to the REACH regulation (adopted last fall) regarding the unintentional release of microplastics, for which measures should be taken to minimize emissions. 2. CLARIFY for §38(a) more explicitly that pollutants should not be aggregated as a whole but by type of pollutants. 3. DR CHANGE: reword as: "The undertaking shall disclose: (a) the amount of each consolidated pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, with the exception of emissions of GHGs which are disclosed in accordance with [draft] LSME ERS E1 Climate Change..." 4. DR CHANGE: delete §39 (should be entity-specific and addressed by the auditor); or move to ARs (where methodological information is required; to be harmonised across DRs) and reword as "When disclosing information required under paragraph 39, the undertaking shall disclose the measurement methodologies, and the process(es) to collect data for pollution-related accounting and reporting, including the type of data needed and the information sources."</p>				<p>Clarify pollutants air, water and soil as per VSME (EMAS, legal requirement) Delete AR52 on methodology and simplify radically guidance as well as reporting requirements in §39. Add guidance on pollutant disclosure (UNEP+SRI guidance)</p>
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				5. DR CHANGE: delete AR 46 (should be entity-specific, in line with proportionality principle). National or European Authority/ Standard Setter also put above content in a Comment Letter.				
DR E2-2 – Substances of Concern	FIELD TEST	FEASIBILITY: Highly challenging.	ALIGN: Suggestion to use sector and geography-tailored estimation models that require minimum input information.	GUIDANCE: Highly challenging and costly. Further guidance needed.	N/A	LOW	- not included in VSME	Simplifications to be discussed (e.g. limit it to specific sectors + anchor to relevant regulations that require monitoring of such substances for management purposes). Explore simplified guidance/tools. This is a value chain datapoint and dropping it would impair the integrity of value chain disclosure for large undertakings (via value chain CAP).

	<p style="text-align: center;">PUBLIC CONSULTATION</p> <p>73% agree.</p> <p>1. GUIDANCE: detailed specification on calculation, with practical examples for SNCI on data list and actual requirements.</p> <p>2. CLARIFY: require, for each substance, a consideration of its use, application and handling, otherwise there is no adequate understanding of the undertaking's impact on health and the environment. Currently, the draft standard wrongly implies that SVHC are emissions with a negative impact by default, while the emissions and the corresponding impact could take place at another undertaking downstream in the value chain or in the final use (e.g. substance in a consumer product).</p> <p>3. CLARIFY SoC's applicability and definition (as per Eco-design Regulation, expected to be adopted in April-May 2024? This alignment would increase comparability), as not part of REACH but rather driven by circular economy considerations (always related to a product – e.g., car, phone, detergent – and linked to recyclability). Thus, a substance could be of concern in one product category (e.g. food packaging) but not in</p>	<p>100% agree. N/A</p>	<p>80% agree.</p> <p>1. CLARIFY which products, services or activities are "non-essential" (Disclosure Requirement 11 (IR-3), AR 17). EU chemicals strategy sets goal of implementing the concept of "essential use".</p> <p>2. DR CHANGE : add a reference to legislation where SoC and SVHC concepts are explained (facilitates uniform understanding).</p> <p>3. CLARIFY for §43 if to include the total amounts and/or split into main hazards classes.</p> <p>National or European Authority/ Standard Setter also put above content in a Comment Letter.</p>				
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	<p>another (e.g. a cable for the engine of a car). Certain uses have environmental impacts, others do not (e.g. closed industrial setting).</p> <p>4. FEASIBILITY: multinational companies will struggle with the requirement's extraterritorial aspect, given since the REACH is not applicable outside of EU and, hence, few companies will have the necessary reporting systems in place for it.</p> <p>5. CLARIFY: does this DR does imply disclosure of exact volume per substance? If so, this would give rise to issues surrounding competition law compliance.</p>						

<p>DR E3-1 – Water</p>	<p>FIELD TEST</p>	<p>FEASIBILITY: Highly challenging.</p>	<p>SIMPLIFY: Keep this DR only for water-intensive specific sectors where there is water consumption, not only water usage and give more guidance for water-intensive sectors.</p>	<p>GUIDANCE: Include more guidance, including precise reporting definitions, thresholds and examples.</p>	<p>B 6 – Water, paragraphs 30 and 31</p>	<p>MEDIUM</p>	<p>- requirement on water recycled / reused; water stored - water intensity (SFDR Tab 2 KPI 6.1)</p>	<p>Allow optional choice of a more appropriate company denominator, when turnover is not feasible.</p> <p>Provide guidance (calculation, water stressed areas from VSME guidance).</p> <p>Water consumption already defined in glossary, and turnover is a know concept. No action.</p> <p>Make compulsory for water-intensive sectors, and a smaller set of metrics compulsory for the other organizations (aligned with VSME).</p> <p>§46: delete recycle/reuse and storage; add withdrawals as alternative to consumption for non-water intensive sectors as per in VSMEs; consider VSME proposed rewording.</p> <p>§46(e): this is a standard design issue. Make clear notes to the disclosures</p>
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								that are expected for this metric.

	<p>PUBLIC CONSULTATION</p>	<p>72% agree.</p> <p>1. DR CHANGE: Water intensity ratio per revenue may not be an appropriate indicator (some industries need more water – i.e. sodas – than other for products, with less revenue on the total. 2. CLARIFY definition of water consumption and turnover (for consistency across different contexts). 3. GUIDANCE and examples of water stressed areas, measurement of recycled and reused water, with clear reporting thresholds. 4. SIMPLIFY: allow SNCI to define denominator of intensity (turnover, not suitable) until an industry standard is formed. Industry Association Comment Letter supports simplification of, or sector specific, datapoints for SNCIs.</p>	<p>88% agree.</p> <p>SIMPLIFY & GUIDANCE: only to be required for water-intensive sectors where there is water consumption, not only water usage (water from public network directly discharged into the sewer). Specific guidance on water-intensive sectors could also be provided.</p>	<p>85% agree.</p> <p>1. SIMPLIFY: allow SNCI to define denominator of intensity (Net-Turnover, not suitable) until an industry standard is formed. 2. CLARIFY definition of water consumption and turnover (for consistency across different contexts). 3. GUIDANCE and examples of water stressed areas, measurement of recycled and reused water. 4. DR CHANGE: make §46 optional and move to ARs; add water discharge in line with VSME. 5. DR CHANGE: make §46(e) optional or harmonise methodological requirements related to the quantitative environmental KPIs across environmental topics and move to ARs. 6. DR CHANGE: reword §46 as "The disclosure required by paragraph 44 relates to own operations and shall include: (a) total water consumption in m3; (b) total water consumption in m3 in areas at material water risk, including areas of high-water stress; and (c) water discharge if applicable (e.g., water used and wasted during the process). [To be moved to AR] The undertaking may disclose total water recycled and reused in m3. [To be deleted. If not, to be moved to AR] When disclosing information required under par. 44., the undertaking shall disclose any contextual information, the measurement methodologies, and the process(es) to collect data for water-related accounting and reporting, including the type of data needed and the information sources."</p>				
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				7. DR CHANGE: delete §47 (water intensity), no high value for LSMEs and calculated directly by FMPs as the denominator and nominator will be available. National or European Authority/ Standard Setter also put above content in a Comment Letter.				

<p>DR E4-1 – Biodiversity & Ecosystems</p>	<p>FIELD TEST</p>	<p>GUIDANCE: Highly challenging. External consultants needed. Include more guidance including calculation support and templates.</p>	<p>GUIDANCE: Include in guidance definition and list of global sensitive biodiversity areas.</p>	<p>CLARIFY & GUIDANCE: The value chain coverage should be better clarified, especially for §53 and AR 58 (own operations vs operational control). Further calculation support needed.</p>	<p>B 5 – Biodiversity, paragraphs 27 to 29</p>	<p>LOW</p>	<p>- no relevant gap (N/A link to LCA)</p>	<p>On Guidance: - On VC, OP and OC: refer to IG 2 - EFRAG could list select existing methodologies and approaches to measure biodiversity footprint. Refer to possible actions/coordination with Member States to develop specific tools (e.g, geolocalisation). Para 53 already provides indication for metrics; - Include reference to World Data Base on Protected Area (WDPA) to help identify biodiversity-sensitive areas; - Explore providing a definition of ‘sites managed’, also in alignment with upcoming IG on leased assets; - On AR 59: Description of monitoring process can be included (still as a ‘may’), but could be partially covered in DR 3 (GOV-1); comment on deforestation unclear</p>
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	PUBLIC CONSULTATION	<p>47% agree.</p> <p>1. GUIDANCE on calculation data, measurement of biodiversity footprint (currently no established metrics).</p> <p>2. DR CHANGEa: a) qualitative reporting on biodiversity is only possible to a limited extent; b) only require the listing of all topics, and leave it to the undertakings to build own strategy and roadmap on IROs and dependencies; c) pre-made choice around invasive alien species and life cycle assessment is not appropriate; d) LSMEs must consider material the land use of buildings, headquarters, plants etc (Land use is the first pressure on biodiversity); e) deleted biodiversity transition plan (to reintegrate).</p> <p>3. SIMPLIFY: value chain scope is too complex; consider further overall simplification.</p>	<p>63% agree.</p> <p>1. DR CHANGE: deleted biodiversity transition plan (to reintegrate).</p> <p>2. GUIDANCE: definition or provision of a global list of biodiversity-sensitive areas.</p>	<p>75% agree.</p> <p>1. FEASIBILITY: easier to compile when addressing activities under environmental impact assessment (EIA).</p> <p>2. GUIDANCE: definition of "sites managed" and measurement of area (e.g. outdoor areas) FROM §51.</p> <p>3. DR CHANGE: harmonize methodological requirements across environmental matters (AR 5).</p> <p>4. DR CHANGE: delete LCA approach (§52), only keep what is under SMEs' direct control.</p> <p>5. ALIGN: ensure same granularity on biodiversity impact metrics as ESRS E4-5.</p> <p>6. DR CHANGE in §51: include a metric on the type of ecosystem where a site is located (and potentially HCV status).</p> <p>7. DR CHANGE in AR 58: add request for details on volumes and type of commodity procured from ecosystems, and commodity source to production unit level (if feasible, otherwise subnational area).</p> <p>8. DR CHANGE in AR 59: add information on type of monitoring system used; include deforestation.</p> <p>9. GUIDANCE on calculation and required data, value chain scope; only limited qualitative reporting of biodiversity is possible.</p> <p>National or European Authority/ Standard Setter support reduction of datapoints.</p>				<p>On DR Change:</p> <ul style="list-style-type: none"> - Suggest not including metric on disclosure type of ecosystem, as through para. 51 biodiversity-sensitive area would be disclosed; if to include disclosure on type of ecosystems then as a 'may' in AR; - on change to AR 58: this AR is about the description of metrics and methodologies used, rather than to add specific metrics on type of procured commodities; on metric on volume of type of commodity
FIELD		N/A	GUIDANCE:	GUIDANCE:	B 7 – Resource use,	HIGH	- N/A the description of impacts	This datapoint is relevant for value chain coverage.

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			Use sector and geography-tailored estimation models that require minimum input information.	More guidance is needed including definitions, calculation support and templates.	circular economy and		and risks originating from	Simplified and reduced Granularity. Provide further guidance.

<p>DR E5-1 – Resource Inflow</p>	<p>PUBLIC CONSULTATION</p>	<p>47% agree.</p> <p>1. GUIDANCE: definitions (e.g., value chain) and calculation rules.</p> <p>2. SIMPLIFY to avoid companies opting out.</p>	<p>100% agree. N/A</p>	<p>84% agree.</p> <p>1. DR CHANGE: move §57 to top and make compulsory (given relevance in terms of impacts along the value chain). Reinforce by adding requirement on volumes or weights (may be estimated through proxies) of materials used that generate material impacts.</p> <p>2. DR CHANGE: make §58 a voluntary requirement. Rework as: "(a) the estimated overall total weight of products and technical and biological materials used during the reporting period".</p> <p>3. DR CHANGE: delete AR 69 to AR 74 for simplification.</p> <p>4. DR CHANGE: refer to upstream value chain.</p> <p>5. GUIDANCE: define "biological".</p> <p>National or European Authority/ Standard Setter also put above content in a Comment Letter.</p>	<p>waste management, paragraphs 32-33</p>		<p>resource inflows used in the undertaking's own operations and along its upstream value chain. Furthermore, in relation to own operations VSME should be integrated with requirements on the percentage of biological materials that are sustainability certified as well as information on the certification scheme, and the percentage of secondary material (reused) used as inflow</p>	<p>No action on §57 (already a "shall" requirement and weight is used as a denominator in the calculation of the metrics in §58) and §58 - §57 focuses on IROs, while §58 on metrics. Include definition of biomaterials in glossary.</p>
	<p>FIELD</p>	<p>N/A</p>	<p>DR CHANGE:</p>	<p>GUIDANCE:</p>	<p>B 7 – Resource use,</p>	<p>MEDIUM</p>	<p>- requirement</p>	<p>Align with VSME. Hazardous waste includes</p>

SECTION 4 Environment							
LSME Topic / Par.	Preparers	Users	Other ¹	VSME reference	Feasibility of VSME	Loss of information for users	EFRAG
DR E5-2 – Resources Outflow			Suggested to only keep total waste generated and add the type of waste and the way it is managed.	More guidance including definitions, calculation support and templates is needed.	circular economy and waste management, paragraphs 32-33; Disclosure BP 6 – Hazardous waste and/or radioactive waste ratio		radioactive but simplify by taking radioactive reference. Radioactive reference came from SFDR PAI indicator #9 "Hazardous waste and radioactive waste ratio" (Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average). §62-63: framed as positive but can be a risk or an opportunity. Align with VSME. §67: this is a standard design issue. Make clear notes to the disclosures that are expected for this metric. Add definitions (e.g., value chain) and calculation rules. SFDR PAI: general treatment: Table 1 mandatory, Tables 2 and 3 "may".
	PUBLIC CONSULTATION	50% agree. 1. GUIDANCE: definitions (e.g., value chain) and calculation rules. 2. SIMPLIFY to avoid companies opting out.	100% agree. N/A	89% agree 1. DR CHANGE: move §62-63 (products and materials) to ARs on an optional basis (requirements closer to opportunities than to negative impacts). 2. DR CHANGE: delete §67 (always true for metrics) or move to ARs and harmonize across environmental metrics (no need to repeat in all DRs). 3. GUIDANCE: definitions (e.g., value chain) and calculation rules.			

SECTION 4 Environment								
LSME Topic / Par.		Preparers	Users	Other ¹	VSME reference	Feasibility of VSME	Loss of information for users	EFRAG
DR E6-1 – Anticipated Financial Effects	FIELD TEST	DATA COLLECTION CHALLENGE: Materiality is challenging for topics not related to climate.	DATA COLLECTION CHALLENGE: Suggested that the information can indeed be useful but practically burdensome for LSMEs.	GUIDANCE & DATA AVAILABILITY More guidance including definitions, calculation support and templates is needed. This DR comes with data availability issues which poses challenges to SNCIs.	N/A	LOW	- not included in VSME	Do not limit to climate (no action), as this is an aspect related to all environmental disclosures. Include "may" disclosure on positive impacts.
	PUBLIC CONSULTATION	50% agree. SIMPLIFY & ALIGN 1. Need for information to be completed by reference to financial disclosures to avoid discrepancies. 2. Need emphasized for further simplifications to avoid companies opting out.	100% agree. This disclosure shall not bring any additional cost and burden on the undertaking as highlighted under DR E-6, 71.	84% agree. 1. DR CHANGE: add positive financial impact on society and from society to company finances. 2. DR CHANGE: only apply to climate (more mature topic), delete for other environmental topics 3. CLARIFY or provide examples from the SNCI viewpoint on possible anticipated financial effects. National or European Authority/ Standard Setter also put above content in a Comment Letter.				Provide further guidance (calculation and examples). See also Section 1 SBM 3 current and anticipated financial effects (avoid duplications). Any further simplification? (e.g. financial effects deriving from formalised decisions factored in business plan)