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Assessing the readiness for change of Belgian LSMEs in terms of up-to-date non-financial information disclosure. Analysis of the BEL Small Index (through the Compliance Index) in a coercive framework.

Author : Laura Fannoy

Supervisor : Carlos Desmet

Academic year 2023-2024

Dissertation for the master of Business Engineering

Philippe de Woot and Corporate Sustainable Management

Daytime schedule

Before the acknowledgements, I declare that I did not make use of any AI tools during the preparation of this master's thesis.

Then, I would like to express my deepest gratitude to my supervisor, Carlos Desmet, for his guidance and support throughout the course of my thesis. His insights and expertise were essential in shaping this research, and his patience and dedication kept me motivated and focused.

I am also profoundly grateful to my family and friends for their unconditional support and understanding during this journey. Their constant encouragement and belief in my abilities provided me with the strength to persevere through the challenges and complete this work.

Thank you for being my pillars and for always being there for me.

Laura Fannoy, July 29, 2024

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List of Acronyms

AR	Annual Report
CI	Compliance Index
CSRD	Corporate Sustainability Reporting Directive
DNSH	Do No Significant Harm
DPs	Data Points
DRs	Disclosure Requirements
EC	European Commission
EFRAG	European Financial Reporting Advisory Group
EGD	European Green Deal
EGDIP	European Green Deal Investment Plan
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
EUGBS	European Green Bond Standard
EV	Enterprise Value
FAs	Financial Advisers
FMPs	Financial Market Participants
GHG	Greenhouse Gases
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council

IR	Integrated Report
ISO	International Standards Organization
ISP	Impact Scoring Platform
ISSB	International Sustainability Standards Board
KPIs	Key Performance Indicators
LSMEs	Listed Small and Medium-sized Enterprises
NFRD	Non-Financial Reporting Directive
NDCs	Nationally Determined Contributions
OECD	Organization for Economic Cooperation and Development
PAA	Polish Accounting Act
PSF	Platform on Sustainable Finance
RTS	Regulatory Technical Standards
SASB	Sustainability Accounting Standards Board
SDGs	Sustainable Development Goals
SFAP	Sustainable Finance Action Plan
SFDR	Sustainable Finance Disclosure Regulation
SMEs	Small and Medium-sized Enterprises
SR	Sustainability Report
TCFD	Task Force on Climate-related Financial Disclosures
TSC	Technical Screening Criteria
TEG	Technical Expert Group (on sustainable finance)
US	United States
VSME ESRS	Voluntary Small and Medium-sized Enterprises European Sustainability Reporting Standards

Table 1 : Acronyms (creation of the author)

0. Introduction

The quick evolution of global regulatory environments, especially within the European Union, has placed significant emphasis on non-financial information disclosure of corporations since the release of the Corporate Sustainability Reporting Directive (CSRD). The shift is particularly crucial for Belgian listed small and medium-sized enterprises (LSMEs), which have to adapt to these stringent requirements to ensure transparent sustainable reporting (European Commission, 2023). The topic of this master's thesis, **"Assessing the readiness for change of Belgian LSMEs in terms of up-to-date non-financial information disclosure. Analysis of the BEL Small Index (through the Compliance Index) in a coercive framework."**, was selected due to the increasing importance of non-financial reporting in the contemporary landscape. This choice is supported by the need to understand to what extent are Belgian LSMEs ready to comply with the upcoming European Sustainability Reporting Standards (ESRS) for LSMEs, which will be the first mandatory guidelines for European LSMEs in terms of non-financial information reporting (European Commission, 2023).

Non-financial information disclosure, encompassing environmental, social, and governance (ESG) criteria, has become an essential component of corporate transparency and accountability (Greenomy, 2023). The present thesis is significant as it addresses the readiness of a sample of Belgian LSMEs, which are important players in the economy, to meet these upcoming disclosure requirements. The analysis of the companies constituting the BEL Small Index offers insights into their current compliance levels and the challenges they face. This research is essential because it provides a comprehensive understanding of the extent to which these firms are prepared to integrate ESG criteria into their reporting frameworks. Such insights are valuable for policymakers, regulatory bodies, and the companies themselves as they navigate the complexities of the new reporting landscape.

After the first two chapters exposing the literature review, the methodology adopted for this research involves a detailed content analysis of the annual reports (ARs) of 22 companies listed on the BEL Small Index. The research problem was defined to assess the compliance levels of these firms with relevant standards mandated by the ESRS LSME, using an adapted Compliance Index (CI). The assessment grid, based on these standards, was used to collect data before carrying out the analysis to evaluate the disclosure practices related to various ESG criteria, such as climate change, pollution, own workforce, business conduct, etc.

Several challenges were faced during this research process, including the preliminary nature of the study. Indeed, it required cautious interpretation of results, and the exclusion of certain disclosure requirements from the assessment grid, limiting the analysis. The small sample size of 22 firms also hindered generalization of the findings, and the lack of prior research on the ESRS LSME added complexity. Despite these limitations, the study's innovative approach provides foundation for future research in non-financial reporting for SMEs.

I. *CHAPTER 1 : Legislative State-of-the-Art*

1.1 The Paris (Climate) Agreement

First and foremost, let us go back to one of the most important historical roots in terms of international sustainability-oriented legislation. Established during the UN Climate Change Conference (COP21) in 2015, the **Paris (Climate) Agreement** is a milestone when it comes to addressing challenges posed by climate change. Once this agreement entered into force in 2016, world leaders have made a historic commitment to work together to reduce emissions and support adaptation efforts in the fight against climate change. This initiated the

progressive shift towards a world with net-zero emissions (UNFCCC, n.d.). Furthermore, the idea of climate justice, which emphasizes taking past obligations into account and recognizes the varying vulnerabilities and capacities among nations and population groups, is fundamental to the agreement (Michelot, 2016; Onifade, 2021). In practice, financial mechanisms, such as the Green Climate Fund, are crucial because they help developing nations with their efforts to mitigate climate change and adapt to it (Seo, 2017).

Every member nation of the Paris Agreement is required to submit **Nationally Determined Contributions** (NDCs), which are updated and more aggressive climate action plans, every five years. These plans include strategies for lowering greenhouse gas emissions and strengthening climate change resistance (UNFCCC, n.d.). Note that the sanitary crisis caused a minor delay in the first evaluation of these NDCs, which was originally planned for 2023. Hence, new contributions are anticipated in 2025 (Bui et al., 2023).

Notwithstanding advancements, there is a continued difficulty of keeping global warming to 1.5°C. Since the target requires a significant decrease in global emissions by 2030, calls have been made for aggressive policies and quick action to reach carbon neutrality by 2050 (UNFCCC, n.d.).

In order to uphold the Paris Agreement to the greatest extent possible, numerous measures have already been implemented by countries due to their large potential for reducing emissions. Among these countries, the United States (US), Japan, China and the EU are some of the biggest players facing several challenges while time passes. For instance, partly for geo-political reasons, the US withdrew from the Agreement when Donald Trump was in charge before its later re-entry under President Joe Biden, recognizing the difficulties in catching up with climate targets. Some experts also believe that the fact that they got back into the Agreement diminishes the significance and the reach of global climate agreements (Collard, 2021; Fraioli, 2020).

In sum, the Paris Agreement is a significant worldwide endeavor to combat climate change, characterized by continuous challenges, evolving pledges, and the necessity of concerted, ambitious action to ensure a sustainable future.

1.2 The European Green Deal (EGD)

Since December 2019, a new set of policy measures has been adopted in view of a shift to sustainability in Europe's all sectors by transforming environmental and climate change issues into opportunities and ensuring that the transition is inclusive and equitable for everyone (European Commission, 2019). These measures are grouped under the growth strategy called the **European Green Deal** (EGD), which was the outcome of a thorough process of brainstorming, deliberation and negotiation between the European Union (EU), its member states and various stakeholders. More precisely, the EGD has been built following different steps. Beginning with the launch of the EU Strategic Agenda, the European Commission (EC) made a clear political statement about the EU's determination to address climate change and advance sustainability on the short and long term. This was followed by the initiation of the Climate Pact, a dialogue and consultation process with stakeholders including, among others, national parliaments and citizens. While guaranteeing widespread involvement and taking into account various points of view, this process offered a chance to get ideas and proposals regarding the goals and actions of the EGD (European Commission, 2019; Fetting, 2020). As a result, the EC has created specific policies and recommendations to put the EGD into effect. This required determining the relevant financial tools in addition to the suitable non-legislative and legislative actions. Therefore, the EGD has been supported by a comprehensive action plan namely the Sustainable Finance Action Plan (SFAP), which will be detailed in the next section (European Commission, 2023) (cf. The Sustainable Finance Action Plan (SFAP)).

While the European Union's ultimate goal is to make Europe the first climate-neutral continent by 2050, it has set up a roadmap with actions in order to achieve the following objectives (Envoria, 2022; European Commission, 2019; European Commission, 2023).

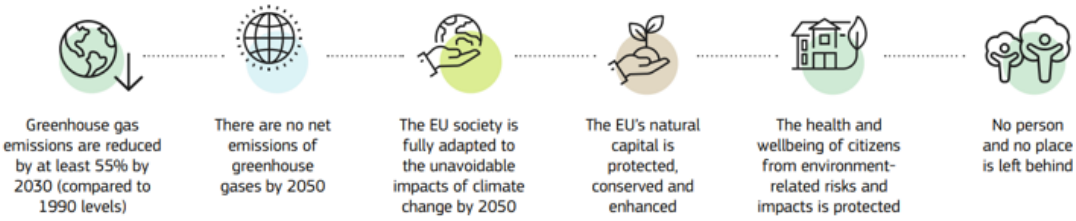

Figure 1 : Main objectives of the EU Green Deal (European Commission, 2023)

These ones provide the EU great opportunities as well as significant challenges, especially given the current economic and geopolitical environment (European Commission, 2023).

With regards to the **European Green Deal Investment Plan** (EGDIP), the EGD calls for a substantial investment totaling at least one trillion euros over the following ten years in order to meet its commitments. Therefore, the support of the public as well as the private sectors are needed in addition to the EU budget representing around half of the planned amount. That being said, investments aspire to become more widespread in areas such as biodiversity, renewable energy, circular economy, etc (Envoria, 2022; European Commission, 2020; European Commission, 2023). This will enable the EU to become more autonomous with regard to fossil fuels imported from abroad and thus moderate energy prices for instance. In addition, investing significantly in these areas will help strengthening the EU's competitiveness and preventing the development of new strategic dependencies. On the contrary, businesses will incur heavy expenses if sustainability-related risks are not addressed on time. Plus, they may encounter unsettling readjustments that have an impact on the stability of their financial system (European Commission, 2023).

1.3 The Sustainable Finance Action Plan (SFAP)

Considering sustainable finance as a crucial pathway to reaching the Paris Agreement and the EGD's target of carbon neutrality by 2050, the **Sustainable Finance Action Plan or Package** (SFAP) focuses on the integration of environmental, social and governance (ESG) aspects (cf. 2.1.2 The Concept of Environmental, Social and Governance (ESG) Factors) into the financial policy framework (Vidori, 2020). In other words, it advocates for a shift in capital flows toward sustainable investments by encouraging the financial sector as well as other businesses to prioritize private fundings for projects promoting the transition (European Commission, 2023; Greenomy, 2022). It also aims to handle the financial risks associated with social matters, climate change and environmental deterioration (Siri & Zhu, 2019). Inaugurated in 2018, this plan outlines the precise phases, due dates, and duties for every suggested measure as part of the various sustainability goals within Europe. Thereby, EU authorities engage with member states to put each measure into effect by combining financing-related initiatives, funding programs, regulations, and other specific programs (European Commission, 2023).

Indeed, since the overall lack of transparency, sustainability, and long-term perspective has been highlighted by the Technical Expert Group's (TEG) final report, various tools have been created or strengthened in this view (Technical Expert Group on Sustainable Finance, 2020).

Among them, the Taxonomy Regulation represents a significant milestone in the implementation of the SFAP. Indeed, the SFAP mentioned that *"a common language that investors can use when investing in projects and economic activities that have a substantial positive impact on the climate and the environment"* was necessary (European Commission, 2023). Here is where the EU Taxonomy comes into play, facilitating the use of the sustainable finance framework while promoting investments in more economic activities

and sectors to be acknowledged as environmentally sustainable (European Commission, 2023). More details will be provided in the next section (cf. The European Taxonomy).

Another key progress of the SFAP is this year's adoption of the Sustainable Finance Disclosure Regulation (SFDR). This finance-oriented tool aims to improve the ESG transparency of financial products offered by Financial Advisers (FAs) and Market Participants (FMPs). To do so, reporting on ESG-related actions should be made by FAs and FMPs in the EU at both product and entity levels thanks in part to the application of the latest Regulatory Technical Standards (RTS) (Envoria, 2022; Greenomy, 2023). Note that the SFDR also interacts with the EU Taxonomy since the degree of alignment for environmentally sustainable economic activities with the EU Taxonomy is required to be disclosed in accordance with the SFDR (European Commission, 2023).

While the emphasis has more and more been placed on sustainability reporting, the Non-Financial Reporting Directive (NFRD), recently amended by the Corporate Sustainability Reporting Directive (CSRD), is regarded as the most significant step that the EU's institutions have taken as part of the SFAP (Cosma, Leopizzi, Nobile & Schwizer, 2022). The NFRD/CSRD regulates sustainability reporting by encouraging businesses to reveal non-financial data about ESG issues, which fosters accountability and transparency among them (Envoria, 2023; European Commission, 2023). As this branch of the SFAP is the focus of this thesis, this will be fully explored subsequently (cf. European Sustainability Reporting Directives).

Initially, large and listed companies were the prior target to implement the SFAP, but small and medium-sized enterprises (SMEs) will also have to adapt in a near future (cf. *Appendix 1*). Naturally, the sustainable finance framework does not stop here and includes all kinds of other regulations and measures. The European Green Bond Standard (EUGBS), defining a voluntary high-quality standard for green bonds inside the EU, is another recent example of financial-oriented progress in view of the EGD objectives (European Commission, 2023).

1.4 The European Taxonomy

As part of the SFAP supporting the EU Green Deal and the Paris Agreement, the **EU Taxonomy** Regulation was published in the Official Journal of the European Union in June 2020, aiming to shift capital flows towards sustainability-oriented investments in view of the EU's environmental and climate ambitions (European Commission, 2023). In fact, the EU Taxonomy is a living science-based benchmark originally built by the TEG on sustainable finance and supported by the Platform on Sustainable Finance (PSF) since then. It helps businesses determining if a particular economic activity may be regarded as environmentally sustainable based on assessment criteria, which eases the communication of their green share[1]. By standardizing the procedure, it establishes a uniform language that can be utilized by firms across industries and sectors. This significant market transparency tool has actually been created to meet several objectives contributing to the EU Green Deal's strategy. Among them, the mitigation of "greenwashing" represents one of the biggest challenges nowadays that needs to be addressed. In addition, the purpose is to support firms in planning and financing their green transition by for example, integrating quantified ESG factors into a business' strategy. Harmonizing the definition of what investors consider to be "green" is also a key objective in order to reduce information asymmetry and market fragmentation. Last but not least, the aim is to speed-up progress on the EU Green Deal's strategy by increasing the number of investments in initiatives that significantly advance at least one of the six environmental objectives of the EU Taxonomy (David & Giordano-Spring, 2022; Envoria, 2022; European Commission, 2023; Greenomy, 2022; Siri & Zhu, 2019).

[1] Green share: Compatible with the EU environmental objectives such as carbon neutrality for example (European Commission, 2023).

Speaking of the **six environmental objectives**, these are the core pillars of the assessment grid proposed by the EU Taxonomy:

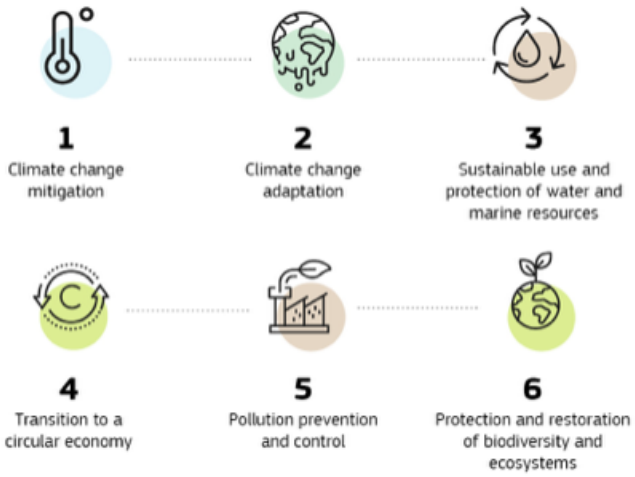

Figure 2 : Six environmental objectives of the EU Taxonomy (European Commission, 2023)

In practice, the application of the EU Taxonomy's assessment system by companies must be undertaken by following 4 main steps. To begin with the Taxonomy Screening, what should be done first is to verify whether one's economic activity is covered by the EU Taxonomy ("taxonomy-eligible") and if it contributes significantly to at least one of the six environmental objectives exposed above. Tools such as the EU Taxonomy Compass can help classifying these activities. The "Do No Significant Harm" (DNSH) condition, which states that the economic activity must have no significant negative impact on any of the other five objectives, must be applied after this step is completed. By doing so, companies will spot which identified activities meet the technical screening criteria (TSC) ("Taxonomy-aligned). Another tool called the EU Taxonomy Calculator has been created to help non-financial companies in this process. Following the procedure, businesses must then verify adherence to minimum safeguards set up by the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the International Labour Organisation fundamental conventions. Finally, the fourth step for businesses consists in

applying the adapted reporting rules while complying with the TSC. For instance, firms covered by the NFRD/CSRD are required to publish the share of environmentally sustainable economic activities that meet EU Taxonomy standards, which will be detailed in the next section (European Commission, 2023; Greenomy, 2022).

The majority of these requirements are described in the Climate Delegated Act and its Complementary Delegated Act, which represent the core documents for the EU Taxonomy and its updates (European Commission, 2023). Indeed, economic operations in sectors representing roughly 64% of direct greenhouse gas emissions in Europe are already covered by the Taxonomy Delegated Act (European Commission, 2023; Eurostat, 2021). Note that only the two first environmental objectives (climate change mitigation and climate change adaptation) have been addressed in terms of TSC until lately. Nevertheless, the new Environmental Delegated Act recently officially published targets the four missing environmental objectives in terms of TSC to complete and update the EU Taxonomy assessment system (European Commission, 2023; PwC, 2023). Regarding reporting requirements under the EU Taxonomy, the Disclosure Delegated Act is the document to refer to as it outlines particular indicators for financial organizations that must publish the share of taxonomy-aligned economic activities within their financial activities as well as relevant Key Performance Indicators (KPIs) (i.e. Turnover, OpEx and CapEx) for non-financial firms. Taking the STOXX Europe 600 as an example, data demonstrated that already 63% of index members have reported their taxonomy eligibility and alignment of roughly 17% for turnover, 24% for OpEx and 23% for CapEx for the 2022 fiscal year. This means that these data can already be used by financial actors to spot sectors and businesses in transition in view of offering adapted financing solutions (European Commission, 2023).

1.5 European Sustainability Reporting Directives

1.5.1 The Non-Financial Reporting Directive (NFRD)

1.5.1.1 Contextualization

Following an agreement within the EU as part of the Sustainable Finance Action Plan, the **Non-Financial Reporting Directive** (NFRD) or also known as the Directive 2014/95/EU has been adopted since October 2014 and put into practice since 2018 (European Union, 2014; Greenomy, 2023). The directive's theoretical goals include significantly contributing to the Sustainable Development Goals (SDGs) and enhancing transparency in light of Agenda 2030 (Cosma et al., 2022). Practically speaking, its main contribution is to give businesses guidance on how to disclose social and environmental concerns and incorporate them in their annual reports (ARs). In other words, the goal is to offer information so that stakeholders and investors may more accurately analyze the risks and value creation of a company's non-financial operations. It also aims at persuading businesses to use more efficient social and environmental management procedures, and therefore adopt a more responsible business approach[2] (Greenomy, 2023). In sum, the NFRD gives businesses advice on how to report on how their operations affect the climate and how those operations are also affected by climate change (Vidori, 2020). This dual viewpoint actually refers to the significant concept of "double materiality" (cf. The European Financial Reporting Advisory Group (EFRAG) Approach).

Scope-wise, **listed firms**, and **non-listed large firms** with above-average levels of capital (€20M+), revenue (€40M+), or workers (500 employees+), are obliged to include a non-

[2] By responsible business, one means *"the practice of creating customer value through the active concern for people, ethics, equity, and environmental impacts while running a profitable business"* (Kamath & O'Brien, 2020).

financial performance statement in their financial reports (Cicchiello, Marrazza & Perdichizzi, 2023; David & Giordano-Spring, 2022; Greenomy, 2022). This implies that around 11.700 EU firms must take sustainability into account when developing their strategy, managing risks, and reporting (European Commission, 2023; Greenomy, 2023; Vidori, 2020).

In order to practically disclose information about companies' environmental and social impacts, sustainability reporting must be based on the following five factors related to ESG while identifying the "material" issues that need to be addressed (Cicchiello et al., 2023). Within the environmental aspect, the overall **environmental protection** must be addressed. As far as the social aspect is concerned, the **respect for human rights**, the **treatment of employees and social responsibility**, as well as the **company board diversity** (in terms of education, gender, age and profession) must be taken into account. Lastly, the **anti-corruption and bribery** is also important as part of the governance aspect (European Commission, 2023; Greenomy, 2023). As for the form, the concerned companies have the choice of selecting one of the several national, European, or international frameworks[3] that suit their needs best (Vidori, 2020). Nevertheless, actual data from a KPMG survey supports the claim that GRI guidelines are more frequently followed worldwide (KPMG, 2022).

1.5.1.2 Critics

As many studies in addition to a public consultation have analyzed and criticized the ins and outs of the NFRD, here are the key insights.

One of the key elements concerns the reporting **scope** of the NFRD. In fact, research has found that a considerable portion of the economy has been left behind when it comes to

[3] Among these frameworks, there are the Global Reporting Initiative (GRI) guidelines, the Sustainability Accounting Standards Board (SASB) standards, or the International Standards Organization (ISO) 26000 for Social Responsibility for instance (Greenomy, 2023).

required disclosure. Indeed, SMEs (including micro-sized firms) and private companies, accounting for approximately 23.1 million companies in 2022 in the EU (Statista, 2022), are not part of the NFRD's scope, which leaves them with the choice of disclosing non-financial information or not. Hence, research has showed that a larger group of firms should be included in the NFRD's purview while adapting reporting requirements to the type and size of firms (European Commission, 2020; European Parliament, 2021; Greenomy, 2023).

Another main critic questions the disclosed information's **consistency and quality**. On the one hand, studies argue that the fact that there are no unique common standards for firms concerned by the directive leads to a lack of comprehensiveness in disclosed data. This lack of standardized metrics therefore leaves stakeholders with less consistent, reliable and comparable information (Cosma et al., 2022; European Commission, 2020; European Parliament, 2021; Greenomy, 2023; Vidori, 2020). On the other hand, other researchers argue that the NFRD has still been a major step forward in terms of reporting consistency and quality as it is the first time businesses receive guidelines on how reports must be drafted in accordance with particular frameworks, increasing the comprehensiveness and reliability of the reporting procedure. According to them, it also improves the comparability and performance measurement of the relevant ESG issues (Cicchiello et al., 2023; European Commission, 2020).

In addition, the idea of **materiality** highlighted by the NFRD has been severely criticized. In particular, the necessity of clarifying this concept has been put forward. Although the NFRD mandates that firms publish data that is essential to comprehend the growth, position, performance and effects of their operations, the goal is also to identify how value creation affects all stakeholders, not just shareholders, by taking into account the financial effects from the standpoint of companies as well as the influence on value creation for other stakeholders. However, the definition of "material information" used by the NFRD is mainly related to financial aspects as it comes from the Accounting Directive. As a result, some

aspects that cannot be quantified in monetary terms are not necessarily considered, which tends to focus on investors' needs while leaving a portion of stakeholders apart. Therefore, the definition of materiality is not sufficiently precise and extended beyond financial aspects within the directive's framework (Cosma et al., 2022; European Commission, 2020).

As far as **verification and control** are concerned, auditing firms' non-financial disclosed information is not required by the NFRD. Nevertheless, corporations might proactively seek assurance in order to rise credibility. As it has not been a systematic procedure yet, searchers believe that there should be more demanding external assurance requirements to encourage each business to pay greater attention to the application of their sustainable disclosed data in reality, such as the implementation of ESG factors into their core activities. According to them, it improves the trustworthiness as well as the reliability of reported information (European Commission, 2020; Greenomy, 2023).

The last key point relates to the reporting **costs**. It has been shown that firms sometimes have extra or unnecessary costs resulting from pointless non-financial reporting (European Commission, 2020; Vidori, 2020). Indeed, there is a confusion over reporting requirements for businesses due to overlaps between various parts of sustainability reporting regulation, which can cause additional financial expenses (Greenomy, 2023). Another questionable incentive for extra costs, especially for SMEs choosing to follow the NFRD, results from the digitalization of disclosed information. As many specialists have inquired on the cost-benefit of making data machine-readable, suggested examples are to limit machine readability to a central subset of disclosed data or make machine readability optional for SMEs to prevent excessive costs (European Commission, 2020; European Parliament, 2021).

Taken all these critics into account, the European Commission has decided to revise the latest version of the NFRD (which has already been revised in 2021) in order to propose an update to the directive to strengthen sustainability reporting requirements (Cosma et al.,

2022). The CSRD, which is the proposed revision and is detailed in the following section, attempts to overcome some of the limitations and restrictions of the NFRD and harmonize European standards with international frameworks (European Commission, 2023; Greenomy, 2023).

1.5.2 The Corporate Sustainability Reporting Directive (CSRD)

1.5.2.1 The European Financial Reporting Advisory Group (EFRAG) Approach

Since January 2023, the **Corporate Sustainability Reporting Directive** (CSRD) amended the NFRD under the supervision of the private association named the European Financial Reporting Advisory Group (EFRAG) (European Commission, 2023). Supported by the EC, the EFRAG's duty is to represent the interests of Europeans in sustainability and financial reporting. In the area of corporate reporting, the organization advances European perspectives by creating draft EU Sustainability Reporting Standards (ESRS) in addition to associated amendments for the EC (Greenomy, 2022).

Therefore, the EFRAG is taking a fresh look at non-financial reporting through the reinforcement of different concepts.

The "Connectivity" Concept

The "Connectivity" concept deals with the interconnection between financial and non-financial information. More precisely, this underpins the idea of a desirable consistency between financial and non-financial information to explain value creation (David & Giordano-Spring, 2022). The EFRAG's aim is to identify and assess the limitations and gaps in financial and non-financial reporting, evaluate current developments in interconnectivity

and determine the anchor points for interconnectivity between financial and non-financial reporting (EFRAG, 2021). An anchor point has been defined as a *"limit of financial and non-financial reporting that needs to be considered when developing interconnectivity at the level of each respective requirements."* (EFRAG, 2021, p.3).

Up to now, the level of connectivity among enterprises' reports is quite low even though this notion has already been exposed in previous European legislations such as the NFRD and the EU Taxonomy, and also mentioned at international level by the International Integrated Reporting Council (IIRC). Indeed, a study (David & Giordano-Spring, 2022) has shown that, for a sample of 49 listed companies analyzed (i.e. CAC 40 and CAC 40 ESG), connectivity rates do not exceed 50%. Therefore, the EFRAG has put forward suggestions to significantly strengthen connectivity between financial and non-financial reporting. These highlights the limitations of financial reporting in relation to sustainable development objectives, underlining the need to interconnect these two types of reporting for effective stakeholder dialogue and a coherent overview of a company's activities and environmental impact. In sum, the inclusion of the "Connectivity" concept in the standard-setting initiative funded by the EFRAG provides a special framework for addressing the difficulties associated with fusing costs, revenues, and climate goals (David & Giordano-Spring, 2022).

The "Double Materiality" Concept

As the fundamental principle of reporting is materiality and as one of the key improvements of the CSRD is the reinforcement of the "Double Materiality" concept in disclosing information, there is a considerable need for clarifying this notion (EFRAG, 2021; KPMG, 2022). Beforehand, it is essential to understand that the definition of materiality is *"a judgement call for the management to select information that may have an impact on decision making of the primary users of the reporting."* (EFRAG, 2021). On top of that, the concept of double materiality in the context of CSRD is based on a dual perspective, with

one side focusing on how the firm affects external ESG factors (i.e. “inside-out”) commonly referred to as social and environmental materiality, and the other on how external ESG factors affect the company (i.e. “outside-in”) commonly referred to as financial materiality. In practice, this approach allows for the integration of key non-financial data with the main financial information into a single report for example (EFRAG, 2021; EFRAG, 2022; Greenomy, 2023).

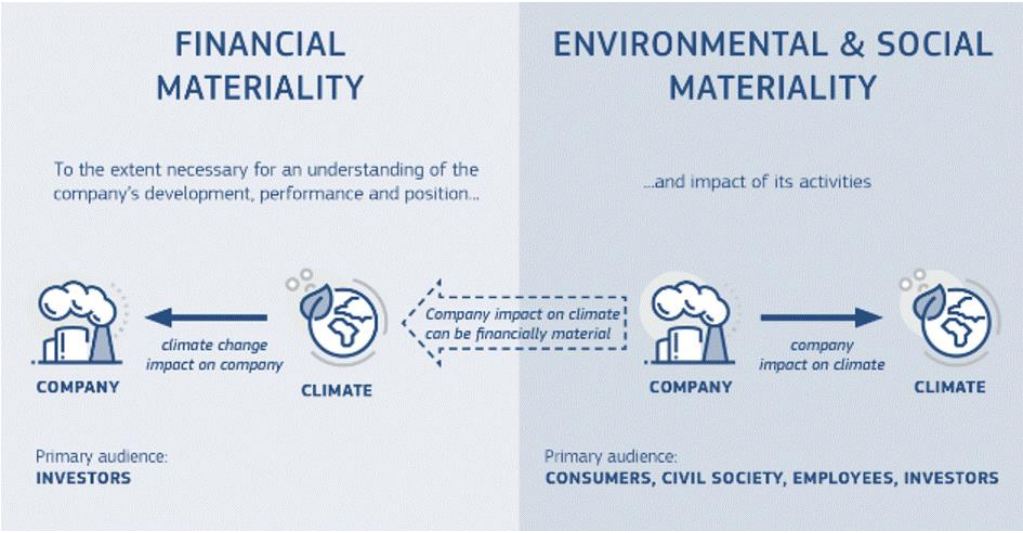

Figure 3 : Double Materiality (Mossay, 2022)

The ”Monetary Line” Concept & the “Rebound” Effect

To the dual viewpoint of double materiality is added a third angle through the “Monetary Line” concept. The monetary line actually provides a timeline-like depiction of social and environmental materiality leading to financial materiality. Concretely, this reflects the fact that companies’ performance, development and position might be impacted in the future by some of the effects of its action on ESG criteria. For instance, in the case that a vehicle fleet fails to achieve emissions objectives and is fined, greenhouse gases may have a rebound effect on the corporation (EFRAG, 2021). Note that although it sometimes affects the

financial statements of the same accounting period, this “rebound” effect usually shows up in the financial statements of subsequent accounting periods (David & Giordano-Spring, 2022). In brief, this notion can be conceptually represented by the “outside-in” perspective, in a larger sense and from a forward-looking perspective in terms of the reporting’s time horizon (EFRAG, 2021).

1.5.2.2 Scope & Application

Coming from 11.700 to 50.000 EU companies, the scope of the CSRD has been much more widen (Greenomy, 2023). From now on, this includes **all large companies**, **listed SMEs** (LSMEs) and **all (non-EU and EU) companies with securities listed on EU regulated markets** (except micro enterprises) (European Commission, 2023).

When it comes to the application of updated reporting requirements, the adaptation period runs from 2023 to 2028 (European Commission, 2023). More precisely, companies already subjected to the NFRD are required to comply with the CSRD by fiscal year 2024 (for reports published in 2025). Other large companies must follow suit by fiscal year 2025 (for reports published in 2026), while eligible LSMEs[4] on public markets must do so by fiscal year 2026 (for reports published in 2027). It is worth mentioning that SMEs have the opportunity to report in accordance with simplified requirements that the EFRAG has been creating since January 2024 in addition to having the option to voluntarily opt out again until 2028 (cf. The European Sustainability Reporting Standards (ESRS)). Last but not least, non-EU companies fulfilling certain conditions, such as being listed on an EU market and carrying out substantial activities[5] there, must apply the CSRD by fiscal year 2028 (for reports published in 2029)

[4] Eligible LSMEs: A minimum €10M net turnover, above 50 employees and/or a minimum €5M balance sheet amount (at least two of the three requirements must be satisfied) (Greenomy, 2023).

[5] Substantial activities: A minimum €40M net turnover, above 250 employees and/or a minimum €20M balance sheet amount (at least two of the three requirements must be satisfied) (Greenomy, 2023).

(Greenomy, 2023). In the meantime, the NFRD is still in effect until businesses are required to implement the CSRD (European Commission, 2023).

1.5.2.3 The European Sustainability Reporting Standards (ESRS)

As the majority of firms use materiality assessments (KPMG, 2022), the EFRAG created the **European Sustainability Reporting Standards** (ESRS) in 2023 in order to give stakeholders a comprehensive framework to help assess materiality matters. Concretely, the ESRS consists of a series of criteria related to ESGs (cf. 2.1.2 The Concept of Environmental, Social and Governance (ESG) Factors) that must be addressed and disclosed by the concerned businesses, both qualitatively and quantitatively. Thanks to the standardization of ESG reporting, companies have a tool to better assess their sustainability performance (Greenomy, 2023).

Even though the general ESRS are already applying to some companies, the ESRS for SMEs or, **ESRS LSME**, are still at the stage of the exposure draft for public consultation. Indeed, comments are publicly open until May 21st, 2024, with a view to the EFRAG publishing the ESRS LSME technical advice in November 2024. The ESRS LSME are a simplification of the general ESRS for larger companies. In other words, most of these standards remains the same, but the thresholds will be adapted according to the size and resources of the concerned companies so that the data that SMEs would have to report will be proportional to their business. A less complex reporting structure will also be implemented, and fewer reporting subjects will be required. Note that materiality will remain the pillar of non-financial information disclosure for LSMEs even if the assessment process will be simplified as well. In addition, a sector-agnostic approach has been constructed for LSMEs in the first instance, which means that the ESRS LSME are not restricted to any particular sector or industry (European Commission, 2023; Greenomy, 2023).

As mentioned above, a bunch of LSMEs are required to make use of these standards but SMEs that are not falling within the CSRD's scope might choose to freely provide information about their sustainability activities. In this case, they have the option to either apply the Voluntary SME ESRS (VSME ESRS) especially developed to encourage them to do so, or investigate other frameworks always improving reporting procedures such as the Impact Scoring Platform (ISP)[6] (EFRAG, 2023; Greenomy, 2023).

1.5.2.4 Alignment with European & International Regulations

The CSRD was not introduced out of nowhere, with no connection to other **European** regulations in relation with non-financial disclosure. Indeed, reporting data in accordance with the EU Taxonomy is mandated for businesses falling into the scope of the directive. More precisely, these companies are required to disclose in their yearly reports the degree to which their activities fall under the purview of the EU Taxonomy (Taxonomy-eligibility) and meet the criteria established by the Taxonomy delegated acts (Taxonomy-alignment). It is worth knowing that other firms might choose voluntarily to make this information available to the public in order to get access to sustainable funding or for other business-related purposes. In addition to improving transparency, this alignment with the EU Taxonomy makes it easier for investors, for instance, to comprehend how sustainable a company is, which helps them match their investment choices with the sustainability objectives of the EU (European Commission, 2023; Greenomy, 2023; KPMG, n.d.).

Although there are currently no single global sustainability reporting guidelines (de Silva Lokuwaduge & De Silva, 2022), the CSRD also aligns with similar features when it comes to **International** non-financial disclosure regulations. For instance, businesses must provide data in line with the International Sustainability Standards Board's (ISSB) framework, whose

[6] The ISP is a tool to assess companies' sustainability performance in compliance with European standards and inaugurated by Finance&Invest Brussels and Greenomy (Finance&Invest Brussels, 2024).

role was previously led by the Task Force on Climate-Related Financial Disclosures (TCFD) (IFRS, 2023; KPMG, n.d.). The latter being the International Financial Reporting Standards (IFRS) composed of IFRS S1 (general requirements) and S2 (climate-related standard), highlighting LSME simplifications. The EFRAG is also working with other international organizations such as the GRI, the SASB or the UN Guiding Principles on Business and Human Rights. In short, the CSRD seeks to provide a comprehensive set of reporting guidelines that are compliant with international frameworks to improve accuracy and comparability among businesses' published data. Therefore, the EFRAG prioritizes what is called international interoperability throughout the several sets of standards. This would prevent fragmented markets, complexity, and additional costs for businesses while allowing the EU to fully utilize the potential of international finance with regards to the transition (European Commission, 2023; Greenomy, 2023).

1.5.3 CSRD benefits versus NFRD

All the criticisms previously levelled at the NFRD are intended to be appropriately reviewed in the CSRD and become benefits (cf. Critics). Therefore, here is a summary of the main differences and adaptations between the NFRD and the CSRD.

Beginning with the **extended scope** of the CSRD, a wider variety of businesses are covered by the directive, including large and listed EU firms, certain SMEs and a bunch of non-EU firms operating in the EU market (cf. Scope & Application). With this expanded coverage, more businesses will be held responsible for revealing their sustainability performance. By using a holistic approach, stakeholders are able to obtain a more comprehensive understanding of company sustainability practices across all sectors, leading to increased accountability and transparency (Greenomy, 2023).

As there is less flexibility with the CSRD than the NFRD in terms of disclosure procedures, stakeholders can more easily compare qualitative sustainability information within the companies' spectrum and across various sectors. Indeed, the **standardization** of non-financial reporting criteria through the ESRS and a common reporting framework put everyone on an equal footing by improving information comprehensiveness. As such, it is a means of reducing information asymmetry. This decrease in information asymmetry not only improves transparency and accountability but also gives stakeholders the capacity to affect positive change by influencing businesses to prioritize sustainable practice and make better informed decisions (David & Giordano-Spring, 2022; European Commission, 2023; Greenomy, 2023).

Even though the NFRD already introduced the idea of "materiality" and what the EFRAG calls "connectivity" between non-financial and financial information (David & Giordano-Spring, 2022), the CSRD strengthens these aspects even more by clarifying and putting the emphasis on the "**double materiality**" approach. Indeed, the directive points out the importance in integrating environmental and social, not just financial materiality. As previously mentioned, one solution implemented by the EFRAG as part of the CSRD to strengthen double materiality is to require companies to report financial and non-financial information in a single report, while the NFRD relied on the distinction between financial and non-financial reports (EFRAG, 2021; Greenomy, 2022). In sum, the CSRD bridges the gap between materiality theory and its practical application. In other words, it provides more detail on the process to be followed by companies in assessing materiality of each non-financial issue to be addressed (Cosma et al., 2022).

While the NFRD did not demand any third-party assurance, the CSRD now requires general **external assurance** on sustainable information across the EU in order to allay stakeholders' worries. This will guarantee the accuracy and credibility of non-financial information disclosed at the same level as financial information. First, this will take the form of "limited"

assurance, which provides a notable enhancement before enforcing a more stringent "reasonable" assurance[7] requirement by 2030. This strategy is preferred since sustainability assurance criteria are not in place yet[8] (European Commission, 2021; Greenomy, 2022; PwC, n.d.). In the meantime, other guidelines are available to help companies in this verification process such as the Directive on Green Claims. More precisely, this directive lays forth guidelines for businesses to support their sustainability claims with comparable, trustworthy, and transparent sustainability data. It facilitates the verification process by increasing responsibility and confidence in sustainability reporting through the need of verifiable proof. In addition, this is necessary to avoid greenwashing, as the EU Commission has estimated that more than half of green claims made by corporations in the EU were ambiguous or misleading, and that 40% were wholly unsupported (European Commission, 2023; Segal, 2023).

Last but not least, the CSRD creates opportunities for **administrative costs reduction**. Indeed, there is less likelihood of incurring futile reporting costs because the CSRD's framework exposes a clearer, simpler, and more precise reporting approach. For example, by simplifying reporting requirements, the CSRD lowers the burden of compliance for SMEs and reduces the expenses associated with collecting, analyzing, and reporting data. Furthermore, the CSRD's standardized reporting framework streamlines reporting requirements for SMEs, saving time and money on the process of figuring out what information to disclose (David & Giordano-Spring, 2022; European Commission, 2023; Vidori, 2020).

[7] Note that, although both types of assurance follow the same procedures, reasonable assurance is more comprehensive (by taking technical capability and market capacity into account) and logically more expensive than limited assurance (KPMG, 2024).

[8] According to the EU Commission, assurance standards should be available by October 2026 (European Commission, 2021)

	NFRD	CSRD
Scope	11.700 EU companies	50.000 EU companies
Consistency & Quality	No common standards	Standardization (ESRS)
Materiality	Materiality	Double materiality
Assurance & Verification	No requirement	Mandatory external assurance
Reporting costs	High probability of futile reporting costs	More cost-effective

Table 2 : NFRD versus CSRD summary (creation of the author)

1.6 Conclusion of Chapter 1

Throughout this first chapter, it has been pointed out that several tools are continuously created in view of the EGD, such as the EU Taxonomy and the NFRD/CSRD, to do everything possible to achieve the EGD's objectives summed up under the heading of making the economy of the EU environmentally sustainable. As also highlighted, these measures do not stand alone, but are naturally intertwined. Indeed, compliance with the EU Taxonomy and International standard-setters is often required when applying other measures such as the SFDR or the NFRD/CSRD (European Commission, 2023). In sum, the establishment of this chapter enabled us to provide the necessary background regarding sustainability regulations within Europe for this research paper. It also subtly introduced the link that SMEs can have with the revised non-financial disclosure regulation, which is the core topic of this paper's analysis.

In the next chapter, the second part of the literature review will focus on (L)SMEs' current situation when it comes to sustainability data disclosure. Furthermore, ESRS' relevant criteria introduced in the first chapter will be detailed in order to build our adapted

'Compliance Index' (CI) to be applied afterwards in the practical section. Therefore, these ESRS criteria will serve as basic indicators for the analysis.

II. *CHAPTER 2 : (L)SMEs in a future coercive environment*

2.1 Contextualization

2.1.1 (L)SMEs worldwide & in Europe

In most economies, SMEs play a key role. In fact, they make up the vast majority of enterprises globally and have a significant impact on the growth of the global economy and the generation of jobs. About **90% of companies and more than 50% of jobs worldwide** are held by them. According to some research (World Bank Group, 2019), 600 million jobs would be required by 2030 to accommodate the expanding global workforce, which is why many governments all around the world have made SME growth a top priority. Access to financing, however, is a major barrier to SME expansion. For instance, Europe accounts for 15% of the total global finance gap preceded by East Asia and Pacific (46%), and Latin America and the Caribbean (23%) (World Bank Group, 2019). Therefore, investing programmes such as the InvestEU Fund[9] within Europe are set up in order to fill this gap (European Commission, 2023).

Even though SMEs do not have a common worldwide definition because of its diversity (Cavallari Filho et al., 2024), this study is based on the EU's vision of this concept as follows.

[9] Through the InvestEU initiative, the EU receives long-term funding by combining public and private resources to promote its top policy goals. As part of the initiative, financial partners will participate in projects utilizing the EU budget guarantee, therefore mobilizing an extra investment of at least €372 billion through the use of the InvestEU Fund (European Union, 2024).

A business is considered an SME when the staff headcount is **fewer than 250 employees** and when the **turnover is equal or below €50M**, or when the **total balance sheet is equal or below €43M** (European Commission, 2003). Since SMEs account for **99% of all firms in the EU**, it is crucial to have an appropriate definition in order to have access to funding and EU support initiatives designed especially for them, such as the ESRS LSME that was introduced in the previous chapter for instance (The European Sustainability Reporting Standards (ESRS)). In addition, SMEs, employing around 100 million individuals within Europe, contribute to over half of Europe's Gross Domestic Product (GDP) and hold a significant position in enhancing value across various economic sectors. These enterprises actively introduce inventive solutions to address issues such as climate change, resources management and social integration, thereby disseminating innovation across Europe's diverse regions. As such, they play a fundamental role in advancing the EU's transition towards sustainability, serving as vital components for Europe's competitiveness, economic prosperity, and capacity to resist external disruptions (European Commission, n.d.).

2.1.2 The Concept of Environmental, Social and Governance (ESG) Factors

ESG factors have become standard benchmarks for assessing the ethical and sustainable implications of investment decisions. The term "ESG" factors refers to a wide range of elements that go beyond conventional measures of financial success. **Environmental** criteria center on the ecological footprint of a business, encompassing its influence on the energy efficiency, environment, and natural resource management. In addition to larger societal consequences including labor standards, human rights, diversity, and community participation, **social** criteria also address the company's connections with its stakeholders (including consumers, workers and communities). The internal control of companies, board composition, executive remuneration, and compliance with legal and ethical requirements are all examined by **governance** criteria. Investors aim to discover firms that exhibit sustainable and responsible business practices by including ESG aspects into their

investment research. This approach helps to mitigate risks and promote long-term value development (Deloitte, n.d.; Jang & Park, 2021).

Within the context of EU regulatory frameworks, evaluating ESG factors is crucial in the sustainable finance sector, offering essential insights to investors and financial institutions regarding investments strategies and risk management. Recognizing the existing lack of transparency in ESG ratings, the EC has proposed regulatory measures to enhance the trustworthiness and openness of ESG rating activities. By introducing new organizational principles and stricter rules to mitigate conflicts of interest, the credibility of ESG rating providers' operations is expected to improve significantly. These regulatory developments are anticipated to empower investors to make better-informed decisions regarding sustainable investments as explained in the previous chapter. Furthermore, the proposal requires ESG rating providers operating within the EU to obtain authorization and oversight from the European Securities and Markets Authority (ESMA), ensuring the quality and reliability of their services and safeguarding investor interests while maintaining market integrity. Despite ongoing debates on regulating ESG ratings providers, the ESRS is recognized as an innovative mechanism indirectly associating specific criteria with ESG factors, highlighting the practical relevance of ESG considerations within existing regulatory frameworks (cf. The European Sustainability Reporting Standards (ESRS)) (European Commission, 2023; European Council, 2024).

2.1.3 Link between European (L)SMEs and ESG Factors

As previously stated, SMEs account for **90% of enterprises globally** and **99% of European businesses**, giving them significant economic impact. Their proactive participation in ESG reporting has the capacity to significantly influence sustainable practices on a larger scale. Therefore, the importance of the interaction between ESG factors and SMEs has been increasingly apparent in recent years. Regardless of their size, SMEs have recognized the

value of social responsibility, environmental stewardship and efficient governance practices for long-term resilience and profitability (European Commission, n.d.; Greenomy, 2023). For instance, 44% of SMEs among a sample put the priority on decreasing greenhouse gas emissions in 2023 according to a survey conducted by We Mean Business Coalition (Actualités ESG, 2024). On top of that, SMEs have begun to incorporate ESG factors more and more into their business strategy. Nowadays, SMEs are in a unique position to embrace sustainable practices that not only reduce risks but also create chances for development, innovation, and competitive advantage since they are drivers for both economic growth and innovation. Additionally, stakeholders that value sustainability are putting increasing pressure on SMEs overall, which is encouraging them to adopt ESG principles. Thus, this is crucial to comprehend the connections between SMEs and ESG pillars in order to promote SDGs and foster resilient and inclusive economies (Greenomy, 2023).

As part of the European corporate landscape's evolution towards a global consideration of ESG factors, the CSRD is one of the legislative bridges linking companies, in this case SMEs, to ESGs. In fact, the EFRAG has estimated that around **700 LSMEs**[10] fall within the scope of the CSRD. Germany, Poland, Greece, France and Denmark together account for 54% of SMEs listed in EU-regulated markets. Although an exact estimation has yet to be made, it is important to note that these numbers may evolve as a result of the amendment to the Accounting Directive thresholds for businesses' size in October 2013, which has been remaining the same since 2013 (European Commission, 2023; Greenomy, 2023).

Given the growing significance of ESG reporting for smaller enterprises, the ESRS within the CSRD are a welcome development for SMEs. However, SMEs face a number of **challenges** that prevent them from being able to meet the up-to-date non-financial reporting demands introduced by the latter. The **lack of expertise** is a prime example. Indeed, SMEs might not

[10] Since the third country's LSMEs are covered by the CSRD, this number is actually higher but the EFRAG has not assessed the precise number (Greenomy, 2023).

have the expertise to comprehend, gather, and distribute the needed data in a manner compliant with EU regulations. This takes into account the possibility that the organization's current human resources may be the only ones left to handle reporting if more funding is not available for recruiting or training. In addition, the **lack of available data** may also become an obstacle. For smaller businesses, establishing reliable data collecting procedures is a costly and tough task. Knowing that already, it is possible that the data does not even exist, especially when it comes to ESG reporting, which would confuse things even further. Furthermore, the **lack of resources** within the enterprise itself can become a hurdle. Indeed, SMEs' ability to devote more resources to reporting does not always keep pace with the expansion of reporting obligations. One way that SMEs and large organizations differ from one another is in the amount and quality of data that they can provide due to their incapacity to devote growing resources to ESG reporting. Last but not least, SMEs are unlikely to have the financial means that bigger businesses have to, for example, hire consultants or purchase equipment to enhance their reporting skills. As complying with these new ESG regulations, such as the CSRD, is viewed as an additional expense, SMEs encounter difficulties to understand the benefits of it. Therefore, there are no obvious incentives for SMEs to abide by the requests because of these **financial constraints** (European Commission, 2023; Greenomy, 2023). It is also worth knowing that 84% of SMEs did not receive financial assistance in lowering their emissions for instance. This demonstrates the necessity of financial assistance and incentives from authorities and other stakeholders to motivate SMEs to adopt sustainable practices (Actualités ESG, 2024). Note that the simplified ESRS are specifically designed to address all these issues (cf. The European Sustainability Reporting Standards (ESRS)) (Greenomy, 2023).

In sum, a significant portion of the market is able to participate in sustainable development thanks to the simplified ESRS, which makes ESG reporting achievable for SMEs. Small businesses may then use these insights to develop practical plans that will help them take an active role in the transition (Greenomy, 2023).

2.2. Compliance Index : from the NFRD to the CSRD

2.2.1 Introduction

As seen above, the first application and implementation of ESG disclosure requirements (DRs) might present difficulties for certain businesses. Indeed, the reporting phase-in raises issues with usability and realization, and necessitates firm-level investments in data sourcing, processing, and quality assurance. Therefore, the EC is dedicated to actively assisting with implementation and making sure that the framework is inclusive and effective for entities of various sizes and backgrounds. Since it has been observed that there are already discrepancies between large companies and (L)SMEs in terms of adaptation means to the CSRD, the EC intends to release specific measures for LSMEs (ESRS LSME) to help them adapt to all these new requirements based on a **"building block" approach** (cf. The European Sustainability Reporting Standards (ESRS)). This approach consists in expanding on the initial set of ESRS for large companies while making the required modifications. In fact, the main variations between the General Principles of the ESRS LSME and the ESRS for large businesses are those resulting from the CSRD thresholds and/or certain DRs' simplification or delete (EFRAG, 2024; European Commission, 2023; Greenomy, 2023).

Knowing this, the **initial set of ESRS with a few simplifications and modifications** will be used as the basis for building the adapted CI throughout this research. This tool will then help to achieve the goal of this paper, which is to find out whether and to what extend a sample of Belgian LSMEs is able to adapt to change under the up-to-date CSRD. Nevertheless, prior to reviewing the sustainability criteria that will make up this tool, let us take a quick jump back in time, as the CI is not completely new. Indeed, this thesis will be inspired by several studies applied to large companies in various European contexts, which were undertaken under the NFRD back then.

2.2.2 Previous studies under the NFRD

As just mentioned, the **CI** has already been built through different methods but used in a similar way by several studies to assess the level of compliance and identify areas for improvement to ensure that companies are ready once the NFRD came into force. Indeed, these studies focus on the NFRD, while none has yet been carried out to analyze the readiness for change of a sample of Belgian LSMEs with regards to the CSRD. However, it is possible to draw inspiration from these studies, which are already great examples of content analysis (cf. 3.4 Quantitative Content Analysis) in terms of non-financial information disclosure. Thus, here is a summary of each study's main findings in order to have a better idea of how to build our adapted CI afterwards. It should be noted that the Directive has been adapted and incorporated into local legislation for appropriate implementation in the following cases.

To begin with, Caputo, Cosma, Leopizzi, Pizzi and Venturelli (2017) undertook research on non-financial data disclosure in **Italy** from voluntary and required reports for the year 2015 concentrated on a sample of 223 large corporations identified as entities of public interest. At that time, it served as a first critical analysis of the NFRD's effects in Italy. The objective was to assess the information gap that affects Italian enterprises and, as a result, the non-financial information modifications mandated by the NFRD. To do so, an assessment tool known as the 'Non-financial information score' has been developed, which captures the necessary data as a percentage, and is used to measure the degree of non-financial and diversity disclosure. The findings demonstrated a moderate degree of compliance. Specifically, the two content aspects that had the highest levels of compliance were the sustainability policies and business model, while the diversity policies had the lowest levels of compliance. In fact, even among large businesses, there was still an information gap despite what has previously emerged in the European discussion over the implementation of the NFRD on the side of large enterprises. From this angle, it seems that the EU rule might

have had a bigger impact than anticipated on non-financial reporting in Italy. Therefore, it appeared that this study supported the idea that regulations might enhance the quality of non-financial data disclosure. However, it also pointed out the Directive's limited usefulness if it is just implemented for large businesses (Caputo, Cosma, Leopizzi, Pizzi, & Venturelli, 2017).

From a **Polish** perspective, Dyduch and Krasodomska (2017) examined 60 ARs and integrated reports (IRs) for the year 2014 from Polish-listed firms in order to assess the extent of non-financial information disclosure that complies with the NFRD as well as the factors that may have an influence on it. To achieve this goal, the methodology was based on a content analysis combined with a Tobit regression analysis[11] to collect data and assess the level of disclosure of the sample's reports. The research has highlighted that over half of the firms did not provide any environment-related data in their ARs. Plus, it has been discovered that certain variables such as 'duration of the stock exchange listing', 'capital turnover', 'reputation' and 'industry environmental sensitivity' have an important impact on the non-financial reporting in line with the Directive (Dyduch & Krasodomska, 2017). Still in the case of Poland, Matuszak and Różańska (2017) studied the compliance degree with the prerequisites of the locally adapted NFRD (i.e. the Polish Accounting Act (PAA)), as well as the extent and quality of CSR reporting. This research analyzed a sample of 150 Polish-listed businesses mainly for the year 2017, concentrating on their websites, CSR reports and ARs. Similar to the previous study, the method used was the content analysis in addition to a rating scale to assess the degree of CSR information disclosed based on the following five criteria: 'labour practices', 'anti-corruption', 'environment', 'community involvement', and 'human rights'. The results showed that there was little compliance with PAA rules on non-financial information disclosure, and that corporations tended to report CSR data more

[11] The Tobit model, often referred to as a 'censored regression model', is intended to calculate linear correlations between variables in situations where the dependent variable has left- or right-censoring (UCLA, 2021).

voluntarily through ARs. Specifically, the tested corporations gave less priority to disclosing anti-corruption and human rights issues (Matuszak & Różańska, 2017).

Last but not least, Manes-Rossi, Nicolò, Tiron-Tudor, and Zanellato (2018) examined non-financial reporting in **Europe** from a practical and regulatory perspective. More precisely, this study offers, among other things, a content analysis based on an 'un-weighted disclosure index' of a sample of 2016 IRs and ARs issued by the 50 largest European corporations at that time. The purpose was to evaluate conformity with the NFRD and provide practical advice to decision-makers on how to raise the caliber of non-financial data. In contrast to the studies mentioned above, which concentrate on a single country, this one focuses on a sample of European businesses from ten different nations where non-financial disclosure measures were mostly mandated long before the NFRD was released. Therefore, the findings demonstrate that the large European businesses have already complied with the NFRD to a great degree, both overall and compared to the above similar research. On the one hand, the essential contents suggested by the NFRD that have been most respected by the sample's reports include 'Social, Employee and Environmental Matters', 'Principal Risks and Their Management', 'Board Diversity Disclosure', 'Key Performance Indicators' and 'Anti-Corruption and Bribery Matters'. On the other hand, the lowest compliance level content wise was about 'Outcome'. Note that, unlike other research, this one shows minimal variance in the sectors' levels of compliance. Nevertheless, one possible explanation for some of the minor variations observed across corporations from different sectors is the increased emphasis placed on disclosure by businesses engaged in environmentally sensitive industries. In sum, businesses showed a shared understanding of the need to report social and environmental issues in great detail in order to remain legitimate in the European market (Manes-Rossi, Nicolò, Tiron-Tudor, & Zanellato, 2018).

2.2.3 Adapted Compliance Index under the CSRD

2.2.3.1 Structure of the ESRS LSME

To build the adapted CI under the CSRD, this section is meant to detail each sustainability criterion of the ESRS LSME that companies must consider when reporting non-financial information. Regarding the structure of the ESRS LSME, it is divided into the following two mains sections: **general sections** and **topical sections** (EFRAG, 2024).

Within general sections, all sustainability matters addressed by topical standards are subject to the general requirements and disclosures (i.e. sections 1 and 2) established by the Cross-Cutting Standards. These are meant to guide companies formulate and disclose a holistic perspective on sustainability (European Union, 2023; PwC, n.d.). In addition, policies, actions and targets (i.e. section 3)[12] aim to manage material sustainability concerns by preventing, minimizing, and tackling negative risks and effects (EFRAG, 2024). With the use of this data, stakeholders ought to be able to draw conclusions about the company's current and future sustainability goals and initiatives (PwC, n.d.).

Within topical sections devoted to metrics, the **environmental**, **social**, and **business conduct** (// governance for large enterprises) matters are covered by the topical[13] or sector-agnostic standards, also referred to as ESG standards. As part of the ESRS LSME, there are 7 of them

[12] Note that policies, actions and targets are directly integrated into the topical sections in the ESRS for large enterprises, while it represents an independent section in the ESRS LSME (EFRAG, 2024).

[13] Topical standards are applicable to all projects regardless of the industry or sector in which they operate since they are called 'sector-agnostic'. However, 'sector-specific' standards will be developed by two years (until 2026), which covers risks, impacts and opportunities that are most pertinent to a particular industry (European Union, 2023; Greenomy, 2023).

instead of 10 topical standards for large businesses (EFRAG, 2024; European Union, 2023; Greenomy, 2023).

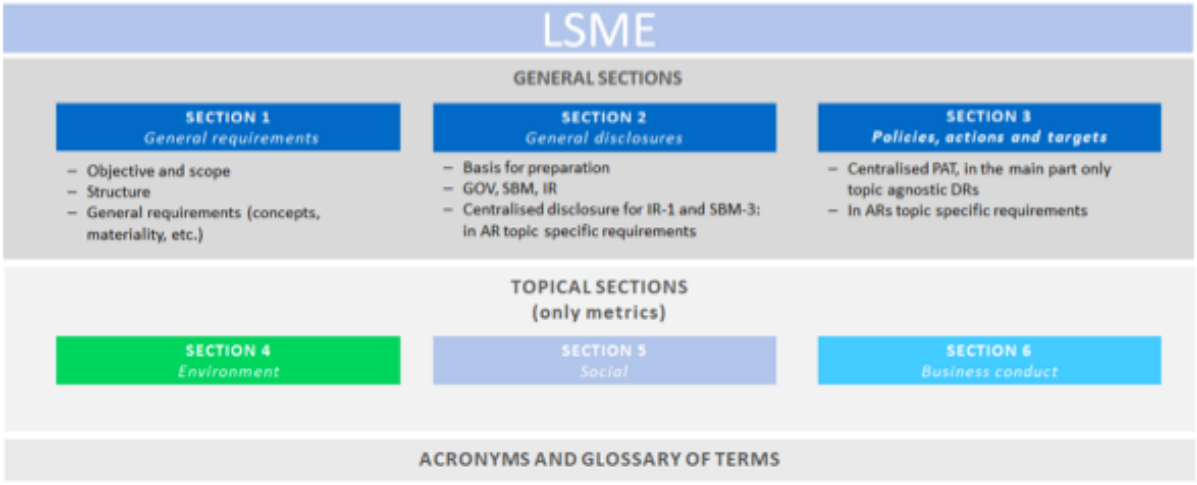

Figure 4 : Structure of the ESRS LSME (EFRAG, 2024)

As the focus of this study is on the readiness for change of LSMEs in terms of sustainability issues, only the 7 topical standards will be detailed below, while exposing each standard's main sustainability concerns and purpose. Indeed, the following standards will be used as criteria to construct an assessment grid in view of the creation of the adapted CI.

2.2.3.2 Environmental Criteria

ESRS E1 : Climate Change

ESRS E1 covers sustainability concerns such as '***climate change adaptation***', '***climate change mitigation***', as well as energy-related issues in the context of climate change. On the one hand, 'climate change adaptation' refers to the process by which an effort adjusts to both predicted and actual climate change. On the other hand, 'climate change mitigation' includes keeping the rise in global temperatures to 1.5°C over pre-industrial levels aligned

with the Paris Agreement. The DR for handling the associated transition risks and mitigating greenhouse gases' (GHG) emissions are also outlined in this standard.

More precisely, the purpose of ESRS E1 is to clarify the DRs so that those who utilize sustainability statements can comprehend :

- the project's influence on climate change, including its possible benefits and drawbacks;
- the project's mitigation measures aligned with the 1.5°C global warming target set out in the Paris Agreement;
- the project's means to adjust its business model and strategy to sustainable transition and to keep global warming to 1.5°C;
- the project's measures made to handle climate change-related risks and opportunities to avoid, reduce, or remedy unfavorable effects;
- the scope, attributes and management of the project's tangible risks and opportunities in terms of climate change; and
- the short-, medium-, and long-term financial impacts of risks and opportunities related to climate change on the project (EFRAG, 2022; European Union, 2023).

ESRS E2 : Pollution

ESRS E2 covers sustainability concerns such as '***pollution of air***', '***pollution of water***', '***pollution of soil***', and '***substances of concern***', including compounds that are highly concerned. On the one hand, 'pollution of air, water and soil' describes the release of pollutants into the air, water and soil respectively, as well as their avoidance, mitigation and reduction. On the other hand, 'substances of concern' relates to the manufacture, utilization, distribution, and marketing of compounds of concern, including highly concerned ones. The latter was created to make consumers aware of possible effects associated with

these compounds, while also considering potential limitations on their utilization, distribution, and marketing.

Specifically, the aim of ESRS E2 is to clarify the DRs so that those who utilize sustainability statements can comprehend :

- the project's influence on air, soil, and water pollution, including its possible benefits and drawbacks;
- the project's means to adjust its business model and strategy to sustainable transition and with the requirement to avoid, mitigate, and get rid of pollution in order to build a toxic-free environment;
- the project's measures made to handle pollution-related risks and opportunities to avoid, reduce, or remedy unfavorable effects;
- the scope, attributes and management of the project's tangible risks and opportunities in terms of pollution in addition to pollution control, even when this comes from policies' enforcement; and
- the short-, medium-, and long-term financial impacts of risks and opportunities related to pollution on the project (EFRAG, 2022; European Union, 2023).

ESRS E3 : Water & Marine Resources

ESRS E3 covers sustainability concerns such as '***water***' and '***marine resources***'. On the one hand, 'water' includes groundwater and surface water. Specifically, it relates to water discharges and withdrawals, as well as the amount of water used in the project's operations. On the other hand, 'marine resources' addresses the utilization and exploitation of these resources, as well as related economic activities.

More precisely, the purpose of ESRS E3 is to clarify the DRs so that those who utilize sustainability statements can comprehend :

- the project's influence on marine resources, including its possible benefits and drawbacks;
- the project's means to adjust its business model and strategy to sustainable transition, while maintaining aquatic ecosystems, restoring marine and freshwater environments, and promoting sustainable water usage derived from the long-term preservation of existing resources of water;
- the project's contributions to the EGD's objectives in terms of clean water, fresh air, healthy biodiversity and soil, by taking into account pertinent EU legislations in addition to respecting worldwide environmental limitations;
- the project's measures made to handle risks and opportunities to avoid, reduce, or remedy unfavorable effects and to preserve water and marine resources, while considering a decrease in water usage;
- the scope, attributes and management of the project's tangible risks and opportunities in terms of marine resources; and
- the short-, medium-, and long-term financial impacts of risks and opportunities related to water and marine resources on the project (EFRAG, 2022; European Union, 2023).

ESRS E4 : Biodiversity & Ecosystems

ESRS E4 covers sustainability concerns such as '***biodiversity***' and '***biological diversity***'. These ones relate to the diversity of life forms found in all environments, involving marine, freshwater, terrestrial, and other different aquatic ecosystems, as well as their associated ecological relationships and complexes.

Specifically, the purpose of ESRS E4 is to clarify the DRs so that those who utilize sustainability statements can comprehend :

- the project's influence on biodiversity and ecosystems, including its possible benefits and drawbacks in addition to the degree to which it influences the factors that lead to the deterioration and loss of biodiversity and ecosystems;
- the project's means to adjust its business model and strategy to sustainable transition, in accordance with the respect of global limits on the integrity of the biosphere and changes to the land system, and relevant EU legislations;
- the project's measures made to handle risks and opportunities to avoid, reduce, or remedy unfavorable effects and to preserve and regenerate biodiversity and ecosystems;
- the scope, attributes and management of the project's tangible risks and opportunities in terms of ecosystems and biodiversity; and
- the short-, medium-, and long-term financial impacts of risks and opportunities related to biodiversity and ecosystems on the project (EFRAG, 2022; European Union, 2023).

ESRS E5 : Resource Use & Circular Economy

ESRS E5 covers sustainability concerns such as '***resource use***' and '***circular economy***', especially on resource inflows, resource outflows, and waste. On the one hand, resource inflows cover material resource inflows' circularity, considering both non-renewable and renewable resources. While, on the other hand, resource outflows cover data on materials and products. In addition, 'circular economy' refers to the economic concept of preserving the worth of materials, resources and products for as long as feasible by increasing their effective use in both production and consumption processes. By encouraging longevity, recycling, reuse, remodeling, and nutrient cycling, as well as reducing waste and dangerous

compounds in life cycle assessments, this system aims to lessen their negative effects on the environment (Duda, Marcinek & Smol, 2024; EFRAG, 2022; European Union, 2023).

More precisely, the purpose of ESRS E5 is to clarify the DRs so that those who utilize sustainability statements can comprehend :

- the project's influence on resource use and circular economy, including its possible benefits and drawbacks;
- the project's means to adjust its business model and strategy to sustainable transition in accordance with circular economy concepts, which consists of minimizing waste, preserving the resources' value at their peak, and improving their effective use in both production and consumption for example;
- the project's measures made to handle resource use-related risks and opportunities to avoid, reduce, or remedy unfavorable effects, involving its efforts to assist in removing the material dependency on its economic growth;
- the scope, attributes and management of the project's tangible risks and opportunities in terms of resource use and circular economy; and
- the short-, medium-, and long-term financial impacts of risks and opportunities related to resource use and circular economy on the project (EFRAG, 2022; European Union, 2023).

2.2.3.3 Social Criteria

ESRS S1 : Own Workforce

ESRS S1 covers social concerns such as '***working conditions***', '***equal treatment and opportunities for all'***, and *'**other work-related rights**'*. As part of this standard, 'working conditions' relates to matters such as *"secure employment, working time, adequate wages,*

freedom of association, the existence of works councils, the information, consultation and participation rights of workers, collective bargaining, work-life balance, and health and safety". Furthermore, 'equal treatment and opportunities for all' refers to *"gender equality and equal pay for work of equal value, training and skills development, employment and inclusion of persons with disabilities, measures against violence and harassment in the workplace, and diversity"*. Lastly, 'other work-related rights' includes *"child labour, forced labour, adequate housing, and privacy"* (European Union, 2023). In that case, note that the term 'workforce' is used to be referred as employees (i.e. those with whom the business has a direct employment connection) as well as non-employees (i.e. those who are self-employed or those supplied by third party businesses that are mostly involved in employment activities) with the exclusion of the ones in the business' downstream or upstream value chain.

More precisely, the purpose of ESRS S1 is to clarify the DRs so that those who utilize sustainability statements can comprehend :

- the project's influence on its own workforce, including its possible benefits and drawbacks;
- the project's measures made to handle risks and opportunities related to its own workforce to avoid, reduce, or remedy unfavorable effects;
- the scope, attributes and management of the project's tangible risks and opportunities related to its own workforce, and how they are created; and
- the short-, medium-, and long-term financial impacts of risks and opportunities related to the project's own workforce on itself (EFRAG, 2022; European Union, 2023).

2.2.3.4 Business Conduct Criteria

ESRS G1 : Business Conduct

ESRS G1 covers governance concerns called '***business conduct***' and '***business conduct matters***'. In the first instance, it relates to *"business ethics and corporate culture, including anti-corruption and anti-bribery, the protection of whistleblowers, and animal welfare"*. The second aspect taken into account is *"the management of relationships with suppliers, including payment practices, especially with regard to late payment to small and medium-sized businesses"*. Last but not least, it also involves *"activities and commitments of the business related to exerting its political influence, including its lobbying activities"* (European Union, 2023).

More precisely, the purpose of ESRS G1 is to clarify the DRs so that those who utilize sustainability statements can comprehend :

- the project's approach and strategy in terms of business conduct;
- the project's procedures and processes in terms of business conduct; and
- the project's performance in terms of business conduct (EFRAG, 2022; European Union, 2023).

2.3. Conclusion of Chapter 2

This second chapter has provided a comprehensive overview of the role of (L)SMEs within the context of evolving regulatory and sustainability landscapes, while mainly focusing on the EU. Through the exploration of ESG factors and the importance of compliance with the upcoming ESRS LSME, it is evident that (L)SMEs are integral to driving sustainable practice and fostering economic growth. In sum, this chapter emphasized the necessity for (L)SMEs

to adjust to legislative changes, along with the advantages of incorporating ESG factors to guarantee resilience and long-term viability (Greenomy, 2023). In addition, it allowed us to establish the very first base of the elaboration of the adapted CI through the meticulous exposure of the ESG standards for LSMEs. The building process of the latter will be fully detailed in the next part of this thesis in view of the empirical analysis.

III. Methodology

3.1 Introduction & Research Problem

Academics and practitioners have been paying more and more attention to the implementation of the European non-financial reporting rules (Christensen, Hail, & Leuz, 2021). As seen previously, emphasis has especially been placed on the readiness for change of businesses in the European legislative framework's evolution, given that many changes have been introduced recently (Greenomy, 2023). Indeed, some of the important studies outlined in this paper had already assessed the level of compliance of various samples of large EU enterprises with the implementation of the NFRD at the time (cf. 2.2.2 Previous studies under the NFRD). However, these studies have been limited to 2018, which does not take the latest revision of the NFRD (i.e. the CSRD) into account. Thus, it is still little known whether and to what extent EU companies are ready for all the changes brought about by the up-to-date CSRD. In addition, specific measures for LSMEs will be soon released, which is a major first for them. Therefore, this master's thesis aims at adding a significant contribution in filling this gap by:

"Assessing the readiness for change of Belgian LSMEs in terms of up-to-date non-financial information disclosure. Analysis of the BEL Small Index (through the Compliance Index) in a coercive framework."

While constituting the literature review, the first two chapters set the context and basis for the empirical analysis. This present section will outline the methodology and analysis process used to assess the readiness for change of the sample described here after. More precisely, the sample and scope of this research will be presented, followed by the research methodology, including the detailed process of quantifying the collected data and building the adapted CI.

3.2 Sample & Scope

BEL Small Index Selection

As part of this master's thesis, the **BEL Small Index** has been selected as the subject of analysis. This choice was not made at random, and in fact followed a two-phase process. Indeed, the first decision was to choose the type of business followed by the territory of analysis.

First and foremost, SMEs play a pivotal role in corporate sustainability within the EU, with over 24 million varied businesses and accounting for over 50% of the EU's GDP as already mentioned (European Commission, 2023; European Commission, n.d.). Overall, they contribute around 60% of the GHG emissions from EU enterprises and generate between 60 and 70% of industrial waste and pollution, highlighting their significant environmental footprint. Furthermore, their incorporation into large enterprises' supply chains increases their impact on attaining EU's net zero objectives. The adoption of sustainable practices is therefore essential to both improve their competitiveness and satisfy rising demands from customers and investors to reveal social and environmental information. Even though reporting is not the primary purpose, it is nevertheless a crucial step since what cannot be quantified cannot always be efficiently controlled. Thus, it is imperative to assist SMEs in

their efforts to decarbonize and adopt sustainable practices (EU Platform on Sustainable Finance, 2024). For these reasons, SMEs have been selected as the company type to be analyzed. More specifically, this paper focuses on **LSMEs** for the simple fact that they will be required to report in line with the CSRD, while the directive leaves other SMEs the voluntary choice of reporting in accordance with the future VSME ESRS (EFRAG, 2023; Greenomy, 2023) (cf. The European Sustainability Reporting Standards (ESRS)).

In a second step, the choice of the **Belgian territory** has been made for two main reasons. On the one hand, studies under the NFRD have already been undertaken across various European countries with very few representatives of Belgium. For instance, Manes-Rossi et al. (2018) took one Belgian consumer services company for analysis, which represented 1 out of 50 companies or 2% of the study sample. Besides this negligible representation, Belgium has never been the subject of a case study, neither under the NFRD nor the CSRD. On the other hand, Belgium's regulatory environment guarantees strict non-financial reporting standards since it closely follows EU rules such as the CSRD. By encouraging high-quality disclosure through strong regulatory enforcement and incentives, Belgium is strengthening its position as a key EU player in corporate sustainability. Indeed, the strategic decision to use Belgium as a case study is due to the country's notable advancement in sustainability reporting, which surpassed the worldwide average by rising from 72% in 2019 to 84% in 2021 (KPMG, 2022). Although Belgium is well placed worldwide, there is always room for improvement in environmental performance and commitment for example compared to its neighbours such as the Netherlands or Germany (KBC, 2023). In sum, Belgium's readiness to integrate sustainability into business strategies makes it an insightful case for assessing the readiness for change of Belgian LSMEs in terms of up-to-date non-financial information disclosure.

As a result of this thinking process, the choice of the BEL Small Index was a matter of course. It can be noted that the BEL Mid Index, or a merger of both indexes could have been picked

as a reference as well in order to have a more complete sample. However, it was preferable to stick to the BEL Small Index for a matter of feasibility. The detailed composition of the sample is presented in the attached appendix (cf. *Appendix 2*).

Sample Classification (BEL Small Index)

A sample of **22 Belgian LSMEs**, which collectively make up the **BEL Small Index**, has been used for this research as it represents one of the most important stock market indices in Belgium[14] (Euronext, 2024). These sampled companies have been organized into industry sectors based on the classification method used by Caputo et al. (cf. 2.2.2 Previous studies under the NFRD), who categorized 223 Italian businesses into the following nine major groups: 'Basic Materials', 'Consumer Goods', 'Consumer Services', 'Health Care', 'Industrial', 'Oil & Gas', 'Telecommunications', 'Banks & Financial Services', and 'Insurance' (Caputo et al., 2017). Nevertheless, the categorization suggested by Caputo et al. has been slightly adapted due to this research's reduced sample size. Indeed, 'Consumer Goods' and 'Consumer Services' have been combined into the single group 'Consumer Goods & Services', and the 'Banks & Financial Services' group has been simplified to 'Financials'. In addition, as no sampled firm is involved in the 'Oil & Gas', 'Telecommunications', or 'Insurance' industries, these groups were eliminated. However, the 'Technology', 'Real Estate', and 'Utilities' sectors were added.

The following table displays the studied sample and categorizes the total number of businesses by sector, average number of employees, and average enterprise value (EV) at the end of 2023.

[14] Note that 22 out of 23 companies from the BEL Small Index were picked as the analysis only focuses on Belgian LSMEs. The remaining one is based in the Netherlands (Euronext, 2024).

Sector	Number of Companies	Average Number of Employees[15]	Average EV[16] (Thousand €)
Basic Materials	1	77	155.955
Consumer Goods & Services	4	3.223	396.449
Health Care	3	145	186.998
Industrials	4	2.942	374.032
Financials	1	1.666	/
Technology	1	1.346	218.241
Real Estate	7	74	799.170
Utilities	1	241	326.849
Total	**22**	**9.714**	**2.457.694**

Table 3 : Sample Classification (creation of the author)

In accordance with Article 15 of the 'Code des Sociétés et des Associations' and Article 2 of Directive 2013/34/EU, all of the sampled companies can be regarded as small entities of public interest (CNC-CBN, 2015; European Union, 2013). Specifically, the BEL Small Index is composed of 21 small listed firms and 1 bank, with a minimum of 7 employees and a maximum of 8.500 employees. However, only 9% of the sampled companies account less than 50 employees, while 91% have more than 50 employees (i.e. one of the thresholds for being defined as a small entity). This shows that most of these firms have a pretty high headcount for small entities. In addition, the majority of the sampled firms operate in the 'Real Estate', 'Consumer Goods & Services', and 'Industrials' sectors as shown in the table

[15] The calculation of the average number of employees per sector is based on data provided by each sampled company's 2023 annual report (cf. *Appendix 2*).

[16] The calculation of the average EV per sector is based on data provided by each sampled company's Euronext fact sheet (cf. *Appendix 2*).

above. These three most represented sectors account for more than half (i.e. 64%) of the total average EV of the sample, which means that these sectors play an important role as part of the BEL Small Index (Euronext, 2024). Note that the 'Financials' industry does not have a specific EV, as banks have other ratios compared to the usual ones applied to evaluate industrial corporations. In other words, since interest represents a significant portion of both income and costs, the EV is not a useful indicator for financial organizations (Infront Analytics, 2024).

3.3 Methodology of Research

Given that the essence of the present thesis is serving as a preliminary phase that lays the groundwork for further studies, an **exploratory** methodology of research has been put in place. This kind of research is designed to highlight the main trends and consequences behind certain occurrences, which are related to the release of the latest CSRD in this case. In addition, it represents the guiding principle of this paper, which goes through the following stages: literature review and theoretical framework, research problem, data collection and analysis methodology, data analysis, conclusion and recommendations, and limitations (Creswell & Creswell, 2022).

As part of this section, let us focus on exposing the data collection and analysis methodology of this paper, which is the **mono** method. This means that one technique has been used to collect and treat data. Indeed, the **quantitative** research has been prioritized and can be referred to as *"a synonym for any data collection technique (such as questionnaire) or data analysis procedure (such as graphs or statistics) that generates or uses numerical data"* (Lewis, Saunders, & Thornhill, 2019). It is worth knowing that the quantitative research has been conducted through a content analysis, which will be detailed in the following section (cf. 3.4.1 Definition & Process). The choice of this method was made as the main purpose of this paper is to measure the readiness for change of the study sample in view of the CSRD

based on the presence or absence of specific data points (DPs) in their 2023 ARs. This approach therefore facilitates the comparison of vast amounts of data, enabling repeatable and reliable trends and correlations to be identified.

3.4 Quantitative Content Analysis

3.4.1 Definition & Process

In order to find out if the 22 companies that make up the BEL Small Index are providing the essential information mandated by the CSRD, a **content analysis** has been carried out. The latter is defined as *"a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the context of their use"* (Krippendorff, 2019). In fact, it is an established method widely used to assess the quality of disclosure (Krippendorff, 2019). Indeed, all the studies exposed earlier having inspired this one adopted this technique (cf. 2.2.2 Previous studies under the NFRD). Furthermore, one of the most often used variations of content analysis relies on the examination of whether or not specific data are present. This is usually followed by the creation of a disclosure index that enables the quantification of the collected data (Abhayawansa, Huynh, Joshi, Setia, 2015).

As part of this master's thesis, the content analysis has been based on secondary data (i.e. existing data) sources. Indeed, each sampled company's 2023 AR, available on their websites, has been collected and treated. Nevertheless, 18 out of 22 firms published IRs[17] as ARs in 2023, which represents the majority. As a matter of fact, **3 stand-alone financial ARs**, **1 stand-alone financial AR accompanied by its Sustainability Report (SR)**, and **18 IRs**

[17] An IR is defined as *"a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation, preservation or erosion over time and related communications regarding aspects of value creation, preservation or erosion"* (IFRS, 2021). Roughly speaking, an IR can be seen as the combination of the financial AR and the SR (Maniora, 2017).

provided by the sampled firms have been analyzed to assess the compliance of their non-financial information disclosure with the CSRD (cf. *Appendix 3*). Note that the content analysis has been done manually, without utilizing a particular software, as some non-financial data needed to be interpreted while reading the reports. Indeed, the decision was taken not to rely on typical content analysis techniques since the information to be gathered is mostly heterogeneous and not always available in the analyzed reports' usual parts. Speaking of gathering relevant data, an **assessment grid** was built upstream in relation with the ESRS LSME to serve as criteria for filtering the non-financial information found in the analyzed reports (cf. 3.4.2 Assessment Grid). Subsequently, a **dichotomous coding system**, based on the presence or absence of elements requested by the assessment grid, was used to quantify the collected data. Thanks to this, the development of an un-weighted disclosure index, named the '**Compliance Index**' (CI), was possible in order to quantify the compliance degree of a sample of Belgian LSMEs with the recent non-financial data reporting obligation issued by the CSRD (cf. 3.4.3 Methodology of Computations). This will also help determine whether these companies opt for a proactive or reactive approach to this change.

3.4.2 Assessment Grid

As stated above, an **assessment grid** was created in order to evaluate the level of compliance with the future particular standards outlined in the CSRD that are relevant to LSMEs, namely the ESRS LSME. To this aim, the main DRs in terms of ESRS LSME have been selected and compiled into the table below followed by its explications. Behind each DR is a list of associated DPs, providing more detail on what needs to be disclosed in practice (cf. *Appendix 4*). It is worth knowing that the assessment grid was mainly constructed based on the following three documents (i.e. the two first ones were issued by the EFRAG, and the last one was issued by the European Union) : the list of ESRS data points, the ESRS for LSMEs, and the Commission Delegated Regulation (EU) 2023/2772. Based on these, only **mandatory topical DRs** for the preparation of LSMEs' sustainability statement were retained, as the

purpose of this paper is to assess the readiness for change of LSMEs as part of a coercive environment. Voluntary DRs can be added to non-financial reporting data if desired. In addition, certain DRs and related DPs were also removed[18] from the assessment grid since they will not apply to LSMEs regarding the future simplified ESRS version. In sum, these criteria form the basis for building the adapted CI, as they will be used to assign a compliance score to each of the companies in the sample in relation to the ESRS LSME.

Environmental Criteria	
E1	*Energy consumption and mix*
	Gross Scopes 1, 2, 3 and Total GHG emissions
E2	*Pollution of air, water and soil*
	Substances of concern and substances of very high concern
E3	*Water consumption*
E4	*Impact metrics related to biodiversity and ecosystems change*
E5	*Resource inflows*
	Resource outflows
Social Criteria	
S1	*Characteristics of the undertaking's employees*
	Characteristics of non-employees in the undertaking's own workforce
	Collective bargaining coverage
	Diversity metrics & Persons with disabilities
	Adequate wages
	Social protection
	Training metrics
	Health and safety metrics
	Remuneration metrics (pay gap and total remuneration)
	Incidents, complaints and severe human rights impacts

[18] As stated in the exposure draft ESRS LSME, an example of simplification is the suppression of ESRS S2, S3, and S4 (used for large enterprises), as the social pillar of the ESRS LSME is only represented by ESRS S1 *"Own Workforce"* (EFRAG, 2024).

Business Conduct Criteria	
G1	*Management of relationships with suppliers & Payment practices*
	Prevention and detection of corruption and bribery & Incidents of corruption or bribery
	Political influence and lobbying activities

Table 4 : Main Disclosure Requirements in terms of ESRS LSME (creation of the author)

Regarding DRs, LSMEs will mainly be obliged to report on the followings :

ESRS E1 : Climate Change

- *"DR **E1-5** – Energy consumption and mix"* : Businesses show their energy reliance and efficiency on renewable energy through the reporting of their energy usage and sources.

- *"DR **E1-6** – Gross Scopes 1, 2, 3 and Total GHG emissions"* : Along with overall emissions, businesses are required to disclose their direct (Scope 1), indirect (Scope 2), as well as value chain (Scope 3) GHG emissions. This facilitates the evaluation of the business' total climate change effect[19] (EFRAG, 2022; European Union, 2023).

ESRS E2 : Pollution

- *"DR **E2-4** – Pollution of air, water and soil"* : Businesses must reveal the pollutants released into the air, soil, and water throughout their industrial activities. This includes amounts of pollutants, their types, and the methods to measure them.

[19] It is important to note that the "*DR E1-8 – Internal carbon pricing*" has been skipped on purpose as it will be removed from the standards applying to LSMEs (EFRAG, 2024). Thus, this criterion is negligible in the context of this study. The same logic has been applied for all the DRs missing.

- *"DR **E2-5** – Substances of concern and substances of very high concern"* : Businesses must report on the utilization and quantities of compounds of concern or very high concern (EFRAG, 2022; European Union, 2023).

ESRS E3 : Water & Marine Resources

- *"DR **E3-4** – Water consumption"* : Businesses must reveal the amount of water used overall, including how much is stored, recycled, and reused. This includes data on the areas experiencing severe water stress (EFRAG, 2022; European Union, 2023).

ESRS E4 : Biodiversity & Ecosystems

- *"DR **E4-5** – Impact metrics related to biodiversity and ecosystems change"* : Businesses have to reveal measurements that quantify their influence on ecosystems and biodiversity. Stakeholders should be able to comprehend the amount of negative effects as time passes with the aid of these measurements (EFRAG, 2022; European Union, 2023).

ESRS E5 : Resource Use & Circular Economy

- *"DR **E5-4** – Resource inflows"* : Businesses must reveal the amount and the sort of resources they use in their operations, with a focus on circular material usage. This involves disclosing the intake of renewable resource inflows in order to emphasize sustainable practices.

- *"DR **E5-5** – Resource outflows"* : Businesses must provide data on the goods, supplies, and waste that leave their facilities. This covers data on the amount and weight of

goods intended for circular activities, while taking into account recycling and reuse (EFRAG, 2022; European Union, 2023).

ESRS S1 : Own Workforce

- *"DR **S1-6** – Characteristics of the undertaking's employees"* : Businesses must reveal information on its employees such as the percentage of employee turnover in order to give background information for further disclosures.

- *"DR **S1-7** – Characteristics of non-employees in the undertaking's own workforce"* : Businesses must reveal information on the number of its non-employees, including temporary agency staff and independent workers. This data emphasizes the degree of reliance on non-employee labour and helps with comprehending the scope of the workforce beyond direct workers.

- *"DR **S1-8** – Collective bargaining coverage"* : Businesses must report on the extent to which employees are covered by collective bargaining. This shows businesses' dedication to rights of workers and involvement by providing information on collective agreements.

- *"DR **S1-9 & 12** – Diversity metrics & Persons with disabilities"* : Businesses have to disclose on workers-related diversity metrics, with an emphasis on disabilities. This demonstrates the business' dedication to fostering diversity, equal opportunity, and inclusivity among its workers.

- *"DR **S1-10** – Adequate wages"* : Businesses have to report on whether all workers get salaries that are sufficient in accordance with relevant benchmarks. If salaries are insufficient for certain workers, the exact percentage should be disclosed.

- *"DR **S1-11** – Social protection"* : Businesses must provide data on if its workers are protected by social security against income loss as a result of significant life events.

- *"DR **S1-13** – Training metrics"* : Businesses must provide data on employee training and skills development programs. This involves the average number of training hours per employee, which demonstrates the business' commitment to ongoing education and staff development.

- *"DR **S1-14** – Health and safety metrics"* : Businesses must disclose health and safety metrics, such as the number of accidents connected to the workplace. The aim is to offer an understanding of the business' efforts to guarantee a secure workplace and safeguard the welfare of its workforce.

- *"DR **S1-16** – Remuneration metrics (pay gap and total remuneration)"* : Businesses must report on total remuneration given to employees as well as gender pay gaps. The aim is to evaluate the equity and competitiveness of the business' remuneration policies, tackling any gaps.

- *"DR **S1-17** – Incidents, complaints and severe human rights impacts"* : Businesses have to disclose information on the quantity and kind of incidents, complaints related to work, and serious human rights violations affecting its workers. This is to show the business' commitment to resolving human rights concerns as well as how it handles workplace-related issues transparently (EFRAG, 2022; European Union, 2023).

ESRS G1 : Business Conduct

- *"DR **G1-2 & G1-6** – Management of relationships with suppliers & Payment practices"* : Businesses have to report on how they handle interactions with suppliers and the effects on their supply chain. In order to maintain ethical business practices across the supply chain, this includes measures to avoid late payments, the average terms of payment, and the proportion of late payments.

- *"DR **G1-3 & G1-4** – Prevention and detection of corruption and bribery & Incidents of corruption or bribery"* : Businesses must reveal their procedures for avoiding, identifying, looking into, and handling cases of corruption and bribery. This includes staff training and separating investigators from management. It also requires to provide information on any instances of confirmed bribery or corruption that occurred during the reporting period. More precisely, it includes the quantity of occurrences, and disciplinary initiatives that were taken.

- *"DR **G1-5** – Political influence and lobbying activities"* : Businesses have to be transparent about their participation in lobbying and political influence. In other words, they must give details on the representative(s) responsible in administrative, management and supervisory bodies for oversight of political influence and lobbying activities (EFRAG, 2022; European Union, 2023).

3.4.3 Methodology of Computations

In the first instance, this section aims at exposing the quantification of the data collected thanks to the assessment grid. This will enable the understanding of how information of initial qualitative nature can be transformed into quantitative data for measurement purposes (Krippendorff, 2019). Indeed, data collected can be either narrative, semi-

narrative, or numerical. In a second step, the development of the adapted CI will be explained by its formula, which will finally enable the assessment of the readiness for change of the sampled firms in terms of ESRS LSME to be analyzed in the next section.

Regarding the **quantification of the data collected**, each sampled company will be assigned compliance scores based on the presence or absence of the DRs requested by the assessment grid in their reports. More precisely, each criterion's presence will be checked one by one in the reports, and scores will be allocated accordingly. To this aim, the following **dichotomous coding system** will be used, as Manes-Rossi et al. (2018) did (cf. 2.2.2 Previous studies under the NFRD). The rating scale goes from 0 to 1, where 0 represents the absence of data, and 1 the existence of data (cf. *Appendix 5*).

Once compliance scores have been assigned, the compliance degree of the sampled companies' reports with the CSRD will be measured using an **un-weighted disclosure index**, named '**Compliance Index**' (CI). Note that the use of an un-weighted index was chosen as the goal is to determine whether the content DRs mandated by the ESRS LSME are included in the analyzed reports, rather than the extent to which those elements are disclosed (Manes-Rossi et al., 2018). In the end, the CI will be computed as a percentage by dividing the sum of the compliance scores for each standard (E1, E2, E3, E4, E5, S1, G1) by the maximum compliance score obtainable. This formula is depicted hereafter.

Formula of the adapted Compliance Index : *CI* = $\frac{\sum_{i=1}^{m} d}{m}$

where $\sum_{i=1}^{m} d$ is the sum of the compliance scores for each standard, and *m* is the maximum compliance score obtainable (Manes-Rossi et al., 2018).

IV. Analysis

4.1 Introduction : 22 studied reports

As a reminder, the objective of this paper is to assess the readiness for change of 22 Belgian LSMEs in view of the upcoming ESRS LSME. To accomplish this goal, this section is meant to analyze each of the 22 sampled companies' reports that are part of the BEL Small Index in order to derive the CI, which will give an insight into the ESRS LSME's level of disclosure. Before proceeding with the content analysis, the following table provides a quick overview of the studied reports, with a focus on the **reporting length per sector**. Note that the data presented in table 4 was deduced based on the list of 2023 reports analyzed (cf. *Appendix 3*).

	Reporting Length (pp.)		
Sector	**Mean**	**Min**	**Max**
Basic Materials	225,0	225	225
Consumer Goods & Services	202,3	136	308
Health Care	137,7	65	178
Industrials	220,3	184	307
Financials	326,0	326	326
Technology	206,0	206	206
Real Estate	208,6	122	338
Utilities	194,0	194	194
Total Average	**214,98**	**182,19**	**260,25**

Table 5 : Length of reports analyzed on average and per sector (creation of the author)

The length of the studied reports ranges from a minimum of 65 pages in the 'Health Care' sector to a maximum of 338 pages in the 'Real Estate' sector. Overall, the reporting pages' average number is 214,98. 'Financials' is the industrial sector with the largest average number of reporting pages (326,0), followed by 'Basic Materials' (225,0) and 'Industrials' (220,3). On the contrary, the 'Health Care' industry has the lowest average page count with a mean of **137,7**.

Based on these figures, it is easy to assume that the greater the number of pages in the report, the more comprehensive the report, since 204 pages should be enough to ensure that stakeholders find all the information needed (Manes-Rossi et al., 2018). In this case, one would expect the 'Financials' sector to have the highest CI and the 'Health Care' sector to have the lowest CI on average. However, this assumption is partially true in practice. More information is disclosed as the reporting length increases, but this does not mean that it is relevant to the ESRS LSME. As a matter of fact, in addition to its primary goal, this paper's analysis will demonstrate that the level of compliance with relevant information is not necessarily linked to the number of pages of the studied reports.

4.2 Content Analysis

Once the relevant data have been collected in the various reports as explained earlier (cf. 3.4.3 Methodology of Computations), the content analysis is going to be organized as follows. At first, the level of disclosure of each of the DRs constituting the ESRS will be exposed by means of the CI. The purpose of this stage of the analysis is to deconstruct the ESRS in order to provide detailed insight into what is and is not declared in each company's report. Next, general compliance levels will be presented in order to take a step back and have a broader view of which topical ESRS are the most or the least represented in the studied reports. By doing so, the missing required content will be highlighted, allowing recommendations to be derived on what should be prioritized in the preparation of the

LSMEs' sustainability statement to be in line with the upcoming ESRS LSME. Furthermore, this will prove that the level of disclosure does not necessarily go hand in hand with the reporting length.

4.2.1 ESRS E1 : Climate Change (cf. *Appendix 6*)

ESRS E1-5 : Energy consumption and mix

DR's CI	Mean	Min	Max
CI E1-5	0,41	0,00	1,00

Table 6 : CI E1-5 (creation of the author)

The CI of the DR related to energy consumption and mix varies between 0 and 1 depending on the level of disclosure of the DPs defined in the adapted ESRS LSME assessment grid. On the one hand, the maximum rate is allocated to WHATS, which shows full compliance with the required factors. On the other hand, the minimum rate is mainly allocated to the sampled companies NYXH, SEQUA and MITRA that only have a stand-alone financial report, without any required sustainability statement. As this kind of ARs are initially supposed to focus on financial information only (Narsa & Widyatama, 2023), these results were expected. Nevertheless, BTLS and EKOP are the exceptions that have IRs, but still do not complete the ESRS E1-5 requirements. The average CI for this DR is **0,41**.

Regarding DPs' content, energy consumption is usually mentioned in the studied reports, but not detailed enough. More precisely, the total energy consumption related to companies' activities is mostly exposed, but its precise composition is not always present or clearly explained. In addition, information about nuclear sources of energy is lacking. Indeed, firms either do not give any information about it, or mention it quickly by stating that none of them consumes energy from nuclear sources in accordance with the EU Taxonomy. It is

also worth noticing that just over half of the sampled firms did not report data related to renewable energy production.

ESRS E1-6 : Gross Scopes 1, 2, 3 and Total GHG emissions

DR's CI	Mean	Min	Max
CI E1-6	0,25	0,03	0,48

Table 7 : CI E1-6 (creation of the author)

The CI of the DR related to gross scopes 1, 2, 3 and total GHG emissions ranges from a minimum rate of 0,03 to a maximum rate of 0,48. On the one hand, BNB is on top, but is barely approaching 50% compliance. On the other hand, NYXH, SEQUA and MITRA reach the minimum rate again that can be considered as negligible and can be explained by the same expected reason as for the previous DR. The average CI for this DR is **0,25**, which is even lower than for ESRS E1-5.

Regarding DPs' content, little data related to GHG emissions is available in the studied reports overall. This is explained by the fact that some of the companies stated that the measurement of the CO_2 footprint related to their activities will only be undertaken as of 2024. This is one reason why there is a current lack of information in 2023 reports. Just over half of the firms reported their GHG emissions per scope and their total GHG emissions succinctly. More specifically, scope 3[20] is hardly often disclosed without any specific reason being given or by saying again that it will be monitored in the coming years. Furthermore, on the rare occasions when the GHG emissions intensity is mentioned, it is measured in terms

[20] Scope 3 emissions are defined as *"all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions"* (GHG Protocol, n.d.).

of kg $CO2e/m^2$ instead of taking the net revenue into account, which shows a lack of financial link with the non-financial information.

4.2.2 ESRS E2 : Pollution (cf. *Appendix 7*)

ESRS E2-4 : Pollution of air, water and soil

DR's CI	Mean	Min	Max
CI E2-4	0,20	0,00	0,67

Table 8 : CI E2-4 (creation of the author)

The CI of the DR related to pollution of air, water and soil varies between 0 and 0,67. On the one hand, the maximum rate is allocated to AGFB, EXM and WHATS. On the other hand, 10 of the 22 sampled firms reach the minimum rate, showing absolutely no relevant data on the present DR in their report. Some of them are VAN, HOMI, WEHB, BNB, and QRF. In addition, the average CI is **0,20**. These results demonstrate that regardless of the type of report used (stand-alone financial AR, stand-alone financial AR with its SR, or IR) and the reporting length, this DR is not taken into account enough, if at all.

Regarding DPs' content, even less data than for the DR E1-6 is presented in the various reports. As far as air pollution is concerned, companies most often link it to carbon emissions, which do not fall within the scope of the ESRS E2 dedicated to pollution since they are already considered in the ESRS E1 on climate change, as seen above. Besides GHG, other air pollutants are not measured and disclosed most of the time, or remain an objective for the future. Furthermore, water pollution is often addressed in the reports, either in greater detail for companies that are heavily dependent on water such as EKOP, or very briefly or not at all. In the latter cases, the reason is generally that the companies have not ranked water pollution among the most material issues or have also kept it for future goals.

Lastly, soil pollution is the matter most lacking in the reports, being either only mentioned or completely absent.

ESRS E2-5 : Substances of concern and substances of very high concern

DR's CI	Mean	Min	Max
CI E2-5	0,15	0,00	0,80

Table 9 : CI E2-5 (creation of the author)

The CI of the DR related to substances of concern and substances of very high concern ranges from a minimum rate of 0 to a maximum rate of 0,80. On the one hand, AGFB is on top, with a very good compliance ratio of over three quarters. On the other hand, more than half (15) of the 22 sampled companies reach the minimum rate, showing absolutely no relevant data on the present DR in their report. Some of them are NYXH, ATEB, IMMO, and BNB. In addition, the average CI is **0,15**, which represents the lowest average rate so far.

Regarding DPs' content, the main takeaway is that substances of concern and of very high concern are not identified or are presented in a narrative and unclear manner in the reports. Apart from AGFB and JEN, which devoted an entire section to pollution with explanations and figures, none of the other firms provided easy access to the required information.

4.2.3 ESRS E3 : Water & Marine Resources (cf. *Appendix 8*)

ESRS E3-4 : Water consumption

DR's CI	Mean	Min	Max
CI E3-4	0,27	0,00	0,71

Table 10 : CI E3-4 (creation of the author)

The CI of the DR related to water consumption varies between 0 and 0,71. On the one hand, the maximum rate is allocated to AGFB, WEHB and GREEN. On the other hand, 6 of the 22 sampled firms reach the minimum rate, showing no relevant data on the present DR in their report. Some of them are again VAN, NYXH, BTLS, and SEQUA. In addition, the average CI is **0,27**.

Among the sampled firms disclosing this DR, a large proportion report on their water management according to the EU Taxonomy framework. However, much numerical data is missing to support water use claims overall. Indeed, narrative explanations are usually provided without related figures. Regarding DPs' content, the disclosure of contextual information regarding water consumption is the most reported one as a matter of fact, followed by the quantity of water used. On the contrary, there is a lack of clear statements about the amount of water recycled and reused. By reading the reports, it has been understood that groundwater and rainwater were generally taken as examples of recycled and reused water. Lastly, the financial link with non-financial information, which is translated by the disclosure of water intensity (total water consumption per net revenue) in this case, is sorely missing.

4.2.4 ESRS E4 : Biodiversity & Ecosystems (cf. *Appendix 9*)

ESRS E4-5 : Impact metrics related to biodiversity and ecosystems change

DR's CI	Mean	Min	Max
CI E4-5	0,27	0,00	1,00

Table 11 : CI E4-5 (creation of the author)

The CI of the DR related to impact metrics related to biodiversity and ecosystems change ranges from a minimum rate of 0 to a maximum rate of 1. On the one hand, WEHB and ATEB are on top, showing full compliance with the required factors. On the other hand, 9 of the 22 sampled companies reach the minimum rate, showing absolutely no relevant data on the present DR in their report. Some of them are NYXH, JEN, UPG, and VASTB. In addition, the average CI is **0,27**, which is the same value as for ESRS E3-4.

Among the sampled companies that are not disclosing this DR, there are two ways of reasoning to justify their absence of compliance. Either they did not disclose any data related to the DR E4-5 even though they will be asked to do so since they have a direct impact on biodiversity and ecosystems, or they did not disclose any data because they did not consider this DR to be material enough in line with their activities. For instance, VAN stated that *"the protection and restoration of biodiversity and ecosystems are least eligible according to the EU Taxonomy framework"* (Van de Velde, 2023). In fact, many of the sampled firms use the EU Taxonomy framework as reporting guidelines (cf. The European Taxonomy), which also explains the lack of data required by the ESRS E4, since the Taxonomy is not as precise as the latest version of the ESRS LSME in terms of required figures, narrative explanations, etc. Regarding DPs' content, the disclosure of metrics considered relevant in terms of land-use, freshwater-use, and/or sea-use change is definitely the most disclosed, since the narrative nature of this DP leaves more reporting flexibility to companies compared to other DPs of a numerical nature.

4.2.5 ESRS E5 : Resources Use & Circular Economy (cf. *Appendix 10*)

ESRS E5-4 : Resource inflows

DR's CI	Mean	Min	Max
CI E5-4	0,27	0,00	0,83

Table 12 : CI E5-4 (creation of the author)

The CI of the DR related to resource inflows ranges from a minimum rate of 0 to a maximum rate of 0,83, which translates the fact that none of the sampled companies achieved full compliance with the criteria. On the one hand, the maximum rate is allocated to AGFB and WHATS, which already provided a significant amount of relevant data on the present DR. On the other hand, 6 of the 22 sampled firms reach the minimum rate, ignoring the disclosure of this DR in their report. Some of them are HOMI, VASTB, QRF, and MITRA. In addition, the average CI is **0,27**.

Regarding DPs' content, resources inflows are usually mentioned in the reports to some extent and not always very clearly, as the necessary information may be spread over several reporting sections. Indeed, companies tend to outline their raw materials or purchased goods for example, but hardly ever provide additional details (i.e. figures) required by this DR. For instance, BTLS gave a lot of narrative explanations about its products of biological origin since this is what builds its core business (i.e. the manufacture of biological-based crop protection solutions). However, the firm did not provide any numerical data to demonstrate concrete achievements, which raises questions about the relevance and truthfulness of its statements. Given that the average CI is quite low, the lack of required DPs can be generalized to the majority of the sampled firms. Nevertheless, it is worth highlighting that WHATS used thoroughly the ESRS template to report accordingly, which explains its top position for this DR.

ESRS E5-5 : Resource outflows

DR's CI	Mean	Min	Max
CI E5-5	0,32	0,00	0,79

Table 13 : CI E5-5 (creation of the author)

The CI of the DR related to resource outflows ranges from a minimum rate of 0 to a maximum rate of 0,79. On the one hand, WHATS is on top again, with a very good compliance ratio of over three quarters. On the other hand, HOMI, NYXH, SEQUA, and MITRA reach the minimum rate again, ignoring the disclosure of this DR in their report. In addition, the average CI is **0,32**.

Most of the DPs relating to resource outflows concern waste management. In general, companies devote a section to this subject in their report, with varying materiality levels and degrees of disclosed information. Some firms have already implemented a waste management plan, for example by creating a platform to reduce food waste (BTLS), while others are keeping this as a future objective. Regarding DPs' content, data such as the total waste generated is among the most widely disclosed. However, this remains on the surface and few companies go further in their analysis. For instance, it was pointed out that the exposure of hazardous waste versus non-hazardous waste and/or the composition of waste were often missing. In sum, waste management is often addressed, but sometimes a little too superficially.

4.2.6 ESRS S1 : Own Workforce (cf. *Appendix 11*)

Since certain DRs are composed of one DP only and not a lot of relevant detail to add, it has been decided to analyze the ESRS S1 as a whole by highlighting the key trends related to own workforce. The following table summarizes the computed CIs related to these DRs :

ESRS S1-6 (i.e. characteristics of the undertaking's employees), ESRS S1-7 (i.e. characteristics of non-employees in the undertaking's own workforce), ESRS S1-8 (i.e. collective bargaining coverage), ESRS S1-9 & S1-12 (i.e. diversity metrics & persons with disabilities), ESRS S1-10 (i.e. adequate wages), ESRS S1-11 (i.e. social protection), ESRS S1-13 (i.e. training metrics), ESRS S1-14 (i.e. health and safety metrics), ESRS S1-16 (i.e. remuneration metrics (pay gap and total remuneration), and ESRS S1-17 (i.e. incidents, complaints and severe human rights impacts).

DRs' CI	Mean	Min	Max
CI S1-6	0,23	0,00	1,00
CI S1-7	0,14	0,00	1,00
CI S1-8	0,18	0,00	1,00
CI S1-9 & S1-12	0,17	0,00	0,80
CI S1-10	0,18	0,00	1,00
CI S1-11	0,19	0,00	1,00
CI S1-13	0,32	0,00	1,00
CI S1-14	0,23	0,00	1,00
CI S1-16	0,30	0,00	1,00
CI S1-17	0,12	0,00	1,00

Table 14 : Detailed CI S1 (creation of the author)

The general CI of the ESRS S1 related to own workforce ranges from a minimum rate of 0 to a maximum rate of 0,89[21]. On the one hand, the highest ratio is allocated to WHATS, which continues to show a very good compliance with the DRs. On the other hand, QRF and MITRA reach the minimum rate, ignoring the disclosure of these DRs in their report. In addition, the general average CI is **0,19**.

[21] The general compliance levels can be found later in this paper (cf. 4.2.8 General Compliance Levels).

Regarding DPs' content, the percentage of employee turnover, representing the ESRS S1-6 as part of this research, is disclosed at an average rate of 0,23. This DP is not the most absent one, but is still not systematically represented. Concerning non-employees in own workforce, representing the ESRS S1-7, the average CI amounts 0,14. Indeed, besides exceptions such as UPG that reported the number of employees versus self-employed workers or students/interns, non-employees are not disclosed. Next, the ESRS S1-8 about collective bargaining is also not very present. Only 4 out of 22 firms reported this DP, which together reach an average rate of 0,18. When it comes to ESRS S1-9 & S1-12[22], the average CI is 0,17, again very low. Information about employees at top management level is sometimes present, but the topic of disabled people is never developed or even mentioned. To continue with the ESRS S1-10 and its average CI of 0,18, employees are usually paid at an adequate wage according to firms. However, the reliability of these statements may be questioned as the breakdown of adequate wages by country has never been set out in any of the reports, except for WHATS. Furthermore, the ESRS S1-11 about employees in own workforce covered by social protection, has a mean CI of 0,19, which really needs to be increased. Concerning the ESRS S1-13, the average number of training hours per employee is the most disclosed DP with a mean of 0,32. In addition, the ESRS S1-14 has a rate of 0,23. Few details are provided about work-related accidents, or firms stated that there were none. When it comes to the ESRS S1-16 about employees' remuneration, information was disclosed in some reports but to an extent, with an average CI of 0,30. More precisely, certain companies integrated their remuneration report into their IR. However, the required data is limited since they usually focus on directors, CEO, and other employees at top level, without giving too much detail on regular employees. CFEB can be taken as an example for that. Nevertheless, the company still mentioned that more information can be found on its

[22] As a reminder, the ESRS S1-9 and ESRS S1-12 have been assembled as part of the ESRS LSME. This is also the case for the ESRS G1-2 and ESRS G1-6, as well as the ESRS G1-3 and ESRS G1-4, which will be further analyzed (EFRAG, 2022).

website[23]. Lastly, the ESRS S1-17 has an average CI of 0,12, which translates a huge lack of data disclosure about, for instance, incidents of discrimination, or human rights issues.

4.2.7 ESRS G1 : Business Conduct (cf. *Appendix 12*)

For the same reasons as for the ESRS S1, it was decided to analyze the ESRS G1 as a whole by highlighting the key trends related to business conduct. The following table summarizes the computed CIs related to these DRs : ESRS G1-2 & G1-6 (i.e. management of relationships with suppliers & payment practices), ESRS G1-3 & G1-4 (i.e. prevention and detection of corruption and bribery & incidents of corruption or bribery), and ESRS G1-5 (i.e. political influence and lobbying activities).

DRs' CI	Mean	Min	Max
CI G1-2 & G1-6	0,31	0,00	1,00
CI G1-3 & G1-4	0,45	0,00	1,00
CI G1-5	0,18	0,00	1,00

Table 15 : CI G1 (creation of the author)

The general CI of the ESRS G1 related to business conduct ranges from a minimum rate of 0 to a maximum rate of 1[24]. On the one hand, the highest ratio is allocated to AGFB, which again shows a very good compliance with the DRs. On the other hand, HOMI, BTLS, and MITRA reach the minimum rate, ignoring the disclosure of these DRs in their report. In addition, the general average CI is **0,37**.

[23] Note that the data collection of this research focus on ARs, IRs, and SRs only, which does not include any information from other external resources.

[24] The general compliance levels can be found later in this paper (cf. 4.2.8 General Compliance Levels).

Regarding DPs' content, the average CI of the ESRS G1-2 & G1-6 is 0,31, which is not as low as the previous DRs analyzed. Indeed, disclosure about payments practices and relationships with suppliers is present to varying degrees for the majority of the sampled firms. However, the reports do not often contain details of policies relating to late payments. In addition, the ESRS G1-3 & G1-4 reach an average CI of 0,45. This rate of almost half shows that corruption and bribery are issues that are taken more seriously. In the majority of reports, it is easy to find information on plans to adopt procedures, training programmes, and/or associated managers to deal with corruption and bribery. Nevertheless, concrete evidence in terms of figures is rarer. Lastly, the lobbying topic, which represents the ESRS G1-5, is less present with an average CI of 0,18. Note that more explanations will be given about these results in the next section.

4.2.8 General Compliance Levels

Total CI per company (cf. *Appendix 13*)

The following table displays the degree of compliance with the ESRS LSME of the reports written by the 22 sampled firms.

	Mean	Min	Max
Total CI	0,27	0,00	0,66

Table 16 : Total CI (creation of the author)

The mean of the companies' CI amounts **0,27**, which shows poor compliance with the regulation's standards overall. The highest CI of **0,66** is awarded to **WHATS**, which submitted a detailed report including a certain level of information disclosure on the various standards required. On the contrary, the lowest CI of **0** is allocated to **MITRA**, which showed absolutely no relevant disclosure since its report focuses on financial information only. Based on these

results, it can be concluded that the assumption put forward earlier, according to which the higher the number of pages of the report, the higher the CI, is indeed false (cf. 4.1 Introduction : 22 studied reports). If this hypothesis were true, the company supposed to have the highest CI would be NEXTA, since it has the highest reporting length (cf. *Appendix 3*). However, NEXTA only reaches a CI of 0,33.

Total CI per ESRS

The content analysis findings for each standard mandated by the ESRS LSME are displayed in the following table.

			CI		
ESRS	**Name**	**#firms disclosing the content[25]**	**Mean**	**Min**	**Max**
E1	Climate Change	17	0,29	0,03	0,55
E2	Pollution	10	0,18	0,00	0,73
E3	Water & Marine Resources	16	0,27	0,00	0,71
E4	Biodiversity & Ecosystems	13	0,27	0,00	1,00
E5	Resources Use & Circular Economy	17	0,31	0,00	0,79
S1	Own Workforce	11	0,19	0,00	0,89
G1	Business Conduct	18	0,37	0,00	1,00

Table 17 : Total CI per ESRS (creation of the author)

[25] Note that sampled firms having an average CI that is below 0,1 are considered as negligible, which means that they are not considered as firms disclosing the content.

With an average CI of **0,37** and 18 out of 22 companies reporting this standard in their reports, '**Business Conduct**' is the most revealed criteria. This top position can be explained by two main reasons. In the first instance, 'Business Conduct' is a significant topic due to its growing power and influence in society, coupled with the ongoing occurrence of ethical infractions, among other reasons (Desmet, 2023). This is not a new concept for companies to incorporate into their daily operations, since the managerial discipline was established in the 70s (Stark, 1993). Indeed, nearly all sampled firms have a **Code of Conduct and/or Ethics**, either as a distinct document (VAN, HOMI, WEHB, etc.) or as an integral part of their main report (GREEN, AGFB, etc.). As a matter of fact, companies that fully integrate their Code of Conduct into their report tend to score higher than those that reference a stand-alone Code of Conduct. For the latter, DPs may be missing or less detailed, resulting in lower scores. Since this analysis focuses on ARs, IRs, and SRs, it is important to remember that information from any external source was not taken into account. Lower scores for some firms do not necessarily mean they fail to address the required matter in reality. It may simply be that these matters are covered in external documents such as the Code of Conduct and/or Ethics. The second reason why 'Business Conduct' scores better than the other standards is because of the **type of related DPs**. Actually, the DPs are more narrative in nature compared to other standards, leaving much more room for interpretation in determining their presence or absence during data collection. This contrasts with numerical data, which is clearer and requires no interpretation. In short, there is still a lack of education or training in business conduct, even though this standard has the highest score among the others.

Lastly, with an average CI of **0,18** and 10 out of 22 firms reporting this standard in their reports, '**Pollution**' is the least revealed criteria. Indeed, the issue of pollution is not systematically addressed by firms, especially SMEs. Among the possible explanations of these results, SMEs' **resources allocation** and **financial constraints** can play a huge role. As mentioned in the second chapter of this paper, SMEs frequently have tight budgets and

limited resources, which requires prioritizing the operational concerns that are most impactful and direct for them (Greenomy, 2023). In order to address pollution typically, significant investment is usually needed for specific equipment, continuous monitoring systems, and professional consulting (Aragon-Correa, Ferron-Vilchez & Leyva-de la Hiz, 2019). Due to these constraints, SMEs may choose to focus their resources on environmental initiatives that provide immediate cost savings and/or operational efficiencies, such as improving energy efficiency included in the ESRS E1, or waste management included in the ESRS E5. Smaller companies looking to strike a balance between sustainability and financial viability may then find these initiatives more appealing because they are usually more straightforward to adopt without requiring a lot of specialized knowledge or technology (Ahmadov, Durst, Gerstlberger, & Kraut, 2023). Another reason why SMEs might avoid disclosing pollution-related data is simply **competitiveness**. In order to prevent revealing operational inefficiencies, SMEs frequently refrain from providing comprehensive information about pollution. Otherwise, transparent reporting on pollution can help rivals gain a competitive advantage on a corporation by highlighting areas where it lags in environmental performance. Rivals may exploit this information to show themselves as more efficient and sustainable, which could drive away customers and collaborators for whom environmental responsibility is important. In conclusion, SMEs focus on safeguarding their market position by restricting disclosures that might expose weaknesses (Guerra, Hoogendoorn, & van der Zwan, 2015).

V. Recommendations

As can be deduced from the results, none of the standards was assigned a rate equivalent to the average. Indeed, all average CI are below 0,50, which demonstrates that the majority of the sampled firms are not yet ready for the transition to mandatory ESRS LSME and need to pay greater attention to sustainability reporting. In order to help them getting ready, here are some recommendations based on the whole analysis that was undertaken.

In the first instance, firms should proactively engage with and take actions in anticipation of future regulations starting today. The ESRS LSME mandates preparation, allowing LSMEs to opt-out until 2026 to give them time to adapt. Companies should seize this opportunity to implement the new standards early and be **proactive**. In addition, sustainability reporting is becoming mandatory for more enterprises and offers a significant competitive advantage for those who get going faster than others. The shift towards prioritizing sustainable projects among financial stakeholders and B2B buyers can be perceived as a challenge but also offers a significant opportunity. It is crucial for SMEs to begin planning not only to report but also to enhance their ESG performance. In short, preparing for sustainability reporting not only ensures compliance with upcoming regulations but also positions firms favorably in the eye of investors who are looking for sustainable and responsible investment opportunities (Greenomy, 2023).

In order to get ready for the ESRS LSME, companies should start by tackling the problem at source with the **building of their report**. Since the analysis demonstrated that compliance levels do not depend on the reporting length, SMEs should focus on disclosing the most relevant information. Indeed, adhering to the DRs mandated by the future regulation is crucial, rather than wasting time on providing unclear and less relevant data scattered throughout the report. This not only makes it difficult to identify pertinent details, but it also highlights a discrepancy between narrative and numerical data. Indeed, companies tend to talk a lot more than they show evidence of their statements. This behaviour can create mistrust among stakeholders regarding the accuracy of the reported information. Although some firms are transparent and honest, others may engage in greenwashing. Therefore, providing more substantiated figures to support narrative statements can enhance credibility. In sum, focusing on the most material content and backing it with evidence benefits both the firm and its stakeholders by making information easier to find and

understand, thus building trust. A concise, clear, and accurate report with relevant data is preferable to a long one filled with superfluous data.

Having provided recommendations on the broader aspects of reporting, let us now explore what this looks like in practice. In order to effectively implement ESG reporting in view of the ESRS LSME, companies should start by **evaluating their ESG objectives** with decision-makers to ensure they harmonize with business aims. They should define what sustainability means for them, including material topics and related impacts in terms of the various standards such as climate change, own workforce, business conduct, etc. The next step is to **determine the resources needed** to accomplish these objectives, such as trainings, technological, financial and human resources, and establish reasonable deadlines for compliance. For example, it is important to create a dedicated reporting team with diverse representatives from different departments and lay out their tasks while making sure they receive training on the ESRS LSME's requirements. Once this is done, firms can dive into the reporting process by **gathering and combining data** from several sources. If a company has the means and the need, it can call on the service of a data expert for even more efficient reporting (Greenomy, 2023). Lastly, they should make **plans to improve sustainability** by providing more environmentally friendly solutions and putting in place initiatives, beginning with gradual steps towards the transition. By doing so, SMEs may ensure an organized and complete reporting procedure, which will help them to adapt their business to the ESRS LSME.

Last but not least, here is a comment regarding the content of the reports. Since this was the main goal of the analysis, the results enable to shed light on the **ESG topics** that deserve more attention than others, as they are barely disclosed. Firstly, **pollution**, represented by the ESRS E2, should be taken more into account as seen earlier. It is worth knowing that the issue of competition should no longer be an obstacle. As all LSMEs will be placed on an equal footing thanks to the future ESRS LSME, all companies falling within the scope will be

required to disclose the same type of pollution-related content. As a result, the potential gap between firms that opt for transparent reporting and those that prefer to protect their market position will be reduced, providing a greater incentive to report correctly. Secondly, firms' **own workforce**, represented by the ESRS S1, also deserves some attention. In this case, most of the information requested by the DRs has probably already been assessed for those that have a Code of Conduct and/or Ethics aside but is not systematically included in the main report. One piece of advice would be to bring together all the data already present in the Code and in the main report, and to dedicate one single section to it in the main report. Besides making information more accessible, companies will also be able to highlight required points that have not yet been evaluated and need to be addressed.

VI. Conclusion, Limitations & Further Research

This master's thesis has explored the readiness of Belgian LSMEs to adopt up-to-date non-financial information disclosure within the coercive environment established by the CSRD, with a specific focus on the BEL Small Index. Thanks to the implementation of an adapted CI, the analysis revealed that compliance scores of the 22 sampled companies are quite low, which demonstrates that significant improvements are required to meet the various disclosure standards mandated by the ESRS LSME. The study underscored the variability in compliance across different ESG criteria, highlighting topics such as pollution that requires particular attention and enhancement.

As for any kind of research, limitations exist and are important to consider. The first limitation to be aware of concerns the **preliminary nature of this research**. The results of the analysis must be approached with caution, as it concentrated solely on the primary mandatory topical DRs required by the selected ESRS. Other DRs were excluded from consideration, deemed irrelevant to this preliminary study (cf. 3.4.2 Assessment Grid). This exclusion means that the results could vary if those additional DRs were incorporated. For

example, IMMO's compliance score was notably low concerning the ESRS E4. The limited DRs and related DPs used for this assessment did not entirely capture reality, underestimating the importance of biodiversity and ecosystems for the company. Therefore, a margin of error must be acknowledged, recognizing that further, more detailed research could refine these findings by taking into account the official DRs when released as part of the future ESRS LSME Delegated Act (EFRAG, 2024). However, it is essential to understand that it does not imply that the results are false. It simply means that they are constrained by the chosen criteria.

Secondly, the **sample size** was limited for feasibility reasons. Indeed, the BEL Small Index used for this analysis contains only 22 listed small enterprises. Therefore, generalizing these results to all Belgian LSMEs does not seem appropriate. To achieve more generalized results, applying this analysis to a larger sample of Belgian LSMEs would be beneficial. For instance, adding the BEL Mid Index to the sample would already represent a significant portion of Belgian LSMEs.

In addition, since this study is based on current and upcoming events, no previous research has been made on the ESRS LSME. The **lack of reference studies** makes the analysis even more complex but interesting, as the results could not be compared yet. On the other hand, the innovative aspect of this study makes it more valuable, as it leaves open the possibility for others to develop it further or take it as a reference. Nevertheless, it should be reminded that similar studies already exist, but they focus on the NFRD applied to large enterprises. Although these ones tackled a different regulation and scope, they were good inspiration sources and served as a common thread.

In order to look beyond this enriching master's thesis, an idea for further studies would be to **replicate this analysis on non-listed SMEs**. Indeed, this research focused on listed SMEs as the scope of the CSRD does not include non-listed SMEs yet. Nevertheless, it might be

interesting to push this research a bit further by analyzing the impact that these up-to-date non-financial reporting requirements can have on non-listed SMEs. According to the EC (2023), non-listed SMEs, especially micro enterprises, may still encounter escalated information demands from larger firms within their value chains as well as from financials. The Commission recognizes the difficulties they might face due to their smaller size and constrained resources. Consequently, the EC encourages the different stakeholders to take into account the principle of proportionality and to be considerate when seeking data from SME value chain partners. Furthermore, non-listed SMEs might wish to submit important sustainability data in order to get sustainable or transitional financing (European Commission, 2023). To that end, undertaking similar research will also enable them to gain tools to prepare for the transition through quality reporting process.

In conclusion, despite the preliminary nature of this research, it provides a valuable initial assessment and offers a framework that can be refined and expanded in future studies. In addition, this study contributes to the ongoing dialogue on enhancing corporate transparency and sustainability among LSMEs, setting the stage for future investigations into non-financial information disclosure.

VII. References

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VIII. Appendices

Appendix 1

The relationship between the EU Taxonomy, CSRD, and SFDR as part of the SFAP

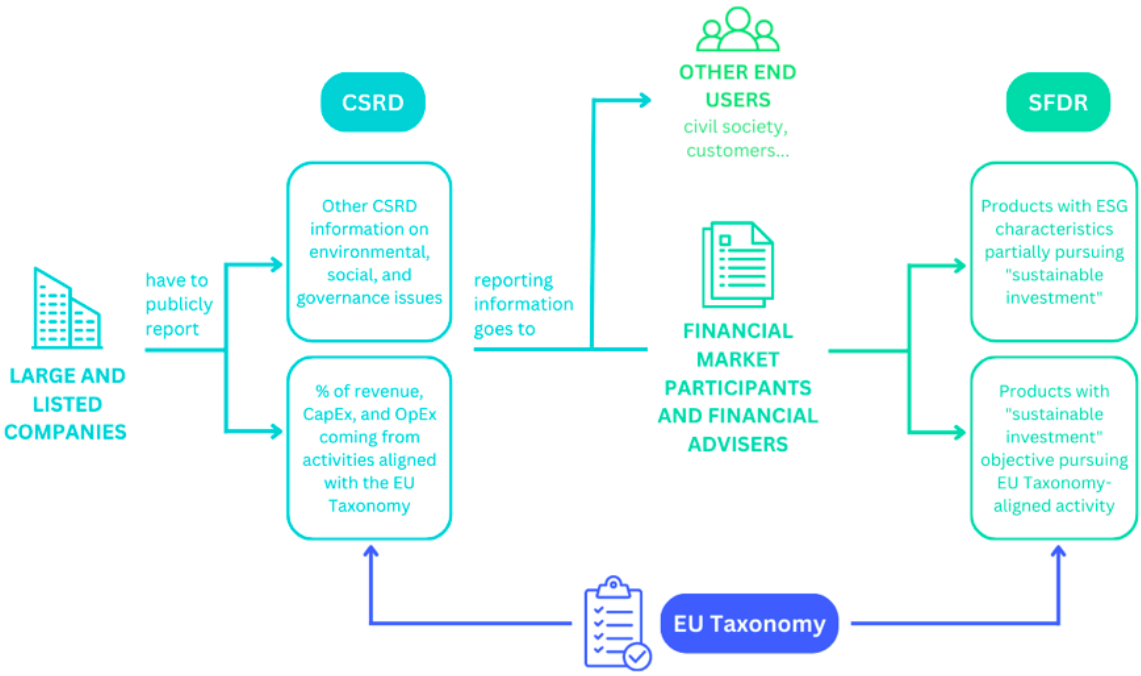

Figure 5 : The EU Taxonomy, CSRD, & SFDR (Envoria, 2023)

Appendix 2

BEL Small Index : Index Composition in terms of company name, MNEMO, sector, number of employees, and enterprise value

Company	**MNEMO**	**Sector[26]**	**Number of Employees[27]**	**Enterprise Value (EV) (Thousand €)[28]**
VAN DE VELDE	VAN	Consumer Goods & Services	1.558	459.261
HOME INVEST BE.	HOMI	Real Estate	40	683.890
AGFA-GEVAERT	AGFB	Industrials	5.026	312.000
NYXOAH	NYXH	Health Care	146	134.804
WERELDHAVE BELGIUM	WEHB	Real Estate	55	711.079
JENSEN-GROUP	JEN	Industrials	1.830	367.990
ATENOR	ATEB	Real Estate	110	1.181.192
IMMOBEL	IMMO	Real Estate	145	1.278.926
GREENYARD	GREEN	Consumer Goods & Services	8.500	800.400
BQUE NAT. BELGIQUE	BNB	Financials	1.666	/
UNIFIEDPOST GROUP	UPG	Technology	1.346	218.241
NEXTENSA	NEXTA	Real Estate	73	1.297.020

[26] *Source : (Euronext, 2024)*

[27] *Source : each sampled company's 2023 AR*

[28] *Enterprise Value at fiscal year-end (2023) (Euronext, 2024)*

EXMAR	EXM	Industrials	1.923	712.738
EKOPAK	EKOP	Utilities	241	326.849
VASTNED BELGIUM	VASTB	Real Estate	90	234.800
WHAT"S COOKING GP	WHATS	Consumer Goods & Services	2.531	203.959
CFE	CFEB	Industrials	2.990	103.400
QRF	QRF	Real Estate	7	207.282
SMARTPHOTO GROUP	SMAR	Consumer Goods & Services	306	122.176
BIOTALYS	BTLS	Basic Materials	77	155.955
SEQUANA MEDICAL	SEQUA	Health Care	62	130.491
MITHRA	MITRA	Health Care	229	295.700

Table 18 : BEL Small Index Composition (creation of the author)

Appendix 3

List of sampled firms' financial ARs, IRs, and/or SRs

Company	Report's Title[29]	Reporting Length[30] (pp.)	Financial AR	IR	SR
VAN DE VELDE	Annual Report 2023	136	No	Yes	Yes (integrated in the IR)
HOME INVEST BE.	Annual Financial Report 2023	216	No	Yes	Yes (integrated in the IR)
AGFA-GEVAERT	Annual Report 2023	307	No	Yes	Yes (integrated in the IR)
NYXOAH	Annual Report 2023	178	Yes	No	No
WERELDHAVE BELGIUM	Annual Financial Report 2023	123	No	Yes	Yes (integrated in the IR)
JENSEN-GROUP	Annual Report 2023	184	No	Yes	Yes (integrated in the IR)
ATENOR	2023 Financial	262	No	Yes	Yes (integrated in

[29] *Source : each sampled company's website*

[30] *Source : each sampled company's 2023 AR*

	Annual Report				the IR)
IMMOBEL	2023 Annual Report & ESG Report 2023	118 & 125	Yes	No	Yes
GREENYARD	Annual Report 2022/2023	308	No	Yes	Yes (integrated in the IR)
BQUE NAT. BELGIQUE	Rapport 2023	326	No	Yes	Yes (integrated in the IR)
UNIFIEDPOST GROUP	Annual Report 2023	206	No	Yes	Yes (integrated in the IR)
NEXTENSA	2023 Annual Report	338	No	Yes	Yes (integrated in the IR)
EXMAR	2023	203	No	Yes	Yes (integrated in the IR)
EKOPAK	Integrated Report 2023	194	Yes (integrated in the IR)	Yes	Yes (integrated in the IR)
VASTNED BELGIUM	Annual Report 2023	192	No	Yes	Yes (integrated in

					the IR)
WHAT"S COOKING GP	Annual Report 2023	216	No	Yes	Yes (integrated in the IR)
CFE	Annual Report 2023	187	Yes (integrated in the IR)	Yes	Yes (integrated in the IR)
QRF	Annual Report 2023	208	No	Yes	Yes (integrated in the IR)
SMARTPHOTO GROUP	2023 Annual Report	149	No	Yes	Yes (integrated in the IR)
BIOTALYS	Annual Report 2023	225	No	Yes	Yes (integrated in the IR)
SEQUANA MEDICAL	Annual Report 2023	170	Yes	No	No
MITHRA	2023 Half Year Results	65	Yes	No	No

Table 19 : List of 2023 reports analyzed (creation of the author)

Appendix 4

DPs related to each DR

ESRS	DR	DP	Data Type
E1	E1-5	Total energy consumption related to own operations	energy
E1	E1-5	Total energy consumption from fossil sources	energy
E1	E1-5	Total energy consumption from nuclear sources	energy
E1	E1-5	Percentage of energy consumption from nuclear sources in total energy consumption	percent
E1	E1-5	Fuel consumption from coal and coal products	energy
E1	E1-5	Fuel consumption from crude oil and petroleum products	energy
E1	E1-5	Fuel consumption from natural gas	energy
E1	E1-5	Fuel consumption from other fossil sources	energy
E1	E1-5	Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	energy
E1	E1-5	Percentage of fossil sources in total energy consumption	percent
E1	E1-5	Non-renewable energy production	energy
E1	E1-5	Renewable energy production	energy
E1	E1-5	Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue)	percent
E1	E1-5	Total energy consumption from activities in high climate impact sectors	energy
E1	E1-5	High climate impact sectors used to determine energy intensity	semi-narrative
E1	E1-5	Disclosure of reconciliation to relevant line item or notes in financial statements of net revenue from activities in high climate impact sectors	narrative
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions - GHG emissions per scope	Table
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions - financial and operational control	Table
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions - Scope 3 GHG emissions (GHG Protocol)	Table
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions - Scope 3 GHG emissions (ISO 14064-1)	Table
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions - total GHG emissions - value chain	Table
E1	E1-6	Gross Scope 1 greenhouse gas emissions	Table/GhgEmissions
E1	E1-6	Gross location-based Scope 2 greenhouse gas emissions	Table/GhgEmissions
E1	E1-6	Gross Scope 3 greenhouse gas emissions	Table/GhgEmissions
E1	E1-6	Total GHG emissions	Table/GhgEmissions
E1	E1-6	Total GHG emissions location based	Table/GhgEmissions
E1	E1-6	Total GHG emissions market based	Table/GhgEmissions
E1	E1-6	Scope 2 location-based	Table/GhgEmissions
E1	E1-6	Disclosure of significant changes in definition of what constitutes reporting undertaking and its value chain and explanation of their effect on year-to-year comparability of reported GHG emissions	narrative
E1	E1-6	Disclosure of methodologies, significant assumptions and emissions factors used to calculate or measure GHG emissions	narrative
E1	E1-6	Disclosure of the effects of significant events and changes in circumstances (relevant to its GHG emissions) that occur between the reporting dates of the entities in its value chain and the date of the undertaking's general purpose financial statements	narrative
E1	E1-6	Biogenic emissions of CO2 from the combustion or bio-degradation of biomass not included in Scope 1 GHG emissions	GhgEmissions
E1	E1-6	Percentage of contractual instruments, Scope 2 GHG emissions	percent
E1	E1-6	Disclosure of types of contractual instruments, Scope 2 GHG emissions	narrative
E1	E1-6	Percentage of contractual instruments used for sale and purchase of energy bundled with attributes about energy generation in relation to Scope 2 GHG emissions	percent
E1	E1-6	Percentage of contractual instruments used for sale and purchase of unbundled energy attribute claims in relation to Scope 2 GHG emissions	percent
E1	E1-6	Disclosure of types of contractual instruments used for sale and purchase of energy bundled with attributes about energy generation or for unbundled energy attribute claims	narrative
E1	E1-6	Biogenic emissions of CO2 from combustion or bio-degradation of biomass not included in Scope 2 GHG emissions	GhgEmissions
E1	E1-6	Percentage of GHG Scope 3 calculated using primary data	percent
E1	E1-6	Disclosure of why Scope 3 GHG emissions category has been excluded	narrative
E1	E1-6	List of Scope 3 GHG emissions categories included in inventory	semi-narrative
E1	E1-6	Biogenic emissions of CO2 from combustion or bio-degradation of biomass that occur in value chain not included in Scope 3 GHG emissions	GhgEmissions
E1	E1-6	Disclosure of reporting boundaries considered and calculation methods for estimating Scope 3 GHG emissions	narrative
E1	E1-6	GHG emissions intensity, location-based (total GHG emissions per net revenue)	intensity
E1	E1-6	Disclosure of reconciliation to financial statements of net revenue used for calculation of GHG emissions intensity	narrative
E1	E1-6	Net revenue	monetary
E1	E1-6	Net revenue used to calculate GHG intensity	monetary
E1	E1-6	Net revenue other than used to calculate GHG intensity	monetary

ESRS	DR	DP	Data Type
E2	E2-4	Pollution of air, water and soil [multiple dimensions: at site level or by type of source, by sector or by geographical area]	Table/mass
E2	E2-4	Emissions to air by pollutant	Table/mass
E2	E2-4	Emissions to water by pollutant [+ by sectors/Geographical Area/Type of source/Site location]	Table/mass
E2	E2-4	Emissions to soil by pollutant [+ by sectors/Geographical Area/Type of source/Site location]	Table/mass
E2	E2-4	Description of measurement methodologies (pollution of air, water and soil)	narrative
E2	E2-4	Description of process(es) to collect data for pollution-related accounting and reporting	narrative
E2	E2-5	Total amount of substances of concern that are generated or used during production or that are procured by main hazard classes of substances of concern	Table/mass
E2	E2-5	Total amount of substances of concern that are generated or used during production or that are procured	Table/mass
E2	E2-5	Total amount of substances of concern that leave facilities as emissions, as products, or as part of products or services	Table/mass
E2	E2-5	Total amount of substances of very high concern that are generated or used during production or that are procured by main hazard classes of substances of concern	Table/mass
E2	E2-5	Total amount of substances of very high concern that leave facilities as emissions, as products, or as part of products or services by main hazard classes of substances of concern	Table/mass

ESRS	DR	DP	Data Type
E3	E3-4	Total water consumption	Volume
E3	E3-4	Total water consumption in areas at water risk, including areas of high-water stress	Volume
E3	E3-4	Total water recycled and reused	Volume
E3	E3-4	Total water stored	Volume
E3	E3-4	Changes in water storage	Volume
E3	E3-4	Disclosure of contextual information regarding water consumption	narrative
E3	E3-4	Water intensity ratio (total water consumption per net revenue)	Percent

ESRS	DR	DP	Data Type
E4	E4-5	Number of sites owned, leased or managed in or near protected areas or key biodiversity areas that the undertaking is negatively affecting	Integer
E4	E4-5	Area of sites owned, leased or managed in or near protected areas or key biodiversity areas that the undertaking is negatively affecting	Area (ha)
E4	E4-5	Disclosure of metrics considered relevant (land-use change, freshwater-use change and (or) sea-use change)	narrative

ESRS	DR	DP	Data Type
E5	E5-4	Disclosure of information on material resource inflows	narrative
E5	E5-4	Overall total weight of products and technical and biological materials used during the reporting period	Mass
E5	E5-4	Percentage of biological materials (and biofuels used for non-energy purposes)	Percent
E5	E5-4	The absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (including packaging)	Mass
E5	E5-4	Percentage of secondary reused or recycled components, secondary intermediary products and secondary materials	Percent
E5	E5-4	Description of methodologies used to calculate data and key assumptions used	narrative
E5	E5-5	Description of the key products and materials that come out of the undertaking's production process	narrative
E5	E5-5	Disclosure of the expected durability of the products placed on the market, in relation to the industry average for each product group	Table/Percent
E5	E5-5	The rates of recyclable content in products	Percent
E5	E5-5	Description of methodologies used to calculate data (resource outflows)	narrative
E5	E5-5	Total Waste generated	Mass
E5	E5-5	Hazardous waste diverted from disposal	Mass
E5	E5-5	Hazardous waste diverted from disposal due to preparation for reuse	Mass
E5	E5-5	Hazardous waste diverted from disposal due to recycling	Mass
E5	E5-5	Hazardous waste diverted from disposal due to other recovery operations	Mass
E5	E5-5	Non-hazardous waste diverted from disposal	Mass
E5	E5-5	Non-hazardous waste diverted from disposal due to preparation for reuse	Mass
E5	E5-5	Non-hazardous waste diverted from disposal due to recycling	Mass
E5	E5-5	Non-hazardous waste diverted from disposal due to other recovery operations	Mass
E5	E5-5	Hazardous waste directed to disposal	Mass
E5	E5-5	Hazardous waste directed to disposal by incineration	Mass
E5	E5-5	Hazardous waste directed to disposal by landfilling	Mass
E5	E5-5	Hazardous waste directed to disposal by other disposal operations	Mass
E5	E5-5	Non-hazardous waste directed to disposal	Mass
E5	E5-5	Non-hazardous waste directed to disposal by incineration	Mass
E5	E5-5	Non-hazardous waste directed to disposal by landfilling	Mass
E5	E5-5	Non-hazardous waste directed to disposal by other disposal operations	Mass
E5	E5-5	Percentage of non-recycled waste	Percent
E5	E5-5	Disclosure of composition of waste	narrative
E5	E5-5	Disclosure of waste streams relevant to undertaking's sector or activities	narrative
E5	E5-5	Disclosure of materials that are present in waste	narrative
E5	E5-5	Total amount of hazardous waste	Mass
E5	E5-5	Total amount of radioactive waste	Mass
E5	E5-5	Description of methodologies used to calculate data (waste generated)	narrative

ESRS	DR	DP	Data Type
S1	S1-6	Percentage of employee turnover	Percent
S1	S1-7	Number of non-employees in own workforce	Decimal
S1	S1-8	Percentage of total employees covered by collective bargaining agreements	Percent
S1	S1-9	Number of employees (head count) at top management level	Integer
S1	S1-9	Percentage of employees at top management level	Percent
S1	S1-9	Disclosure of own definition of top management used	narrative
S1	S1-10	Employees are paid adequate wage, in line with applicable benchmarks	semi-narrative
S1	S1-10	Adequate wages by country [table]	Table E/numerical
S1	S1-10	Percentage of employees paid below the applicable adequate wage benchmark	Table E/Percent
S1	S1-11	Employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to sickness	semi-narrative
S1	S1-11	Employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to unemployment starting from when own worker is working for undertaking	semi-narrative
S1	S1-11	Employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to employment injury and acquired disability	semi-narrative
S1	S1-11	Employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to parental leave	semi-narrative
S1	S1-11	Employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to retirement	semi-narrative
S1	S1-12	Percentage of persons with disabilities amongst employees, subject to legal restrictions on collection of data	Percent
S1	S1-12	Disclosure of contextual information necessary to understand data and how data has been compiled (persons with disabilities))	narrative
S1	S1-13	Average number of training hours per person for employees	Table/Decimal
S1	S1-14	Rate of recordable work-related accidents for own workforce	Percent
S1	S1-14	Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health realted to employees	Integer
S1	S1-16	Gender pay gap	Table H/Percent
S1	S1-16	Annual total remuneration ratio	Percent
S1	S1-17	Number of incidents of discrimination	Table I/Integer
S1	S1-17	Amount of material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors	Monetary
S1	S1-17	Disclosure of contextual information necessary to understand data and how data has been compiled (work-related grievances, incidents and complaints related to social and human rights matters)	narrative
S1	S1-17	Number of severe human rights issues and incidents connected to own workforce	Integer
S1	S1-17	Amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	Monetary
S1	S1-17	Information about reconciliation of amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce with most relevant amount presented in financial statements	narrative

ESRS	DR	DP	Data Type
G1	G1-2	Description of policy to prevent late payments	narrative
G1	G1-2	Description of approaches in regard to relationships with suppliers, taking account risks related to supply chain and impacts on sustainability matters	narrative
G1	G1-2	Disclosure of how social and environmental criteria are taken into account for selection of supply-side contractual partners	narrative
G1	G1-3	Disclosure of plans to adopt procedures to prevent, detect, and address allegations or incidents of corruption or bribery in case of no procedure	narrative
G1	G1-3	Information about how policies are communicated to those for whom they are relevant (prevention and detection of corruption or bribery)	narrative
G1	G1-3	Information about nature, scope and depth of anti-corruption or anti-bribery training programmes offered or required	narrative
G1	G1-3	Percentage of functions-at-risk covered by training programmes	Percent
G1	G1-3	Information about members of administrative, supervisory and management bodies relating to anti-corruption or anti-bribery training	narrative
G1	G1-3	Prevention and detection of corruption or bribery - anti-corruption and bribery training table	Table
G1	G1-4	Number of convictions for violation of anti-corruption and anti- bribery laws	Integer
G1	G1-4	Amount of fines for violation of anti-corruption and anti- bribery laws	Monetary
G1	G1-5	Information about representative(s) responsible in administrative, management and supervisory bodies for oversight of political influence and lobbying activities	narrative
G1	G1-6	Average number of days to pay invoice from date when contractual or statutory term of payment starts to be calculated	Integer
G1	G1-6	Description of undertakings standard payment terms in number of days by main category of suppliers	narrative
G1	G1-6	Percentage of payments aligned with standard payment terms	Percent
G1	G1-6	Number of outstanding legal proceedings for late payments	Integer
G1	G1-6	Disclosure of contextual information regarding payment practices	narrative

Table 20 : Assessment grid (creation of the author)

Appendix 5

Data collection classified by DR

ESRS	DR	DP	Data Type	VAN	HOMI*	AGFB	NYXH	WEHB*	JEN	ATEB*	IMMO	GREEN*	BNB	UPG	NEXTA*	EXM*	EKOP	VASTB*	WHATS	CFEB*	QRF*	SMAR	BTLS	SEQUA	MITRA
E1	E1-5	Total energy consumption related to own operations	energy	0	1	1	0	1	1	1	1	1	1	1	1	1	0	1	1	1	0	0	0	0	0
E1	E1-5	Total energy consumption from fossil sources	energy	1	0	0	0	1	1	1	0	1	1	1	1	1	0	1	1	1	1	0	0	0	0
E1	E1-5	Total energy consumption from nuclear sources	energy	1	0	1	0	0	1	1	0	1	0	1	0	1	0	0	1	0	0	0	0	0	0
E1	E1-5	Percentage of energy consumption from nuclear sources in total energy consumption	percent	1	0	1	0	0	1	0	0	1	0	1	0	1	0	0	1	0	0	0	0	0	0
E1	E1-5	Fuel consumption from coal and coal products	energy	/	0	/	/	0	/	0	0	0	/	/	0	1	/	0	/	1	1	/	/	/	/
E1	E1-5	Fuel consumption from crude oil and petroleum products	energy	/	0	/	/	0	/	0	0	1	/	/	1	1	/	0	/	1	1	/	/	/	/
E1	E1-5	Fuel consumption from natural gas	energy	/	0	/	/	1	/	1	0	1	/	/	1	1	/	1	/	0	0	/	/	/	/
E1	E1-5	Fuel consumption from other fossil sources	energy	/	0	/	/	0	/	0	0	0	/	/	0	1	/	0	/	0	0	/	/	/	/
E1	E1-5	Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	energy	/	0	/	/	1	/	0	0	1	/	/	1	0	/	1	/	1	1	/	/	/	/
E1	E1-5	Percentage of fossil sources in total energy consumption	percent	0	0	0	0	0	1	0	0	1	1	1	1	0	0	0	1	1	0	0	0	0	0
E1	E1-5	Non-renewable energy production	energy	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	0	0	0	0	0
E1	E1-5	Renewable energy production	energy	0	0	0	0	1	0	1	1	1	1	0	1	0	0	1	1	0	1	1	0	0	0
E1	E1-5	Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue)	percent	/	0	/	/	0	/	0	0	1	/	/	1	0	/	1	/	1	1	/	/	/	/
E1	E1-5	Total energy consumption from activities in high climate impact sectors	energy	/	1	/	/	1	/	1	1	1	/	/	1	1	/	1	/	1	1	/	/	/	/
E1	E1-5	High climate impact sectors used to determine energy intensity	semi-narrative	/	1	/	/	1	/	1	1	1	/	/	1	1	/	1	/	1	1	/	/	/	/
E1	E1-5	Disclosure of reconciliation to relevant line item or notes in financial statements of net revenue from activities in high climate impact sectors	narrative	/	0	/	/	0	/	0	0	0	/	/	1	0	/	0	/	0	0	/	/	/	/
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions - GHG emissions per scope	Table	0	0	1	0	1	1	1	1	1	1	1	1	1	0	1	1	1	0	0	0	0	0
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions - financial and operational control	Table	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions - Scope 3 GHG emissions (GHG Protocol)	Table	0	0	/	0	0	0	0	1	1	1	0	1	0	0	0	1	0	0	0	0	0	0
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions - Scope 3 GHG emissions (ISO 14064-1)	Table	0	0	/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions - total GHG emissions - value chain	Table	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E1	E1-6	Gross Scope 1 greenhouse gas emissions	Table/GhgEmissions	0	0	1	0	1	1	1	0	1	1	1	1	1	0	1	1	1	0	0	0	0	0
E1	E1-6	Gross location-based Scope 2 greenhouse gas emissions	Table/GhgEmissions	0	0	0	0	1	0	1	0	1	/	1	0	0	0	1	1	0	1	0	0	0	0
E1	E1-6	Gross Scope 3 greenhouse gas emissions	Table/GhgEmissions		0	/	0	1	0	1	0	1	1	0	1	1	0	0	1	0	0	0	0	0	0
E1	E1-6	Total GHG emissions	Table/GhgEmissions	1	0	1	0	1	1	1	1	0	1	0	1	1	0	1	1	1	0	0	0	0	0
E1	E1-6	Total GHG emissions location based	Table/GhgEmissions	0	0	0	0	1	0	1	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0
E1	E1-6	Total GHG emissions market based	Table/GhgEmissions	0	0	0	0	1	0	1	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0
E1	E1-6	Scope 2 location-based	Table/GhgEmissions	0	0	0	0	1	0	1	0	1	/	1	0	0	0	1	1	0	1	0	0	0	0	0
E1	E1-6	Disclosure of significant changes in definition of what constitutes reporting undertaking and its value chain and explanation of their effect on year-to-year comparability of reported GHG emissions	narrative	1	0	1	0	0	1	1	0	1	1	1	1	1	0	1	0	1	1	1	0	0	0
E1	E1-6	Disclosure of methodologies, significant assumptions and emissions factors used to calculate or measure GHG emissions	narrative	1	1	1	0	0	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	0	0
E1	E1-6	Disclosure of the effects of significant events and changes in circumstances (relevant to its GHG emissions) that occur between the reporting dates of the entities in its value chain and the date of the undertaking's general purpose financial statements	narrative	0	0	0	0	1	0	0	0	0	1	0	1	1	1	0	0	0	1	0	1	0	0
E1	E1-6	Biogenic emissions of CO2 from the combustion or bio-degradation of biomass not included in Scope 1 GHG emissions	GhgEmissions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E1	E1-6	Percentage of contractual instruments, Scope 2 GHG emissions	percent	0	0	0	0	0	0	0	0	0	/	0	0	0	0	0	0	0	0	0	0	0	0
E1	E1-6	Disclosure of types of contractual instruments, Scope 2 GHG emissions	narrative	0	0	0	0	0	0	0	0	0	/	0	0	0	0	1	0	1	0	0	0	0	0
E1	E1-6	Percentage of contractual instruments used for sale and purchase of energy bundled with attributes about energy generation in relation to Scope 2 GHG emissions	percent	0	0	0	0	1	0	0	0	0	/	0	0	0	0	0	0	0	0	0	0	0	0
E1	E1-6	Percentage of contractual instruments used for sale and purchase of unbundled energy attribute claims in relation to Scope 2 GHG emissions	percent	0	0	0	0	0	0	0	0	0	/	0	0	0	0	0	0	0	0	0	0	0	0
E1	E1-6	Disclosure of types of contractual instruments used for sale and purchase of energy bundled with attributes about energy generation or for unbundled energy attribute claims	narrative	0	0	0	0	0	0	0	0	1	/	0	1	0	0	1	0	0	0	0	0	0	0
E1	E1-6	Biogenic emissions of CO2 from combustion or bio-degradation of biomass not included in Scope 2 GHG emissions	GhgEmissions	0	0	0	0	0	0	0	0	0	/	0	0	0	0	1	0	0	0	0	0	0	0
E1	E1-6	Percentage of GHG Scope 3 calculated using primary data	percent	0	0	/	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
E1	E1-6	Disclosure of why Scope 3 GHG emissions category has been excluded	narrative	/	0	0	0	/	0	/	/	/	/	0	/	/	/	0	/	1	0	0	0	0	0
E1	E1-6	List of Scope 3 GHG emissions categories included in inventory	semi-narrative	1	0	/	0	1	0	1	1	1	1	0	1	1	0	0	1	1	1	0	0	0	0
E1	E1-6	Biogenic emissions of CO2 from combustion or bio-degradation of biomass that occur in value chain not included in Scope 3 GHG emissions	GhgEmissions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E1	E1-6	Disclosure of reporting boundaries considered and calculation methods for estimating Scope 3 GHG emissions	narrative	0	0	/	0	0	0	0	0	1	1	0	1	1	0	0	1	1	1	0	0	0	0
E1	E1-6	GHG emissions intensity, location-based (total GHG emissions per net revenue)	intensity	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	1	1	0	0	0	0
E1	E1-6	Disclosure of reconciliation to financial statements of net revenue used for calculation of GHG emissions intensity	narrative	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E1	E1-6	Net revenue	monetary	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
E1	E1-6	Net revenue used to calculate GHG intensity	monetary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0
E1	E1-6	Net revenue other than used to calculate GHG intensity	monetary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Legend :

'' = high climate impact sector*

'/' = not applicable

ESRS	DR	DP	Data Type	VAN	HOMI	AGFB	NYXH	WEHB	JEN	ATEB	IMMO	GREEN	BNB	UPG	NEXTA	EXM	EKOP	VASTB	WHATS	CFEB	QRF	SMAR	BTLS	SEQUA	MITRA
E2	E2-4	Pollution of air, water and soil [multiple dimensions: at site level or by type of source, by sector or by geographical area]	Table/mass	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E2	E2-4	Emissions to air by pollutant	Table/mass	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0
E2	E2-4	Emissions to water by pollutant [+ by sectors/Geographical Area/Type of source/Site location]	Table/mass	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0
E2	E2-4	Emissions to soil by pollutant [+ by sectors/Geographical Area/Type of source/Site location]	Table/mass	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E2	E2-4	Description of measurement methodologies (pollution of air, water and soil)	narrative	0	0	1	0	0	0	1	1	1	0	0	1	1	1	0	1	1	0	0	1	0	0	0
E2	E2-4	Description of process(es) to collect data for pollution-related accounting and reporting	narrative	0	0	1	0	0	1	1	0	1	0	1	0	1	1	0	1	0	0	0	0	0	0	0
E2	E2-5	Total amount of substances of concern that are generated or used during production or that are procured by main hazard classes of substances of concern	Table/mass	0	0	1	0	1	1	0	0	0	0	0	0	1	0	0	1	1	1	0	0	0	0	0	0
E2	E2-5	Total amount of substances of concern that are generated or used during production or that are procured	Table/mass	0	0	1	0	1	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
E2	E2-5	Total amount of substances of concern that leave facilities as emissions, as products, or as part of products or services	Table/mass	0	0	1	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
E2	E2-5	Total amount of substances of very high concern that are generated or used during production or that are procured by main hazard classes of substances of concern	Table/mass	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E2	E2-5	Total amount of substances of very high concern that leave facilities as emissions, as products, or as part of products or services by main hazard classes of substances of concern	Table/mass	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0

ESRS	DR	DP	Data Type	VAN	HOMI	AGFB	NYXH	WEHB	JEN	ATEB	IMMO	GREEN	BNB	UPG	NEXTA	EXM	EKOP	VASTB	WHATS	CFEB	QRF	SMAR	BTLS	SEQUA	MITRA
E3	E3-4	Total water consumption	Volume	0	0	1	0	1	1	0	0	1	0	1	1	1	0	0	1	0	1	0	0	0	0
E3	E3-4	Total water consumption in areas at water risk, including areas of high-water stress	Volume	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E3	E3-4	Total water recycled and reused	Volume	0	0	1	0	1	0	0	0	1	1	0	0	0	1	0	1	0	1	0	0	0	0	0
E3	E3-4	Total water stored	Volume	0	0	1	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
E3	E3-4	Changes in water storage	Volume	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E3	E3-4	Disclosure of contextual information regarding water consumption	narrative	0	1	1	0	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	0	0	0
E3	E3-4	Water intensity ratio (total water consumption per net revenue)	Percent	0	0	0	0	1	0	0	0	1	0	1	0	0	0	0	1	0	0	0	0	0	0	0

ESRS	DR	DP	Data Type	VAN	HOMI	AGFB	NYXH	WEHB	JEN	ATEB	IMMO	GREEN	BNB	UPG	NEXTA	EXM	EKOP	VASTB	WHATS	CFEB	QRF	SMAR	BTLS	SEQUA	MITRA
E4	E4-5	Number of sites owned, leased or managed in or near protected areas or key biodiversity areas that the undertaking is negatively affecting	Integer	0	0	0	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
E4	E4-5	Area of sites owned, leased or managed in or near protected areas or key biodiversity areas that the undertaking is negatively affecting	Area (ha)	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E4	E4-5	Disclosure of metrics considered relevant (land-use change, freshwater-use change and (or) sea-use change)	narrative	0	1	1	0	1	0	1	1	1	1	0	1	1	1	0	1	1	0	0	1	0	0

ESRS	DR	DP	Data Type	VAN	HOMI	AGFB	NYXH	WEHB	JEN	ATEB	IMMO	GREEN	BNB	UPG	NEXTA	EXM	EKOP	VASTB	WHATS	CFEB	QRF	SMAR	BTLS	SEQUA	MITRA
E5	E5-4	Disclosure of information on material resource inflows	narrative	1	0	1	0	1	1	1	1	1	1	1	1	1	1	0	1	1	0	1	1	0	0
E5	E5-4	Overall total weight of products and technical and biological materials used during the reporting period	Mass	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0
E5	E5-4	Percentage of biological materials (and biofuels used for non-energy purposes)	Percent	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0
E5	E5-4	The absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (including packaging)	Mass	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0
E5	E5-4	Percentage of secondary reused or recycled components, secondary intermediary products and secondary materials	Percent	0	0	1	0	1	0	0	1	1	0	1	1	0	0	0	0	0	0	0	0	0	0
E5	E5-4	Description of methodologies used to calculate data and key assumptions used	narrative	1	0	1	0	0	0	0	1	0	0	0	1	0	0	0	1	1	0	0	0	0	0
E5	E5-5	Description of the key products and materials that come out of the undertaking's production process	narrative	1	0	1	0	0	1	1	1	1	1	1	1	1	1	1	1	1	0	0	1	0	0
E5	E5-5	Disclosure of the expected durability of the products placed on the market, in relation to the industry average for each product group	Table/Percent	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	1	0	0	0	0	0	0
E5	E5-5	The rates of recyclable content in products	Percent	1	0	1	0	1	0	0	0	1	0	1	1	0	1	0	1	0	0	0	0	0	0
E5	E5-5	Description of methodologies used to calculate data (resource outflows)	narrative	0	0	1	0	0	0	1	1	1	0	0	1	0	0	0	1	1	0	0	0	0	0
E5	E5-5	Total Waste generated	Mass	0	0	1	0	1	1	1	0	1	1	1	1	1	0	0	1	1	1	1	0	0	0
E5	E5-5	Hazardous waste diverted from disposal	Mass	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0
E5	E5-5	Hazardous waste diverted from disposal due to preparation for reuse	Mass	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	0	/	/	/	/	/	/
E5	E5-5	Hazardous waste diverted from disposal due to recycling	Mass	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	1	/	/	/	/	/	/
E5	E5-5	Hazardous waste diverted from disposal due to other recovery operations	Mass	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	0	/	/	/	/	/	/
E5	E5-5	Non-hazardous waste diverted from disposal	Mass	0	0	1	0	1	0	1	0	0	0	0	0	0	0	0	1	0	1	0	0	0	0
E5	E5-5	Non-hazardous waste diverted from disposal due to preparation for reuse	Mass	/	/	1	/	0	/	0	/	1	/	/	/	/	/	/	1	/	0	/	/	/	/
E5	E5-5	Non-hazardous waste diverted from disposal due to recycling	Mass	/	/	1	/	1	/	0	/	1	/	/	/	/	/	/	1	/	1	/	/	/	/
E5	E5-5	Non-hazardous waste diverted from disposal due to other recovery operations	Mass	/	/	1	/	1	/	0	/	1	/	/	/	/	/	/	1	/	1	/	/	/	/
E5	E5-5	Hazardous waste directed to disposal	Mass	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0
E5	E5-5	Hazardous waste directed to disposal by incineration	Mass	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	1	/	/	/	/	/	/
E5	E5-5	Hazardous waste directed to disposal by landfilling	Mass	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	0	/	/	/	/	/	/
E5	E5-5	Hazardous waste directed to disposal by other disposal operations	Mass	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	1	/	/	/	/	/	/
E5	E5-5	Non-hazardous waste directed to disposal	Mass	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	0	0
E5	E5-5	Non-hazardous waste directed to disposal by incineration	Mass	/	/	1	/	1	/	/	/	1	/	/	/	/	/	/	1	/	1	/	/	/	/
E5	E5-5	Non-hazardous waste directed to disposal by landfilling	Mass	/	/	1	/	1	/	/	/	1	/	/	/	/	/	/	1	/	1	/	/	/	/
E5	E5-5	Non-hazardous waste directed to disposal by other disposal operations	Mass	/	/	0	/	1	/	/	/	0	/	/	/	/	/	/	0	/	0	/	/	/	/
E5	E5-5	Percentage of non-recycled waste	Percent	1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
E5	E5-5	Disclosure of composition of waste	narrative	1	0	1	0	0	0	0	1	1	1	1	1	0	0	1	1	0	1	0	0	0	0
E5	E5-5	Disclosure of waste streams relevant to undertaking's sector or activities	narrative	1	0	1	0	0	0	1	1	1	1	1	1	1	0	1	1	0	1	0	0	0	0
E5	E5-5	Disclosure of materials that are present in waste	narrative	1	0	0	0	0	1	0	0	1	0	1	1	1	0	0	1	1	0	1	0	0	0
E5	E5-5	Total amount of hazardous waste	Mass	0	0	1	0	1	1	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0
E5	E5-5	Total amount of radioactive waste	Mass	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
E5	E5-5	Description of methodologies used to calculate data (waste generated)	narrative	0	0	1	0	1	0	1	0	1	0	1	1	1	1	0	1	1	0	0	1	0	0

Legend :
'/' = not applicable

ESRS	DR	DP	Data Type	VAN	HOMI	AGFB	NYXH	WEHB	JEN	ATEB	IMMO	GREEN	BNB	UPG	NEXTA	EXM	EKOP	VASTB	WHATS	CFEB	QRF	SMAR	BTLS	SEQUA	MITRA
S1	S1-6	Percentage of employee turnover	Percent	0	0	0	0	0	0	1	0	0	0	1	0	1	0	0	1	0	0	0	1	0	0
S1	S1-7	Number of non-employees in own workforce	Decimal	0	0	0	0	0	0	1	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0
S1	S1-8	Percentage of total employees covered by collective bargaining agreements	Percent	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	1	0	0	0	0	0	0	0
S1	S1-9	Number of employees (head count) at top management level	Integer	1	0	0	1	0	0	1	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0
S1	S1-9	Percentage of employees at top management level	Percent	0	0	0	0	1	0	1	0	1	0	1	0	0	1	0	1	0	0	0	0	0	0	0
S1	S1-9	Disclosure of own definition of top management used	narrative	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
S1	S1-10	Employees are paid adequate wage, in line with applicable benchmarks	semi-narrative	1	1	1	0	1	1	1	1	0	1	0	1	0	0	0	1	0	0	0	0	0	0	0
S1	S1-10	Adequate wages by country [table]	Table E/numerical	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
S1	S1-10	Percentage of employees paid below the applicable adequate wage benchmark	Table E/Percent	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
S1	S1-11	Employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to sickness	semi-narrative	0	0	1	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0
S1	S1-11	Employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to unemployment starting from when own worker is working for undertaking	semi-narrative	0	0	1	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0
S1	S1-11	Employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to employment injury and acquired disability	semi-narrative	0	0	1	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0
S1	S1-11	Employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to parental leave	semi-narrative	0	0	1	0	0	0	1	0	0	1	1	0	0	0	0	1	0	0	0	0	0	0	0
S1	S1-11	Employees in own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to retirement	semi-narrative	0	0	1	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0
S1	S1-12	Percentage of persons with disabilities amongst employees, subject to legal restrictions on collection of data	Percent	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
S1	S1-12	Disclosure of contextual information necessary to understand data and how data has been compiled (persons with disabilities))	narrative	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
S1	S1-13	Average number of training hours per person for employees	Table/Decimal	0	0	0	0	0	0	1	0	0	0	0	0	1	0	1	1	1	1	0	0	1	0	0
S1	S1-14	Rate of recordable work-related accidents for own workforce	Percent	1	0	0	0	1	0	1	0	1	0	1	0	1	0	0	1	1	0	0	0	0	0	0
S1	S1-14	Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health realted to employees	Integer	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
S1	S1-16	Gender pay gap	Table H/Percent	0	1	0	0	0	0	1	0	0	1	1	0	0	0	1	1	0	0	0	0	0	0	0
S1	S1-16	Annual total remuneration ratio	Percent	0	0	0	0	1	0	1	0	0	0	1	0	1	1	0	1	0	0	0	0	1	0	0
S1	S1-17	Number of incidents of discrimination	Table I/Integer	0	0	0	0	0	0	1	0	0	0	1	0	1	0	0	1	0	0	0	0	0	0	0
S1	S1-17	Amount of material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors	Monetary	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0
S1	S1-17	Disclosure of contextual information necessary to understand data and how data has been compiled (work-related grievances, incidents and complaints related to social and human rights matters)	narrative	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
S1	S1-17	Number of severe human rights issues and incidents connected to own workforce	Integer	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0
S1	S1-17	Amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	Monetary	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0
S1	S1-17	Information about reconciliation of amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce with most relevant amount presented in financial statements	narrative	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0

ESRS	DR	DP	Data Type	VAN	HOMI	AGFB	NYXH	WEHB	JEN	ATEB	IMMO	GREEN	BNB	UPG	NEXTA	EXM	EKOP	VASTB	WHATS	CFEB	ORF	SMAR	BTLS	SEQUA	MITRA
G1	G1-2	Description of policy to prevent late payments	narrative	0	0	1	0	0	0	0	1	0	1	1	0	0	0	0	1	0	0	0	0	0	0
G1	G1-2	Description of approaches in regard to relationships with suppliers, taking account risks related to supply chain and impacts on sustainability matters	narrative	1	0	1	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	1	0	0	0
G1	G1-2	Disclosure of how social and environmental criteria are taken into account for selection of supply-side contractual partners	narrative	1	0	1	0	1	1	1	1	0	0	1	1	0	1	1	1	0	1	0	0	0	0	0
G1	G1-3	Disclosure of plans to adopt procedures to prevent, detect, and address allegations or incidents of corruption or bribery in case of no procedure	narrative	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	1	0
G1	G1-3	Information about how policies are communicated to those for whom they are relevant (prevention and detection of corruption or bribery)	narrative	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	1	0
G1	G1-3	Information about nature, scope and depth of anti-corruption or anti-bribery training programmes offered or required	narrative	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0
G1	G1-3	Percentage of functions-at-risk covered by training programmes	Percent	0	0	1	0	0	0	0	0	0	0		1	0	0	0	1	0	0	0	0	0	0	0
G1	G1-3	Information about members of administrative, supervisory and management bodies relating to anti-corruption or anti-bribery training	narrative	0	0	1	0	0	1	0	1	1	1	1	1	1	0	1	1	0	0	0	0	0	0	0
G1	G1-3	Prevention and detection of corruption or bribery - anti-corruption and bribery training table	Table	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
G1	G1-4	Number of convictions for violation of anti-corruption and anti- bribery laws	Integer	0	0	1	0	0	0	1	1	0	1	1	1	0	0	0	1	0	1	0	0	0	0	0
G1	G1-4	Amount of fines for violation of anti-corruption and anti- bribery laws	Monetary	0	0	1	0	0	0	1	1	0	1	1	0	0	0	0	1	0	1	0	0	0	0	0
G1	G1-5	Information about representative(s) responsible in administrative, management and supervisory bodies for oversight of political influence and lobbying activities	narrative	0	0	1	0	0	1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
G1	G1-6	Average number of days to pay invoice from date when contractual or statutory term of payment starts to be calculated	Integer	0	0	1	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0
G1	G1-6	Description of undertakings standard payment terms in number of days by main category of suppliers	narrative	0	0	1	0	0	0	0	1	0	0	1	0	0	0	0	1	1	0	0	0	0	0	0
G1	G1-6	Percentage of payments aligned with standard payment terms	Percent	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0
G1	G1-6	Number of outstanding legal proceedings for late payments	Integer	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
G1	G1-6	Disclosure of contextual information regarding payment practices	narrative	0	0	1	0	0	0	0	1	0	0	1	1	0	0	0	1	1	0	0	0	0	0	0

Table 21 : Data collection (creation of the author)

Appendix 6

Calculated CI of the DRs of ESRS E1 per sampled firm

MNEMO	CI E1-5	CI E1-6	TOTAL CI E1
VAN	0,43	0,16	0,21
HOMI	0,19	0,06	0,10
AGFB	0,43	0,23	0,27
NYXH	0,00	0,03	0,03
WEHB	0,44	0,42	0,43
JEN	0,71	0,19	0,28
ATEB	0,44	0,39	0,40
IMMO	0,25	0,26	0,26
GREEN	0,81	0,42	0,55
BNB	0,57	0,48	0,50
UPG	0,71	0,19	0,28
NEXTA	0,75	0,39	0,51
EXM	0,63	0,35	0,45
EKOP	0,00	0,10	0,08
VASTB	0,50	0,38	0,42
WHATS	1,00	0,45	0,55
CFEB	0,56	0,38	0,44
QRF	0,50	0,28	0,35
SMAR	0,14	0,09	0,10
BTLS	0,00	0,09	0,08
SEQUA	0,00	0,03	0,03
MITRA	0,00	0,03	0,03

Table 22 : List of CI related to ESRS E1 (creation of the author)

Appendix 7

Calculated CI of the DRs of ESRS E2 per sampled firm

MNEMO	CI E2-4	CI E2-5	TOTAL CI E2
VAN	0,00	0,00	0,00
HOMI	0,00	0,00	0,00
AGFB	0,67	0,80	0,73
NYXH	0,00	0,00	0,00
WEHB	0,00	0,60	0,27
JEN	0,17	0,60	0,36
ATEB	0,33	0,00	0,18
IMMO	0,33	0,00	0,18
GREEN	0,50	0,00	0,27
BNB	0,00	0,00	0,00
UPG	0,17	0,00	0,09
NEXTA	0,17	0,00	0,09
EXM	0,67	0,60	0,64
EKOP	0,33	0,00	0,18
VASTB	0,00	0,00	0,00
WHATS	0,67	0,40	0,55
CFEB	0,17	0,20	0,18
QRF	0,00	0,20	0,09
SMAR	0,00	0,00	0,00
BTLS	0,17	0,00	0,09
SEQUA	0,00	0,00	0,00
MITRA	0,00	0,00	0,00

Table 23 : List of CI related to ESRS E2 (creation of the author)

Appendix 8

Calculated CI of the DR of ESRS E3 per sampled firm

MNEMO	CI E3-4 = TOTAL CI E3
VAN	0,00
HOMI	0,14
AGFB	0,71
NYXH	0,00
WEHB	0,71
JEN	0,29
ATEB	0,14
IMMO	0,14
GREEN	0,71
BNB	0,43
UPG	0,43
NEXTA	0,29
EXM	0,29
EKOP	0,29
VASTB	0,00
WHATS	0,57
CFEB	0,14
QRF	0,43
SMAR	0,14
BTLS	0,00
SEQUA	0,00
MITRA	0,00

Table 24 : List of CI related to ESRS E3 (creation of the author)

Appendix 9

Calculated CI of the DR of ESRS E4 per sampled firm

MNEMO	CI E4-5 = TOTAL CI E4
VAN	0,00
HOMI	0,33
AGFB	0,33
NYXH	0,00
WEHB	1,00
JEN	0,00
ATEB	1,00
IMMO	0,33
GREEN	0,67
BNB	0,33
UPG	0,00
NEXTA	0,33
EXM	0,33
EKOP	0,33
VASTB	0,00
WHATS	0,33
CFEB	0,33
QRF	0,00
SMAR	0,00
BTLS	0,33
SEQUA	0,00
MITRA	0,00

Table 25 : List of CI related to ESRS E4 (creation of the author)

Appendix 10

Calculated CI of the DR of ESRS E5 per sampled firm

MNEMO	CI E5-4	CI E5-5	TOTAL CI E5
VAN	0,50	0,38	0,41
HOMI	0,00	0,00	0,00
AGFB	0,83	0,73	0,75
NYXH	0,00	0,00	0,00
WEHB	0,33	0,50	0,46
JEN	0,17	0,25	0,23
ATEB	0,17	0,32	0,28
IMMO	0,67	0,25	0,36
GREEN	0,33	0,59	0,54
BNB	0,17	0,25	0,23
UPG	0,33	0,56	0,50
NEXTA	0,50	0,56	0,55
EXM	0,17	0,38	0,32
EKOP	0,17	0,25	0,23
VASTB	0,00	0,13	0,09
WHATS	0,83	0,79	0,79
CFEB	0,50	0,50	0,50
QRF	0,00	0,32	0,25
SMAR	0,17	0,25	0,23
BTLS	0,17	0,13	0,14
SEQUA	0,00	0,00	0,00
MITRA	0,00	0,00	0,00

Table 26 : List of CI related to ESRS E5 (creation of the author)

Appendix 11

Calculated CI of the DR of ESRS S1 per sampled firm

MNEMO	CI S1-6	CI S1-7	CI S1-8	CI S1-9	CI S1-10	CI S1-11	CI S1-12	CI S1-13	CI S1-14	CI S1-16	CI S1-17	TOTAL CI S1
VAN	0,00	0,00	0,00	0,67	0,33	0,00	0,00	0,00	0,50	0,00	0,00	0,15
HOMI	0,00	0,00	0,00	0,00	0,33	0,00	0,00	0,00	0,00	0,50	0,00	0,07
AGFB	0,00	0,00	1,00	0,00	0,33	1,00	0,00	0,00	0,00	0,00	0,00	0,26
NYXH	0,00	0,00	0,00	0,67	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,07
WEHB	0,00	0,00	0,00	0,33	0,33	0,00	0,00	0,00	0,50	0,50	0,00	0,15
JEN	0,00	0,00	0,00	0,00	0,33	0,00	0,00	0,00	0,00	0,00	0,00	0,04
ATEB	1,00	1,00	0,00	0,67	0,33	1,00	1,00	1,00	1,00	1,00	0,83	0,81
IMMO	0,00	0,00	0,00	0,00	0,33	0,00	0,00	0,00	0,00	0,00	0,00	0,04
GREEN	0,00	0,00	0,00	0,67	0,00	0,00	0,00	0,00	0,50	0,00	0,00	0,11
BNB	0,00	0,00	0,00	0,00	0,33	1,00	0,00	0,00	0,00	0,50	0,00	0,26
UPG	1,00	1,00	1,00	0,33	0,00	0,20	0,50	0,00	1,00	1,00	0,67	0,52
NEXTA	0,00	1,00	0,00	0,00	0,33	0,00	0,00	1,00	0,00	0,00	0,00	0,11
EXM	1,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,50	0,50	0,17	0,15
EKOP	0,00	0,00	1,00	0,33	0,00	0,00	0,00	1,00	0,00	0,50	0,00	0,15
VASTB	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,00	0,00	0,50	0,00	0,07
WHATS	1,00	0,00	1,00	1,00	1,00	1,00	0,50	1,00	0,50	1,00	1,00	0,89
CFEB	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,00	0,50	0,00	0,00	0,07
QRF	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SMAR	0,00	0,00	0,00	0,33	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,04
BTLS	1,00	0,00	0,00	0,00	0,00	0,00	0,00	1,00	0,00	0,00	0,00	0,07
SEQUA	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,50	0,00	0,04
MITRA	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

Table 27 : List of CI related to ESRS S1 (creation of the author)

Appendix 12

Calculated CI of the DR of ESRS G1 per sampled firm

MNEMO	CI G1-2	CI G1-3	CI G1-4	CI G1-5	CI G1-6	TOTAL CI G1
VAN	0,67	0,00	0,00	0,00	0,00	0,12
HOMI	0,00	0,00	0,00	0,00	0,00	0,00
AGFB	1,00	1,00	1,00	1,00	1,00	1,00
NYXH	0,33	0,50	0,00	0,00	0,00	0,24
WEHB	0,67	0,50	0,00	0,00	0,00	0,29
JEN	0,67	0,67	0,00	1,00	0,00	0,41
ATEB	0,67	0,50	1,00	0,00	0,00	0,41
IMMO	1,00	0,67	1,00	1,00	0,60	0,76
GREEN	0,00	0,67	0,00	0,00	0,00	0,24
BNB	0,67	0,80	1,00	0,00	0,40	0,63
UPG	1,00	0,83	1,00	0,00	0,60	0,76
NEXTA	0,67	0,67	0,50	0,00	0,00	0,41
EXM	0,33	0,67	0,00	0,00	0,00	0,29
EKOP	0,67	0,50	0,00	0,00	0,00	0,29
VASTB	0,67	0,67	0,00	0,00	0,00	0,35
WHATS	1,00	0,83	1,00	1,00	1,00	0,94
CFEB	0,33	0,50	0,00	0,00	0,40	0,35
QRF	0,67	0,33	1,00	0,00	0,00	0,35
SMAR	0,33	0,00	0,00	0,00	0,00	0,06
BTLS	0,00	0,00	0,00	0,00	0,00	0,00
SEQUA	0,00	0,33	0,00	0,00	0,00	0,12
MITRA	0,00	0,00	0,00	0,00	0,00	0,00

Table 28 : List of CI related to ESRS G1 (creation of the author)

Appendix 13

Calculated total average CI per sampled firm

MNEMO	TOTAL AVERAGE CI
VAN	0,13
HOMI	0,09
AGFB	0,58
NYXH	0,05
WEHB	0,47
JEN	0,23
ATEB	0,46
IMMO	0,30
GREEN	0,44
BNB	0,34
UPG	0,37
NEXTA	0,33
EXM	0,35
EKOP	0,22
VASTB	0,13
WHATS	0,66
CFEB	0,29
QRF	0,21
SMAR	0,08
BTLS	0,10
SEQUA	0,03
MITRA	0,00

Table 29 : Total average CI (creation of the author)

Abstract :

The Corporate Sustainability Reporting Directive (CSRD) has led to a growing emphasis on the requirement that firms disclose non-financial information within the European Union's regulatory environment. The present master's thesis assesses the preparation of listed small and medium-sized enterprises (LSMEs) in Belgium to comply with the European Sustainability Reporting Standards (ESRS). The research uses a Compliance Index (CI) to analyze the 2023 annual reports of 22 firms constituting the BEL Small Index. By using this tool, it enables to evaluate how well the ESRS criteria are being followed and reported across Environmental, Social, and Governance (ESG) aspects. Findings show a substantial preparation gap, with the majority of businesses receiving scores lower than 0,50, especially in areas like pollution.

In order to increase compliance, this thesis suggests proactive ESRS involvement, succinct and targeted reporting, specific trainings for reporting teams, and improved pollution and workforce disclosures. By implementing these initiatives, Belgian LSMEs will be able to improve their readiness for change and comply with regulations on time.

In sum, this study offers crucial perspectives for businesses, decision-makers, and researchers, demonstrating the benefits of early ESRS implementation in promoting corporate accountability and transparency.

UNIVERSITÉ CATHOLIQUE DE LOUVAIN
Louvain School of Management
Place des Doyens, 1 bte L2.01.01, 1348 Louvain-la-Neuve
Boulevard Emile Devreux 6, 6000 Charleroi, Belgique
Chaussée de Binche 151, 7000 Mons, Belgique
www.uclouvain.be/lsm