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VSME Course Quiz & Answer Module 2

Quiz (5 Questions):

1. Is the Comprehensive Module required for every SME?

2. What must an SME complete before starting the Comprehensive Module?

3. What is the purpose of the “if applicable” rule?

4. Can an SME skip materiality assessment under VSME?

5. Where is the reporting scope (Basic vs. Comprehensive) disclosed in the report?

Exercise:

You're advising a 60-employee logistics firm. They're responding to a buyer's ESG questionnaire.

- Which module(s) do you recommend and why?
- Which Comprehensive disclosures might be relevant for them, and which might not?

Answers:

1. Is the Comprehensive Module required for every SME?

❌ No, the **Comprehensive Module is optional**.

It is intended for SMEs that are more mature, more exposed to investor scrutiny, or receiving ESG data requests from banks or large clients.

All SMEs start with the **Basic Module**.

2. What must an SME complete before starting the Comprehensive Module?

✅ The **Basic Module** must be completed first. It is the foundational level of reporting, and all Comprehensive disclosures are meant to build on it.

3. What is the purpose of the "if applicable" rule?

✅ The "if applicable" rule allows SMEs to **omit certain Comprehensive disclosures** if those topics are not relevant to their business model or operations. This prevents unnecessary reporting and keeps the VSME proportional and flexible.

4. Can an SME skip materiality assessment under VSME?

✅ Yes. One of the main benefits of the VSME is that it **does not require a formal materiality assessment**. The standard includes a pre-defined, streamlined set of disclosures considered relevant for most SMEs.

5. Where is the reporting scope (Basic vs. Comprehensive) disclosed in the report?

✅ In **disclosure B1: Basis of Preparation**. This section requires the SME to indicate whether it is reporting under the Basic Module only, or both Basic and Comprehensive.

Exercise answer 60-Employee Logistics Firm:

Which module(s) do you recommend and why?

I recommend the SME complete the **Basic Module** as a minimum, and consider adding **selected disclosures from the Comprehensive Module**.

Because they have 60 employees, work with large clients, and are responding to an ESG questionnaire, they are likely under pressure to show more than the basics — especially regarding emissions, risk management, and future commitments. A **“Basic + Partial Comprehensive” approach** provides credibility without overburdening them.

Which Comprehensive disclosures might be relevant for them?

Relevant:

C1 – Business Model & Strategy → They can describe their logistics services, sustainability goals, and growth plans.
C2 – Practices, Policies & Initiatives → They likely have route optimization systems, vehicle upgrades, or eco-driving practices to disclose.
C3 – GHG Targets & Transition Plan → If their buyer is asking for Scope 1-2 emissions, setting even a basic CO_2 reduction goal (e.g. electric vans by 2027) is useful.
C4 – Climate Risks → They may face fuel price volatility, emissions regulations, or extreme weather disruptions.
C9 – Gender Diversity in Governance → If they have a management team or board, they can disclose gender composition easily.

Less Relevant or Possibly Not Applicable:

C5 – Management Gender Ratio → Only if the client or lender specifically requests it.

C6 & C7 – Human Rights Policies & Incidents → May apply if they subcontract drivers or operate in high-risk regions; otherwise, a simple "no incidents" statement suffices.

C8 – Sectoral Revenue Disclosure → Likely **not applicable** unless they operate in fossil fuels, arms, or other excluded sectors.

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