

The Double Materiality for non-listed SMEs: Evidence from the EFRAG Public Consultation

Serena Santis^{*1}, Michela Bianchi², Alberto Incollingo³

¹Affiliation Department of Political Science, University of Campania Luigi Vanvitelli, Italy

mail serena.santis@unicampania.it

*contact author

ORCID  <https://orcid.org/0000-0003-0919-2080>

²Affiliation Department of Business and Management, LUISS University, Italy

mail mbianchi@luiss.it

*contact author

ORCID 

³Affiliation Department of Political Science, University of Campania Luigi Vanvitelli, Italy

mail alberto.incollingo@unicampania.it

*contact author

ORCID 

Received: 11/07/2025

Accepted for publication: 17/11/2025

Published: 29/12/2025

Abstract

This study aims to explore how respondents interpret and reply to the concept of double materiality as outlined in the Exposure Draft published by the European Financial Reporting Advisory Group (EFRAG) for the Voluntary Sustainability Reporting Standard for non-listed SMEs (VSME).

After a descriptive analysis categorising the respondents by affiliation, geographic origin, and sector, an inductive qualitative content analysis was conducted to examine the responses about the concept of materiality. This process included a thematic coding and the development of a taxonomy of arguments.

The findings reflect a generally positive perception of the inclusion of materiality within the VSME standard. Most of the respondents agreed with the language and approach to the principles of materiality, supported a materiality analysis, and approved the “if applicable” simplification mechanism. Nevertheless, both supportive and critical voices consistently raised concerns about the complexity of the language, lack of clarity, and limited operational guidance. Respondents emphasised the need for simplified terminology, practical tools, and concrete examples tailored to SMEs’ capacities. Despite this general support, the final standard for non-listed SMEs, which was published in the meantime, omitted the materiality principle, citing implementation challenges, particularly for small entities with limited resources.

Keywords: Materiality; non-listed SMEs; sustainability reporting; VSME, Exposure Draft.

1. Introduction

In an era where sustainability is increasingly central to business strategy, the concept of materiality plays a pivotal role in shaping the scope and relevance of corporate reporting (Baumüller & Sopp, 2021; Eccles et al., 2012; Raith, 2023), especially for small and medium-sized enterprises (SMEs), which constitute the vast majority of firms in the European economy.

Originally rooted in financial reporting, materiality refers to information that could significantly influence the decisions of a reasonable investor (U.S. Supreme Court, 1988). This traditional view, however, has progressively expanded beyond financial disclosure, as materiality has evolved to encompass environmental, social, and governance (ESG) concerns. In line with this development, a growing body of literature (Baumüller & Sopp, 2021; La Torre et al., 2020; Pizzi et al., 2023; Pozzoli et al., 2024; Raith, 2023; Setia et al., 2024) has highlighted materiality as a key issue in sustainability reporting, enhancing the relevance of disclosed information for decision-making.

Several conceptual approaches to materiality have emerged, including financial materiality, impact materiality, double materiality, and dynamic materiality, reflecting different reporting priorities and stakeholder needs (Giner & Luque-Vílchez, 2022; Oll et al., 2025).

The aim of this study is to analyse how the principle of materiality, as outlined in the European Financial Reporting Advisory Group (EFRAG)'s voluntary small and medium enterprises (VSME) Exposure Draft (ED), is interpreted and received by respondents. Specifically, it focuses on the responses to Questions 20, 21, and 22 of the public consultation, which respectively address: (1) the proportionality of the materiality principles' language and structure; (2) the obligation to perform a materiality analysis; and (3) the use of a simplified "if applicable" disclosure approach.

In line with Corporate Sustainability Reporting Directive (CSRD) 2022/2464, all large corporations, as well as listed SMEs, are required to provide comprehensive sustainability reporting, while for non-listed SMEs, adoption remains voluntary. However, it is important to note that the CSRD also has an indirect impact on non-listed SMEs, as they are often required to provide sustainability information due to their role within the supply chains of large companies and their significant dependence on bank credit (Allgeier & Feldmann, 2023). Therefore, the opportunity to follow standardised rules to meet the growing demand for sustainability data from business counterparties enables SMEs to more easily disclose their impact on the sustainable economy to produce higher-quality, more transparent reports (Steidle et al., 2025).

In this scenario, EFRAG was developing the European Sustainability Reporting Standards (ESRS) using the concept of double materiality that integrates both financial and impact materiality to assess not only how sustainability issues affect the company, but also how the company affects society and the environment. In particular, two projects have been launched regarding standards for SMEs. The first aims to develop a simplified standard for listed SMEs, small banks and captive insurers ("LSME"). In contrast, the second focuses on developing voluntary sustainability standards for non-listed SMEs (VSME), which fall outside the CSRD's mandatory scope but may choose to report voluntarily.

The decision to focus on non-listed SME stems from their substantial role in the economy (Ortiz-Martínez & Marín-Hernández, 2021) and their impact on the collective environmental and social footprint (Martins et al., 2022).

According to the European Union (EU) Annual Report, SMEs account for the vast majority of all enterprises, with non-listed SMEs comprising the largest share (EC, 2024). Therefore, integrating sustainability considerations into these firms may be seen as a strategic asset (Oduro & Haylemariam, 2025). However, most studies have focused primarily on large firms, leaving a critical gap in the literature regarding SMEs (Dinh et al., 2023; O'Reilly et al., 2025; Ortiz-Martínez & Marín-Hernández, 2024), thereby calling for further investigation.

From a methodological perspective, the study follows a two-phase approach. After downloading the responses to Questions 21–23 from the ED public consultation, in the first phase, we involve a descriptive analysis to categorise respondents by affiliation, geographical origin, and sector of activity. The second phase employs an inductive, qualitative content analysis to examine the open-ended comments submitted in response to the three selected questions. Thematic coding and cross-validation of arguments enabled the development of a robust taxonomy of respondents' perspectives. In particular, analysing the comments on questions allows for an understanding of stakeholder preferences regarding these critical topics.

The main findings reveal a consensus on the importance and relevance of the materiality concept within the VSME ED. Most respondents agreed that the language and structure were proportionate, recognised the requirement for a materiality analysis, and supported the simplified “if applicable” approach. However, a recurring theme, shared even among those in agreement, was the call for greater clarity, simplified language, and practical guidance. Respondents noted that complex terminology, insufficient examples, and limited resources could hinder SMEs' ability to effectively implement the proposed framework.

Unlike large and listed companies, non-listed SMEs are generally not subject to mandatory sustainability reporting, as defined by the CSRD, due to their limited resources, technical capacity, and stakeholder engagement mechanisms. This makes it critical to develop tailored guidance and simplified frameworks. However, EFRAG developing a voluntary sustainability reporting standard for non-listed SMEs represents a significant step forward towards accountability and harmonisation. Accordingly, the VSME standard is intended to harmonise the currently fragmented ESG data request landscape, which poses a considerable reporting burden for non-listed SMEs. By reducing the volume of uncoordinated information requests, the framework is expected to enhance these enterprises' ability to access financing, attract investors, and strengthen client relationships.

In conclusion, this study provides timely insights into stakeholder perceptions of materiality in the context of voluntary SME sustainability reporting.

It is worth noting that, despite respondents' feedback largely supporting the conceptual foundation of EFRAG's approach, the final version of the standard, released during the development of this study (at the end of 2024), ultimately omits the materiality principle also in light of the simplification programme introduced with the subsequent publication of the Omnibus Package by European Commission. In the authors' view, this decision reveals a partial coherence in the standard-setting process and suggests a misalignment with respondents' input that warrants further investigation in future research.

2. Background

2.1 Sustainability reporting for non-listed SMEs

Over the past decades, there has been a growing call for businesses to adopt sustainability practices (Erin et al., 2022). Many businesses are aware that investors, customers, and regulators are paying increasing attention to sustainability and other non-financial data (Deloitte, 2021).

Although individually small, SMEs have a significant impact on sustainability, for example, through their collective environmental and social footprint (Corazza, 2018; Jenkins, 2006), highlighting the importance of their involvement in sustainability reporting (Galli et al., 2024).

The literature (Appiah-Kubi, 2024; Lima et al., 2023; O'Reilly et al., 2025; Oduro & Haylemariam, 2025; Williamson et al., 2006) has highlighted several advantages of integrating sustainability into SME operations, including enhanced accountability, improved risk management, greater access to financing opportunities, and a strengthened corporate image. Additionally, sustainability-oriented SMEs may be more appealing to ESG-conscious investors, particularly in developed markets (Beck et al., 2018).

From an external perspective, sustainability disclosures can help SMEs increase trust with stakeholders, enhance their reputation, and foster stronger relationships with customers and suppliers (Williams & Schaefer, 2013). Furthermore, at the macro level, promoting the enduring sustainability and growth of SMEs is essential, as they serve as key drivers of national economic stability and play a pivotal role in advancing national sustainable development goals (Das et al., 2020).

Considering all these positive aspects, it is important to note that SMEs differ significantly from large enterprises in several ways, including personalised management, limited financial resources, constrained capacities, greater flexibility, a smaller and more concentrated customer base, narrower markets, and, at times, a lack of expertise (Alshawi et al., 2011; Ciliberti et al., 2011). A recent study by Setyaningsih et al. (2024) identified six types of barriers that SMEs face in preparing sustainable reports: financial, general attitude, knowledge and technology, organisational, policies and regulations, as well as socio-environmental barriers. Given these challenges, SMEs must adopt tailored strategies, build internal knowledge, and establish appropriate management tools for sustainability practices (Burke & Gaughran, 2007; Ortiz et al., 2024).

Unlike financial reporting, the content of sustainability reports does not follow a comparable structure, and this may hinder their adoption, particularly for SMEs that often struggle to allocate the necessary technical, financial, and human resources for such activities (Baumann-Pauly et al., 2013; Jenkins, 2004; McWilliams & Siegel, 2000; Pizzi & Coronella, 2024).

In response to this gap, several international standards have emerged in recent years to promote consistency and comparability in sustainability disclosures. Among them, the Global Reporting Initiative (GRI) Standards have become the most widely adopted framework (KPMG, 2024). These standards are applicable to organisations of all sizes, both private and public, and aim to support the identification and transparent communication of their impacts on the economy, the environment, and society. Other international standards have been issued by the International Sustainability Standards Board (ISSB) under the auspices of the International Financial Reporting Standards (IFRS) Foundation.

In the European context, the EU has tasked the EFRAG with developing the European Sustainability Reporting Standards (ESRS). For SMEs, EFRAG is developing simplified sustainability reporting to help them provide information that can satisfy data requests from large companies, banks, and investors. To support and promote a harmonised European approach, the EFRAG has published the ED for VSME applying the concept of double materiality.

2.2 The concept of materiality in sustainability reporting

Materiality is a central concept in sustainability reporting. Literature highlights the complexity of identifying material sustainability issues due to the dynamic nature of materiality and the difficulty of defining relevant stakeholder groups (Raith,

2023). Issues such as climate-related risks and greenhouse gas emissions have gained prominence, emphasising the need to assess not only the financial impact but also the broader societal consequences (Khan et al., 2016).

As highlighted by Oll et al. (2025), another key point is the materiality assessment processes. In particular, the link with relevant stakeholder groups plays a crucial role in individuating the materiality concept. Multiple stakeholders can be interested in sustainability information with different preferences and diverse interests. For instance, employees may be more focused on social aspects, such as fair play, workplace safety, and diversity, prioritising the importance of these aspects. In contrast, environmental groups are likely to prioritise ecological impacts. Thus, there can be many points of observation. Precisely to corroborate the importance of different points of view, current materiality conceptions are rather various as proposed by different standards.

Over the past years, various standards have introduced distinct conceptualisations of materiality within the context of sustainability disclosure.

The International Sustainability Standards Board (ISSB), along with the Sustainability Accounting Standards Board (SASB), Securities and Exchange Commission (SEC), and the Taskforce on Climate-related Financial Disclosures (TCFD), adopts a financial materiality (outside-in) perspective, focusing on how environmental or social factors affect a firm's financial value (Carvajal & Nadeem, 2022; De Villiers & Dimes, 2023; Pigatto et al., 2023). These standards are designed primarily for investors and capital market participants (De Villiers & Dimes, 2023; Jørgensen et al., 2022).

In contrast, the Global Reporting Initiative (GRI) promotes an impact materiality (inside-out) view, where material issues concern the company's effects on people and the environment (Adams et al., 2021; De Villiers & Dimes, 2023). The primary users of such disclosures are stakeholders affected by the company's activities.

Building upon both these views, the EFRAG introduced the concept of the double materiality (DM) approach within the ESRS, combining impact and financial materiality.

From a single point of view, under the impact materiality perspective, a sustainability matter is considered material if it results in, or has the potential to result in, significant positive or negative impacts on people or the environment over short-, medium-, or long-term time horizons. This includes impacts directly linked to business operations (EFRAG, 2024).

From a financial materiality perspective, a sustainability matter is considered material if "it pertains to financial risks that could be reasonably expected to have material financial effects materially influencing the undertaking's financial position, financial performance, cash flows, access to finance or cost of capital over short-, medium- or long-term time horizons" (EFRAG, 2024).

Information is considered material when its omission, misstatement, or obscuration could influence the decisions of users.

Overall, materiality assessments are based on the relevance and decision-usefulness of the information disclosed (EFRAG, 2024).

To evaluate financial and impact materiality, organisations must identify their external impacts and the stakeholders affected. The DM approach increases the primary audience beyond investors and capital market participants to include stakeholders such as citizens, consumers, employees, business partners, communities, civil society organisations, and future generations (Oll et

al., 2025). Within this dual perspective, financial material information is primarily relevant to investors, while social and environmental material information serves the broader stakeholder community (Abhayawansa, 2022).

In addition to the approaches described so far, there is a further concept to examine. The World Economic Forum has introduced the concept of dynamic materiality. This perspective recognises that information deemed immaterial today may become financially material in the near future. Like double materiality, this approach also integrates both “outside-in and inside-out” perspectives, with an aligned focus on a wide range of stakeholders.

2.3 The VSME Exposure Draft and its Materiality Framework

At the beginning of 2024, EFRAG launched the public consultation on its two ED of ESRS for listed (LSME) and non-listed SMEs (VSME). The aim of publishing the ED is to obtain feedback from stakeholders on key aspects, including the proposed architecture, the relevance of the proposed disclosures, the simplifications achieved, and overall market acceptance.

In particular, the VSME ED consists of three modules:

- The Basic Module is the entry level for non-listed SMEs and has a highly simplified language. Here, a materiality assessment is not required. Instead, the notion of “applicability” under defined conditions is introduced as a filter to guide the relevance of the reporting. This module is the target approach for micro-SMEs.
- The Narrative-Policies, Actions, and Targets (PAT) Module, which requires disclosures on strategy, material topics, stakeholder engagement, and governance, and mandates a materiality analysis. In particular, it includes the definition of financial and impact materiality and requires performing a materiality assessment. This module builds on the definitions established in Set 1 of the ESRS (applicable to all large companies), providing a balanced and reliable representation of how the company addresses sustainability matters, while also helping to prevent greenwashing. This module is designed for companies that have already begun the process of integrating sustainability into their operations.
- The Business Partners (BP) Module, which includes additional disclosures often requested by lenders, investors, and corporate clients, also requires a materiality assessment. SMEs use this module only when they receive ESG requests from business partners. It includes the metrics required by financial market participants, as well as other metrics relevant to business counterparts.

In summary, the structure of the Basic Module represents the foundation of the framework and focuses on essential sustainability topics. It requires SMEs to report on key environmental issues (such as energy consumption, greenhouse gas emissions, pollution, biodiversity, water use, etc.) as well as workforce-related aspects. The Narrative-PAT Module provides a more strategic and managerial perspective, for instance, on the management of material sustainability matters. It highlights the actions or policies companies have implemented to improve performance, particularly regarding energy efficiency and greenhouse gas reduction. This module also covers social and governance aspects. The BP Module is primarily designed to respond to information requests from external counterparties such as large companies, banks, and investors. It requires disclosures on revenues from specific sectors, climate-related targets and transition plans, exposure to physical climate risks,

and management of hazardous or radioactive waste. From a social perspective, indicators such as work–life balance policies and the number of apprentices employed are evaluated.

Therefore, the structure of the VSME standard is progressive.

Regarding the concept of materiality, as mentioned earlier, the Narrative PAT Module and BP module require the recognition and disclosure of matters that are material, based on the relevance of this information to users. EFRAG emphasises that the materiality section is highly simplified using clearer language and ensuring consistency of terminology with Set 1 ESRS (the same standards applied to large companies). Moreover, a list of sustainability topics is provided to facilitate the identification of material matters.

EFRAG bases the materiality concept on: impact materiality, financial materiality and stakeholders and their relevance to the materiality analysis process.

In particular, in ED, the approach to materiality of matters and the principles for preparation (common to Narrative-PAT and BP Modules) are addressed in questions 20, 21, and 22.

In particular, question 20 (Q20) requests feedback on “impact materiality”, “financial materiality” and about “Stakeholders and their relevance to the materiality analysis process”.

According to ED, “*From the impact perspective, a sustainability matter is to be reported on when it gives rise to material impacts. This includes:*

- *actual or potential impacts on people or on the environment over the short, medium, and long-term time horizons. An impact is actual when it is already happening, whereas an impact is potential when it is likely to happen; and*
- *impacts connected to the undertaking’s own business operations, products and services as well as through its business relationships, such as those that arise from the operations of suppliers.”*

Furthermore, to determine if an actual negative impact is material, three characteristics are considered: scale (the severity of the harm caused to people or the environment), scope (the extent of the harm caused to people or the environment), and the irremediable character of the impact.

Looking at the financial perspective, as said above, a sustainability matter is material *if it pertains to financial risks that could be reasonably expected to have material financial effects materially influencing the undertaking’s financial position, financial performance, cash flows, access to finance or cost of capital over short-, medium- or long-term time horizons (VSME ED).*

Furthermore, the ED specifies that to determine whether a financial risk is material, the organisation shall assess the probability, nature, and potential magnitude of the financial effects.

About the section “Stakeholders and their relevance to the materiality analysis process”, the stakeholders are those individuals or groups of people who can exercise influence and/or be affected by the activities of the organisations. Two main groups of stakeholders are identified:

- *affected stakeholders, i.e., individuals or groups of people whose interests are or could be – positively or negatively – affected by the undertaking’s activities and its business relationships; and*

- *users of the sustainability report, including investors, lenders, business partners, social partners and civil society organisations*

The ED specifies that some stakeholders may belong to both groups as above defined.

In this context, the process of materiality assessment is closely linked to stakeholder engagement, as organisations are expected to involve their stakeholders in identifying which sustainability matters are most relevant. For SMEs, this may mean focusing only on a limited number of key stakeholders.

For the Q20, agreement or disagreement is requested, along with a space for comments regarding the language and approach to the Principles of Materiality.

About the question number 21 (Q21). The VSME ED requires performing a materiality analysis to disclose which sustainability matters are according to a proposed list.

The list of the sustainability matters (with a specification of topic, sub-topic, and sub-sub-topic) identifies the sustainability matters to report on the relevant topic and are the same as those contained in ESRS 1 “General Requirement” (para AR16). The topic is on climate change, pollution, water and marine resources, biodiversity and ecosystems, circular economy, own workforce, workers in the value chain, affected communities, consumers and end-users, and business conduct. This alignment with ESRS promotes consistency across the entire ESRS system and with CSRD provisions.

Furthermore, like ESRS 1, this approach aims to provide a credible and accurate representation of how the organisation addresses sustainability matters, thereby mitigating the risk of greenwashing. At the same time, ED requires the disclosure of only those PAT that are in place. If no PAT exists for a given material matter, no additional information is required.

Question number 22 (Q22) has the aim to simplify the materiality approach with the principle of “report only if applicable”. This mechanism serves as a filter, allowing the organisations to report only information that is relevant to their specific context. No disclosure is required for a given datapoint if the organisation’s circumstances do not align with those that would normally trigger disclosure.

This principle is especially relevant in the Basic Module, where no materiality assessment is required. In this case, all disclosures must be provided only if they are applicable. The disclosures under the BP Module are to be reported on an “if applicable” basis.

Here, there are some exceptions for BP 5 (Physical risks from climate change), 7 (Alignment with internationally recognised instruments), 8 (Processes to monitor compliance and mechanisms to address violations), 9 (Violations of OECD Guidelines for Multinational Enterprises or the UN Guiding Principles including the principles and rights set out in the eight fundamental conventions of the ILO Declaration and the International Bill of Human Rights), and 10 (Work-life balance), where the “if applicable” approach is replaced by a relevance-based criterion. In those cases, disclosure is expected when the topic is deemed relevant to the business and organisational context.

In this case, the ED also asks whether respondents agree with this simplified approach, justifying their answers.

Building on this regulatory and conceptual foundation, this study aims to analyse responses to EFRAG's public consultation on the VSME ED, with a specific focus on materiality principles as applied in the PAT and BP modules. In particular, we examine qualitative comments submitted in relation to Questions 20, 21, and 22 of the survey, which correspond to the following research questions:

RQ1: Do respondents agree that the language and approach to the principles of materiality are proportionate for the undertakings in scope as outlined in the VSME ED?

RQ2: Do respondents agree with the requirement to conduct a materiality analysis in order to disclose sustainability matters (as prescribed in ESRS 1)?

RQ3: Do respondents support a simplified approach to materiality?

3. Research Methodology

This study adopts a two-part methodological approach to analyse respondents' feedback on the VSME ED.

In the first part, we conducted a descriptive analysis to classify the respondents based on three key dimensions:

- Affiliation (categorised as “preparers,” “users,” or “others”),
- Geographical area, and
- Main sector of activity.

This classification provides an overview of the profile and diversity of the survey participants.

The second part of the analysis employs an inductive, qualitative content analysis to examine the open-ended responses to Questions 20, 21, and 22 in the ED. These questions directly address the core research objectives related to the proportionality, necessity, and simplification of materiality assessments within the VSME framework.

Specifically, we applied a descriptive thematic analysis following a multi-step process, as suggested by Neuendorf (2018). Initially, there is a step of “familiarisation”, where the authors independently reviewed the responses in full to identify recurring and meaningful patterns or themes. Then, coding and theme identification are carried out. Consistent with the definition by Vaismoradi et al. (2016, p. 101), a theme is understood as “a group of repeating ideas” that, when systematised, contribute to answering the research question. This approach enabled us to determine whether there are essential aspects to investigate (Saldaña, 2016).

In the final step, a taxonomy of common arguments provided by the respondents is developed to facilitate cross-validation and synthesis (Bisogno et al., 2015; Yen et al., 2007). Accordingly, the authors collaboratively refined the themes to ensure internal consistency and theoretical relevance. This process enabled the development of a robust taxonomy of respondents' arguments. This qualitative analysis allowed for a deeper understanding of the nuances in respondents' views, extending beyond simple agreement or disagreement. By capturing both supporting and critical voices, the study highlights the perceived strengths, limitations, and areas for improvement in the ED's approach to materiality.

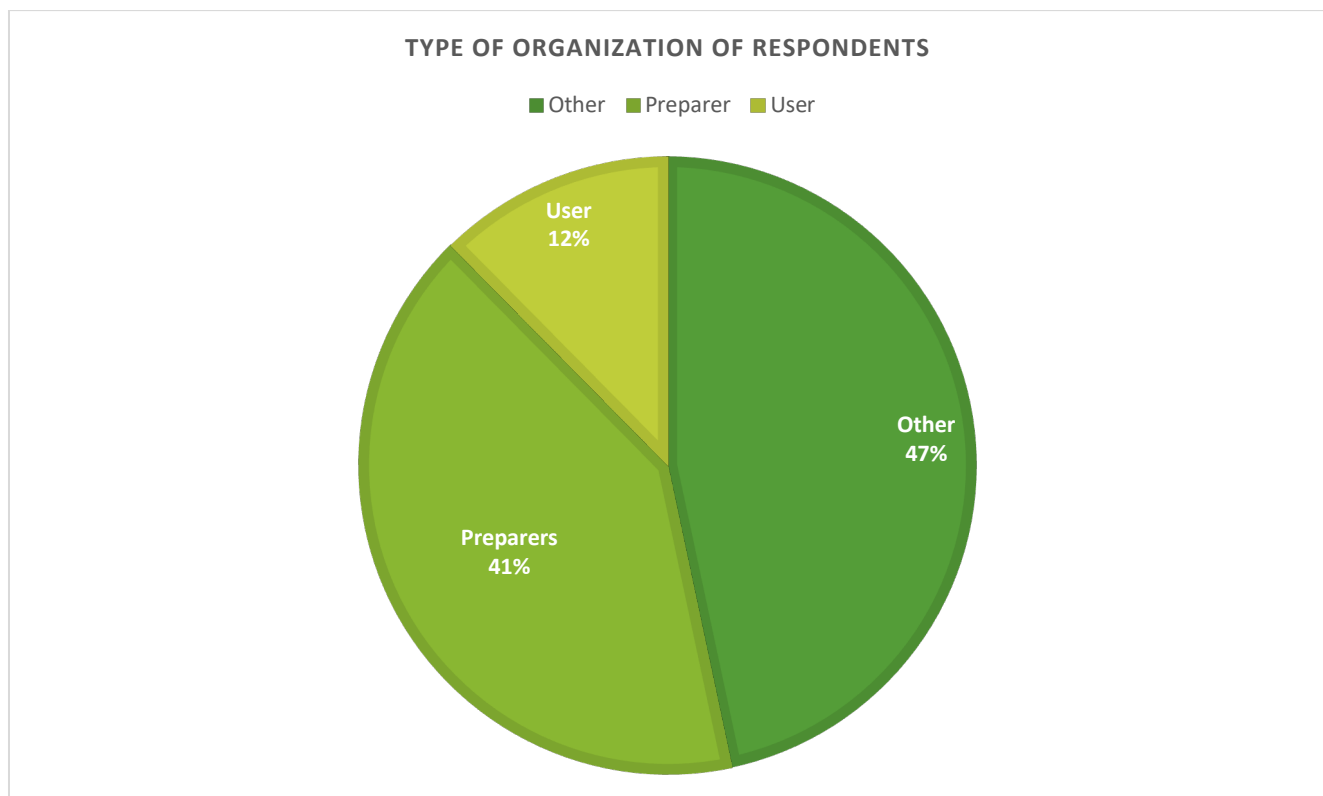
4. Findings

4.1 Descriptive Statistics

Respondents were categorised into three main groups (or “type of organisation”): preparers, users, and others. *Preparers* are those entities that intend to prepare sustainability reports in accordance with the VSME ED; *users* refer to those who utilise sustainability information, such as investors, lenders, and large companies' partners that engage with SMEs through their value chains.

The residual group, labelled *others*, includes a range of additional categories as specified in the ED. These include National or European authority/Standard Setter; Non-Government Organisation (“NGO”); Unions/Worker representatives; Academic or research institution; Accountant/Consulting services/Assurance provider; and an open-ended “Other” category, which required respondents to provide further specification. Table 1 presents the distribution of survey respondents by organisational type.

Table 1. Type of organisation of Respondents

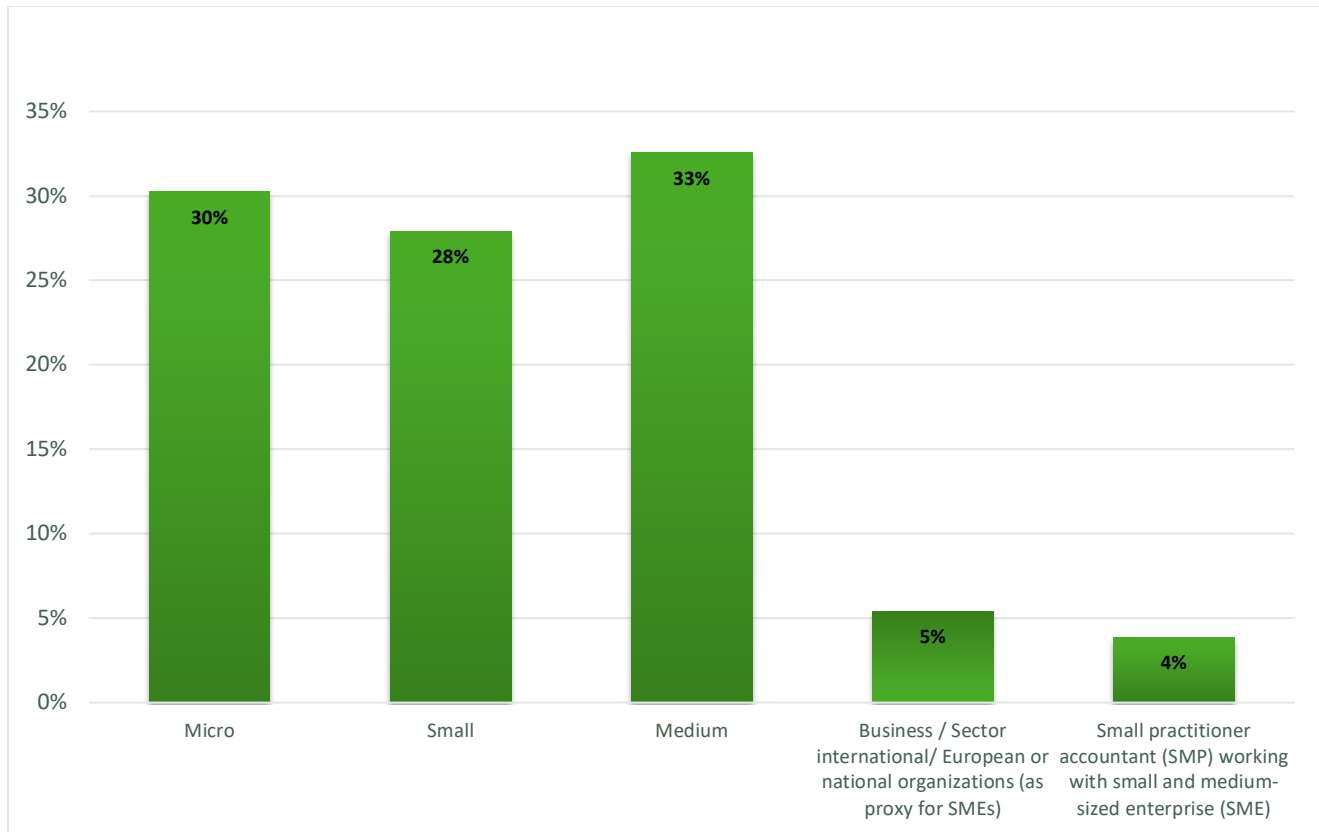


Source: Authors' elaboration

Furthermore, the ED requested additional specifications from respondents. For those identified as *preparers*, respondents were asked to indicate their organisational size: the available categories included: *Micro undertakings* (fewer than 10 employees), *Small undertakings* (10–50 employees), *Medium undertakings* (50–250 employees), *Small and Medium-sized Practice (SMP)*

accounting firms working with SMEs, and *business/sector organisations*—whether international, European, or national—acting as proxies for SMEs. Table 2 illustrates the detailed distribution of preparers based on these subcategories.

Table 1. Type of “Preparers”



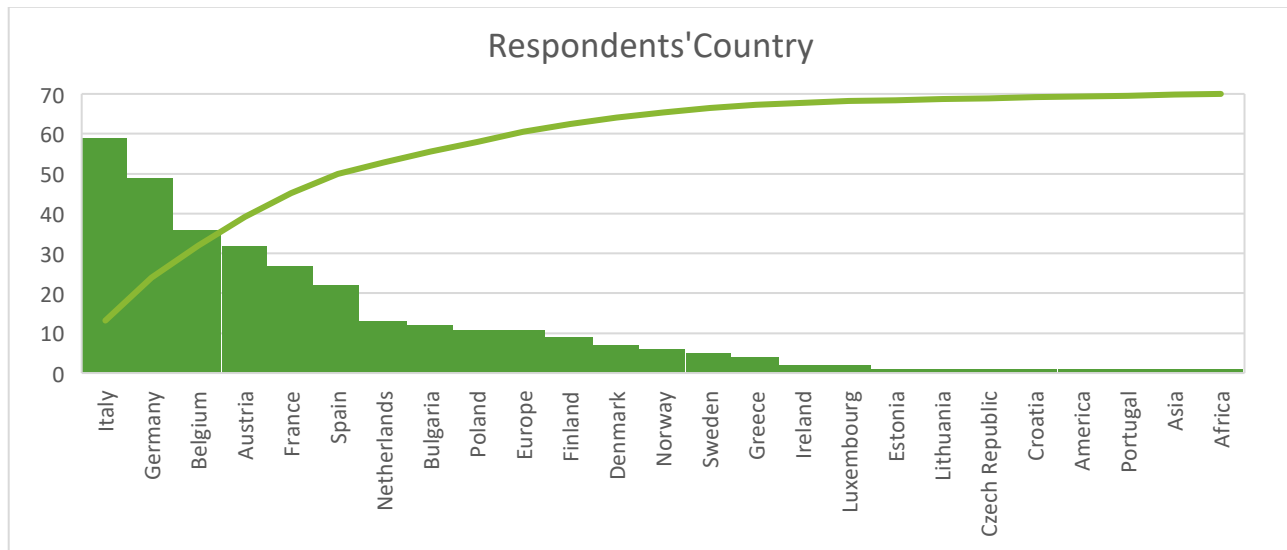
Source: Authors’ elaboration

Similarly, the ED sought a more detailed classification within the *users* category. Respondents were asked whether they represented: users of sustainability reporting information (e.g., banks or investors); large undertakings acting as SME’s business partners; rating agencies serving as proxies for users; public authorities utilising sustainability data in procurement or tendering processes; sectoral business organisations (international, European, or national) serving as SME proxies, with sectoral specification required; or, finally, Small and Medium sized Enterprise (SME) as SME’s business partner.

Table 3 presents the distribution of ED respondents by country, accompanied by a Pareto chart. The countries are arranged in descending order based on the number of responses received. Italy recorded the highest number of respondents, followed by Germany, Belgium, Austria, France, and Spain.

In the chart, the bars represent the absolute number of respondents per country, while the green line indicates the cumulative percentage of respondents. This dual representation helps highlight the countries that contributed most significantly to the overall respondent base. Notably, the first six countries - ranging from Italy to Spain - account for the majority of total responses.

Table 2. Respondents' Country



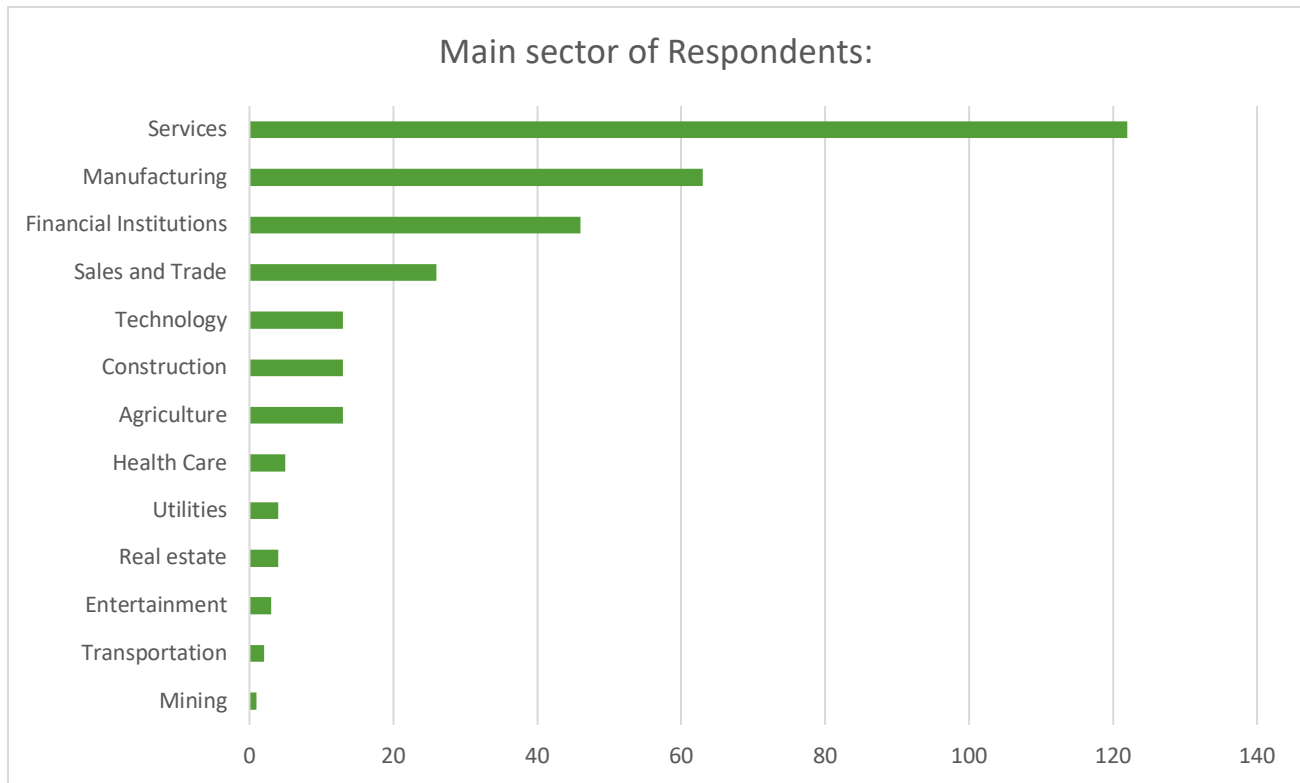
Source: Authors' elaboration

Table 4 illustrates the distribution of ED respondents across various professional sectors. The “Service” sector is the most prominently represented, with over 120 respondents - substantially exceeding the number of respondents in any other category. Following the Service sector, the “Manufacturing” and “Financial Institutions” sectors show notable participation, with approximately 65 and 55 respondents, respectively. The “Sales and Trade” and “Technology” sectors are also moderately represented.

In contrast, several sectors such as “Health Care”, “Utilities”, “Real Estate”, “Entertainment”, “Transportation”, and “Mining” recorded very low participation levels.

Following the descriptive analysis, the study proceeds with a qualitative examination of the comments submitted by respondents in relation to specific questions within the ED. In particular, we accurately read the comments provided by each respondent concerning Questions 20, 21, and 22, which directly relate to the concept and application of materiality in the context of the VSME ED.

Table 3. Main sector of Respondents



Source: Authors' elaboration

4.2 Question 20 – Proportionality of the Language and Approach to Materiality Principles

Question 20 asked respondents if “the language and approach to the Principles of Materiality to be applied to the Narrative-PAT Module and Business Partners (BP) Module are proportionate for the undertakings in scope”, regarding *Impact materiality*, *Financial materiality* and *Stakeholders and their relevance to the materiality analysis process*.

As regards the *Impact materiality*, out of 249 respondents, 61% agreed that the treatment of impact materiality was proportionate, while 39% disagreed. Among those in agreement, only 30% explained. Within these explanations, 54% offered suggestions, such as developing a system for quantifying impacts or including options to report both *positive* and negative impacts, as well as opportunities; 24% gave generic responses without elaboration; 20%, while supportive, still raised concerns regarding the limited analytical capacities of VSMEs.

Among those who disagreed (39%), 80% provided explanations. The most common issue, cited by 82%, was that the language used is overly complex and lacks sufficient guidance, illustrations, or examples. Additionally, 8% suggested allowing VSMEs to report also on positive impacts to increase their motivation to engage in voluntary reporting. One respondent noted:

“This is a voluntary reporting standard, meaning that organisations must find motivation to report voluntarily. A lot of attention is given to negative impacts. Organisations would probably be more motivated if they could also

report on their positive impacts, so that the voluntary sustainability report is something that they can be proud of.”¹

The following quotation, attributed to a single respondent, nonetheless effectively encapsulates a viewpoint shared by many. Indeed, numerous respondents observed that, for non-listed SMEs, emphasising positive aspects is considerably more effective than focusing on negative ones.

Responses to *Financial materiality* mirrored those for impact materiality, with 61% in agreement and 39% in disagreement (n = 243). Among those who agreed, only 26% provided an explanation for their position. Of these, 33% proposed suggestions such as harmonising criteria and terminology, providing step-by-step guidance, or including templates; another 33% expressed concerns about complexity and the limited resources of VSMEs; 18% gave vague or generic responses, and 10% referred to previous comments without elaboration.

Among those who disagreed (39%), 72% provided explanations for their views. Similar to *Impact materiality*, the primary concern (76%) was the complexity and lack of accessible language. Many called for additional tools and templates. A smaller group (16%) did not provide a specific explanation, instead referring to earlier responses.

As regards the last part of the question, *Stakeholders and their relevance to the materiality analysis process*, this component received slightly fewer responses (n = 229). Agreement was higher at 72%, while 28% disagreed.

Among those who agreed, only 20% provided further elaboration. Of those: 58% provided suggestions such as clearer guidance or examples or emphasised the importance of stakeholder engagement (“It’s important to include all the stakeholders in this work as you can see which issues they are most concerned about”; “We believe that stakeholders should be given a mandatory place in the reporting”; “Stakeholders are relevant to make a double materiality analysis”); 15% warned that SMEs may lack the capacity to conduct stakeholder analysis without substantial support; 9% gave generic responses, and another 9% referred to previous answers².

Among the 28% who disagreed, 85% provided reasoning. Unlike the previous two cases, the main concern here was not the complexity of the language (35%), but rather ambiguity in how SMEs are expected to identify and engage stakeholders (45%). One respondent remarked:

“Support is necessary for stakeholder involvement, as many SMEs find this aspect challenging. Practical suggestions, like utilising newsletters to engage certain stakeholder groups or implementing complaints mechanisms and feedback channels, could greatly assist SMEs in this regard.”³

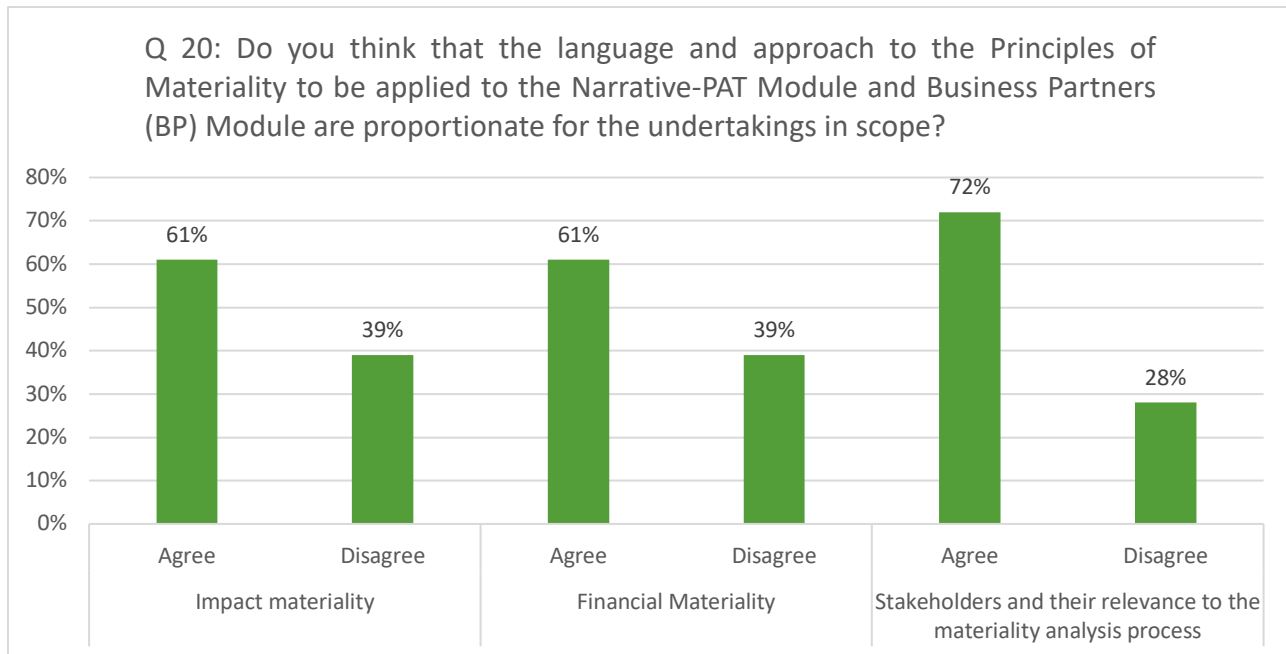
Table 5 summarises the percentages of agreement/disagreement of respondents about Q20.

¹ Regarding the other answers: 1% did not specifically explained their answer by referring to responses provided in previous point while the remaining 9% provided heterogeneous answers.

² The remaining 9% provided heterogeneous answers.

³ Regarding the other answers: 15% did not specifically explained their answer by referring to responses provided in previous point while the remaining 5% provided heterogeneous answers.

Table 4. Results in % for question 20



Source: Authors' elaboration

4.3 Question 21 – Requirement to Perform a Materiality Analysis

Question 21 states that “The VSME ED requires performing a materiality analysis to disclose which of the sustainability matters listed in Annexe B of VSME ED⁴ (which is the same as AR 16 of ESRS 1 General requirements) are material to the undertaking. Therefore, users will understand for which material matters the undertaking does not have Policies, Actions and Targets (PAT) in place. This approach (like for ESRS Set 1) is designed to have a reliable depiction of what the undertaking is doing to address sustainability matters, avoiding greenwashing. At the same time, this approach only requires reporting the PAT (Policies, Actions and Targets) that the undertaking has in place. No information is required when they have no PAT in place for a material matter (in addition to the list of material matters itself)” and asks respondents if they agree with this approach. Out of 251 respondents, 78% agreed with the approach (as shown in table 6). 46% of those who agreed provided explanations. Within this group: 40% agreed conditionally, requesting clearer terminology and a simplified process; 34% expressed strong support, describing materiality as essential for strategic planning and credible sustainability reporting:

“This approach requires a useful analysis by the undertakings. This analysis serves as the basis for any future improvements. In conclusion, this approach is likely to generate new positive behaviours and policies.”

“It helps to focus on the relevant topics and reduce the time needed to make the disclosure.”

“Materiality is a good tool to develop strategies.”

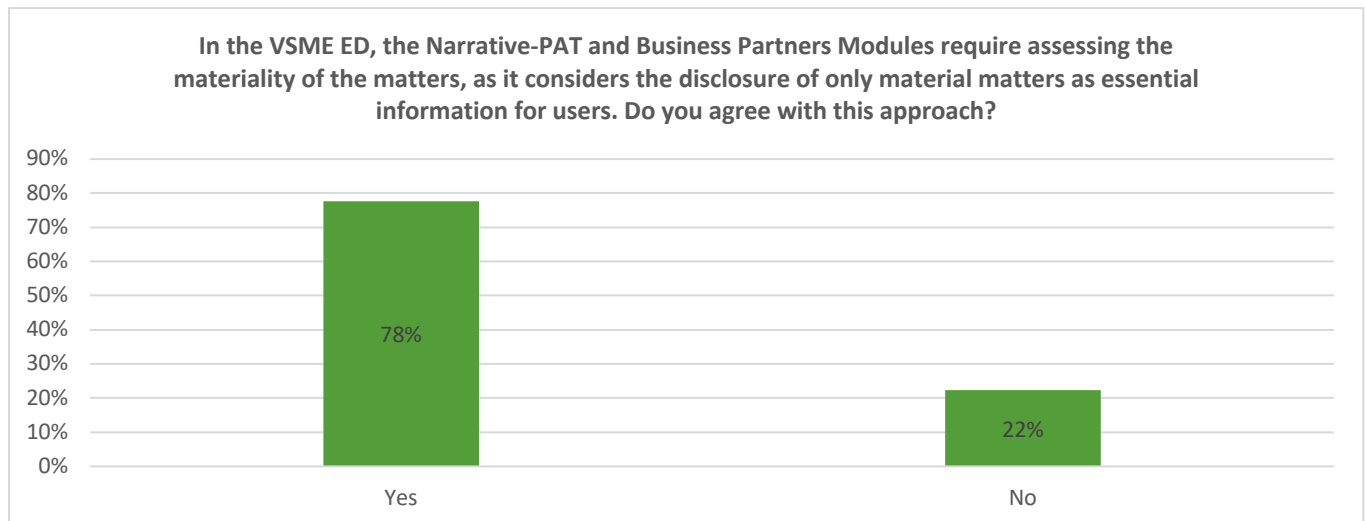
⁴ For List of sustainability matters, see Appendix B in <https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/VSME%20ED%20January%202024.pdf>

“Yes, this will give the organisation insights on what topics are important for them in their current strategy to maybe focus on in the upcoming years. This also gives the market and information users insights on what topics are really pertinent for the sector.”

9% explicitly noted the role of this method in preventing greenwashing ⁵. Among the 22% who disagreed, 60% argued that the analysis is too abstract and complex for SMEs, citing high time and resource demands:

“It will be a complicated and costly exercise and will discourage SMEs from using the VSME.”, while 16% highlighted the lack of clarity, particularly in terminology and implementation steps ⁶.

Table 5. Results in % for question 21



Source: Authors' elaboration

4.4 Question 22 – Simplified “If Applicable” Approach

Question 22 states that “As a way to simplify the materiality approach, whenever possible, the notion of “report only if applicable” has been introduced. This filters information to be reported by undertakings based on relevance. No disclosure is expected for a specific datapoint, when the undertaking’s circumstances are different from those that would trigger disclosure of that specific datapoint, as described by the relevant provision in VSME ED. This is particularly important for the Basic Module, where no materiality analysis is foreseen and all the disclosures are to be reported, if applicable. Disclosures in the Business Partners module are to be reported if they are applicable and for BP 5,7, 8, 9, 10 (for which the

⁵ Regarding the other answers: 6% did not specifically explained their answer by referring to responses provided in previous point while the remaining 11% provided heterogeneous answers.

⁶ Regarding the other answers: 6% did not specifically explained their answer by referring to responses provided in previous point while the remaining 10% provided heterogeneous answers.

"if applicable" approach would not work) if they are relevant to the undertaking's business and organisation" and asks respondents if they agree with this approach.

Out of 250 respondents, 84% agreed with the approach (as shown in table 7). Among those, 50% provided explanations: 14% noted that the approach simplifies disclosure; 15% simply stated "Yes" without elaboration; 22% called for a clearer definition of "if applicable"; 37% offered conditional agreement, raising concerns or suggestions:

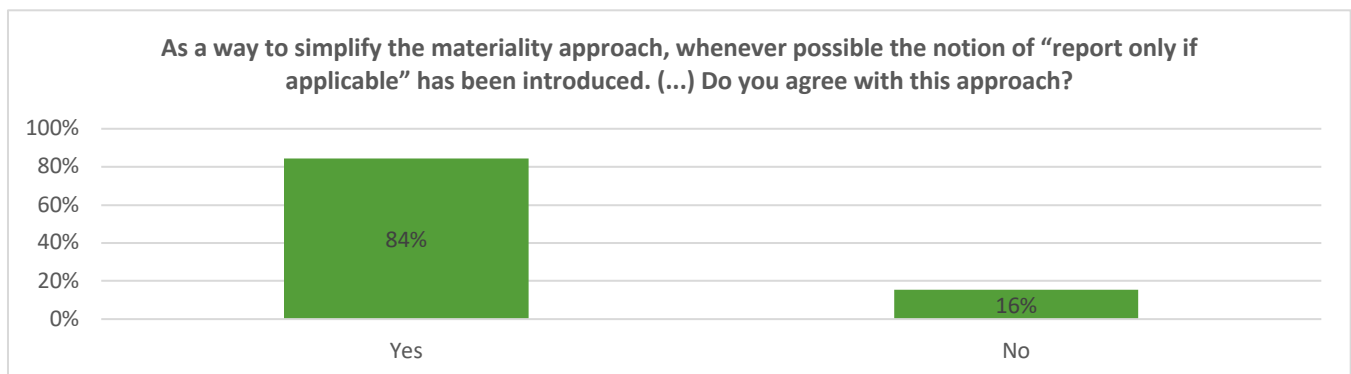
"Yes, but the 'if-applicable' concept also raises questions among potential users and requires explanation."

"We agree with this approach as long as it is complied with by the value chain participants."

"We agree with the general approach. But we note that some data points are impossible for SMEs to capture."⁷

Among the 16% who disagreed, 62% cited a lack of clarity in terms such as "applicable," "relevant," and "material," and emphasised the need for clearer definitions ("It would be preferable to better define what "applicable" means ", "I don't really understand the distinction between "if applicable" and "if relevant"', "The relation between "not applicable" and "material" is not clear. Guidance on order and content of both is absolutely necessary") and structured guidance. At the same time, 15% argued that the approach introduces unnecessary complexity, particularly due to references to international legal instruments ("Mixing the 'if-applicable' approach and the materiality analysis is incomprehensible and overburdens SMEs.")⁸.

Table 6. Results in % for question 22



Source: Authors' elaboration

5. Discussions

The results of the qualitative analysis show substantial agreement among respondents regarding the approach proposed by EFRAG, confirming affirmative answers to all three research questions:

- RQ1: The majority of respondents believe that the language and approach to the principles of materiality are proportionate to the target companies involved.

⁷ Regarding the other answers: 2% did not specifically explained their answer by referring to responses provided in previous point while the remaining 10% provided heterogeneous answers.

⁸ Regarding the other answers: 6% did not specifically explained their answer by referring to responses provided in previous point while the remaining 18% provided heterogeneous answers.

- RQ2: There is broad consensus on the obligation to conduct a materiality analysis to identify relevant topics and make sustainability information more credible and strategic.
- RQ3: The simplified approach based on the "if applicable" principle was widely approved, although with requests for terminological clarification.

In particular, among those in favour, there was strong support for carrying out a materiality analysis (Q21) as materiality is considered fundamental for the credibility of the company itself, a concept that is in line with what is recognised in the literature for sustainability reporting, which can contribute to improving the reputation of SMEs (Williams & Schaefer, 2013). However, a more in-depth analysis of the qualitative responses reveals a more nuanced picture.

In fact, despite the overall strong support, a clear and repeated request emerges across the board: the need for greater clarity and simplification of the language, especially in defining the concepts of "materiality," "applicability," and "relevance."

Indeed, the perception of a lack of clarity, usability and accessibility of materiality provisions emerged strongly among both supportive and opposing respondents; even many supportive respondents raised concerns about the complex language, the need for practical guidelines and the resource constraints faced by SMEs. For example, it was highlighted that the language used on materiality, particularly in the context of stakeholder engagement and impact assessment, was often too abstract or technical for SMEs.

This aligns with the long-standing literature emphasis on the limited capacity (both in terms of resources and manpower) of smaller entities to adopt systems for reporting on sustainability practices (Bos-Brouwers, 2010).

Many respondents called for simpler tools, concrete examples, templates and sector-specific illustrations to make the concept of materiality more applicable. The need to consider not only negative impacts but also positive contributions, which could increase the motivation of SMEs to voluntarily report, was also often highlighted.

In the authors' opinion, the regulatory decision to remove the requirement of double materiality in the final version of the VSME standard appears only partially consistent with the feedback received from participants.

While many respondents conditionally expressed support for materiality—linking their agreement to the need for simplification and clearer terminology—the survey results nonetheless reveal a predominantly positive perception of materiality and its relevance for SMEs.

The choice to abandon mandatory double materiality was thus motivated less by the binary (largely favourable) responses and more by recognition of the practical barriers that SMEs still face, which remain significant and, in many cases, insurmountable. Instead of addressing respondents' calls for clearer definitions, operational tools (guidelines, models, templates), and simplified language, the standard opted for the renunciation of the principle itself. This raises questions about whether the decision fully captured the spirit of the survey responses, as many of the expressed requests for clarification were in fact the main motivation behind unfavourable positions.

6. Conclusions

This study aimed to analyse the responses to the online survey on the ED of the VSME, as proposed by EFRAG, with a specific focus on how the concept of materiality is perceived and interpreted in the context of non-listed SMEs.

The results confirm broad support for the EFRAG proposal on materiality in the VSME context, albeit accompanied by significant concerns regarding complexity, terminology, and resource constraints. The findings highlight a tension between recognising materiality as a fundamental principle and the operational challenges that SMEs encounter in applying it effectively. A crucial element of the original VSME Exposure Draft was its three-module architecture (Basic, PAT, and Business Partner modules), which allowed a progressive and proportional approach to sustainability reporting.

The survey results demonstrated that, while respondents asked for simplification and clearer definitions, the principle of materiality itself was considered both relevant and essential for SMEs, particularly within the PAT and BP modules.

The final VSME standard, however, abandoned this three-module structure along with the requirement of double materiality in the name of simplifying the framework.

This outcome underscores a central paradox: while the survey highlighted the obstacles faced by SMEs in applying materiality (e.g., lack of resources, technical complexity), it also confirmed the broad perception of its indispensability. The regulatory response, however, has been to eliminate materiality instead of making it more accessible, thus weakening the potential of the VSME standard to foster credible and decision-useful sustainability reporting.

While this decision addresses feasibility concerns for smaller entities, it also represents a missed opportunity to implement a flexible and proportionate framework that many respondents supported in principle. The removal of the modular structure risks undermining the possibility of a stepwise adoption path, tailored to the varying levels of SMEs' sustainability maturity and external demands.

The study is not without limitations. First, many participants did not provide explanations for their answers, thereby reducing the depth of the analysis. Second, since the geographical origin of the respondents is concentrated in a few countries (e.g. Italy, Germany), the conclusions of this work are not widely generalisable. Third, the analysis was based exclusively on the examination of the survey and was not integrated with additional tools (e.g. interviews), which could have been useful to complete the collected data.

Looking ahead, this research underlines the need for sustainability standards that are not only conceptually robust but also operationally feasible. If SMEs are to be meaningfully engaged in sustainability reporting, future revisions will need to reintroduce materiality, possibly through a modular, stepwise approach, while ensuring that simplified language, practical tools, and sector-specific guidance make it realistically implementable. Only in this way can the VSME framework strike a balance between accessibility and credibility, thereby avoiding the risk of reducing sustainability disclosures to a mere compliance exercise.

References

- Abhayawansa, S. (2022). Swimming against the tide: back to single materiality for sustainability reporting. *Sustainability Accounting, Management and Policy Journal*, 13(6), 1361-1385. <https://doi.org/10.1108/SAMPJ-07-2022-0378>
- Adams, C. A., Alhamood, A., He, X., Tian, J., Wang, L., & Wang, Y. (2021). *The double-materiality concept. Application and issues*, published by the Global Reporting Initiative.
- Allgeier, S., & Feldmann, R. (2023). CSRD sustainability reporting for non-listed SMEs: European regulators remain challenged. *European Company and Financial Law Review*, 20(3), 438-446.
- Alshawi, S., Missi, F., & Irani, Z. (2011). Organisational, technical and data quality factors in CRM adoption—SMEs perspective. *Industrial Marketing Management*, 40(3), 376-383.
- Appiah-Kubi, E. (2024). Management knowledge and sustainability reporting in SMEs: The role of perceived benefit and stakeholder pressure. *Journal of Cleaner Production*, 434, 140067.
- Baumann-Pauly, D., Wickert, C., Spence, L. J., & Scherer, A. G. (2013). Organizing corporate social responsibility in small and large firms: Size matters. *Journal of Business Ethics*, 115(4), 693–705. <https://doi.org/10.1007/s10551-013-1827-7>
- Baumüller, J., & Sopp, K. (2021). Double materiality and the shift from non-financial to European sustainability reporting: review, outlook and implications. *Journal of applied accounting research*, 23(1), 8-28.
- Beck, C., Frost, G., & Jones, S. (2018). CSR disclosure and financial performance revisited: A cross-country analysis. *Australian Journal of Management*, 43(4), 517-537. <https://doi.org/10.1177/0312896218771438>
- Bisogno, M., Santis, S., & Tommasetti, A. (2015). Public-Sector consolidated financial statements: An analysis of the comment letters on IPSASB's exposure draft no. 49. *International Journal of Public Administration*, 38(4), 311-324. <https://doi.org/10.1080/01900692.2015.999605>
- Bos-Brouwers, H. E. J. (2010). Corporate sustainability and innovation in SMEs: Evidence of themes and activities in practice. *Business strategy and the environment*, 19(7), 417-435. <https://doi.org/10.1002/bse.652>
- Burke, S., & Gaughran, W. F. (2007). Developing a framework for sustainability management in engineering SMEs. *Robotics and Computer-Integrated Manufacturing*, 23(6), 696-703.
- Carvajal, M., Nadeem, M., & Zaman, R. (2022). Biodiversity disclosure, sustainable development and environmental initiatives: does board gender diversity matter?. *Business Strategy and the Environment*, 31(3), 969-987. <https://doi.org/10.1002/bse.2929>
- Ciliberti, F., De Haan, J., De Groot, G., & Pontrandolfo, P. (2011). CSR codes and the principal-agent problem in supply chains: four case studies. *Journal of Cleaner Production*, 19(8), 885-894.
- Corazza, L. (2018). Small business social responsibility: the CSR4UTOOL web application. *Journal of Applied Accounting Research*, 19(3), 383-400.
- Das, M., Rangarajan, K., & Dutta, G. (2020). Corporate sustainability in small and medium-sized enterprises: A literature analysis and road ahead. *Journal of Indian Business Research*, 12(2), 271-300.

- De Villiers, C., & Dimes, R. (2023). Will the formation of the international sustainability standards board result in the death of integrated reporting?. *Journal of Accounting & Organizational Change*, 19(2), 279-295. <https://doi.org/10.1108/JAOC-05-2022-0084>
- Deloitte. (2021). *Reporting of non-financial information* (p. 4). Deloitte. <https://www2.deloitte.com/content/dam/Deloitte/be/Documents/audit/DT-BE-reporting-of-non-financial-info.pdf>
- Dinh, T., Husmann, A., & Melloni, G. (2023). Corporate sustainability reporting in Europe: A scoping review. *Accounting in Europe*, 20(1), 1-29. Dinh, T., Husmann, A., & Melloni, G. (2023). Corporate sustainability reporting in Europe: A scoping review. *Accounting in Europe*, 20(1), 1-29.
- Eccles, R.G., Krzus, M.P., Rogers, J. & Serafeim, G. (2012). The need for sector-specific materiality and sustainability reporting standards, *Journal of Applied Corporate Finance*, 24(2), 65-71, doi: 10.1111/j.1745-6622.2012.00380.x.
- EFRAG (2024). EFRAG IG 1: materiality assessment implementation guidance, available at: <https://www.efrag.org/Assets/Download?assetUrl5/sites/webpublishing/SiteAssets/>
- Erin, O. A., Bamigboye, O. A., & Oyewo, B. (2022). Sustainable development goals (SDG) reporting: an analysis of disclosure. *Journal of Accounting in Emerging Economies*, 12(5), 761-789. <https://doi.org/10.1108/JAEE-02-2020-0037>
- European Commission (2024). Annual report on European SMEs 2024/2025.
- Galli, D., Torelli, R., & Caccialanza, A. (2024). Sustainability performance and sustainability reporting in SMEs: A love affair or a fight? *Journal of Management & Organization*, 30(3), 574–599.
- Giner, B. & Luque-Vílchez, M. (2022). A commentary on the ‘new’ institutional actors in sustainability reporting standard-setting: a European perspective, *Sustainability Accounting, Management and Policy Journal*, 13(6), 1284-1309. <https://doi.org/10.1108/SAMPJ-06-2021-0222>
- Global Reporting Initiative (2020). *A short introduction to the GRI Standards*. Amsterdam: GRI. Retrieved September 16, 2025, from <https://www.globalreporting.org/media/wtafl14tw/a-short-introduction-to-the-gri-standards.pdf>
- Jenkins, H. (2004). Corporate social responsibility and the mining industry: Conflicts and constructs. *Corporate Social Responsibility and Environmental Management*, 11(1), 23–34. <https://doi.org/10.1002/csr.50>
- Jenkins, H. (2006). Small business champions for corporate social responsibility. *Journal of business ethics*, 67, 241-256.
- Jørgensen, S., Mjøs, A., & Pedersen, L. J. T. (2022). Sustainability reporting and approaches to materiality: tensions and potential resolutions. *Sustainability Accounting, Management and Policy Journal*, 13(2), 341-361. <https://doi.org/10.1108/SAMPJ-01-2021-0009>
- KPMG (2024). Survey on sustainability reporting. <https://kpmg.com/xx/en/our-insights/esg/the-move-to-mandatory-reporting.html>
- La Torre, M., Sabelfeld, S., Blomkvist, M. & Dumay, J. (2020). Rebuilding trust: sustainability and non-financial reporting and the European union regulation, *Meditari Accountancy Research*, 28(5), 701-725. <https://doi.org/10.1108/MEDAR-06-2020-0914>

- Lima Jr, O., Fernandes, G., & Tereso, A. (2023). Benefits of adopting innovation and sustainability practices in project management within the SME context. *Sustainability*, *15*(18), 13411.
- Martins, A., Branco, M. C., Melo, P. N., & Machado, C. (2022). Sustainability in small and medium-sized enterprises: A systematic literature review and future research agenda. *Sustainability*, *14*(11), 6493.
- McWilliams, A., & Siegel, D. (2000). Corporate social responsibility and financial performance: Correlation or misspecification? *Strategic Management Journal*, *21*(5), 603–609.
- Neuendorf, K. A. (2018). Content analysis and thematic analysis. In *Advanced research methods for applied psychology* (pp. 211-223). Routledge.
- O'Reilly, S., Mac An Bhaird, C., Gorman, L., & Brennan, N. M. (2024). Accounting practitioners' perspectives on small-and medium-sized enterprises' environmental sustainability reporting. *Journal of Applied Accounting Research*, *26*(6), 26-46. <https://doi.org/10.1108/JAAR-08-2023-0250>
- O'Reilly, S., Mac An Bhaird, C., Gorman, L., & Brennan, N. M. (2025). Accounting practitioners' perspectives on small-and medium-sized enterprises' environmental sustainability reporting. *Journal of Applied Accounting Research*, *26*(6), 26-46.
- Oduro, S., & Haylemariam, L. G. (2025). Effect of social and environmental sustainability on SME competitiveness: a meta-analytic review. *Management Review Quarterly*, 1-32.
- Oll, J., Spandel, T., Schiemann, F., & Akkermann, J. (2025). The concept of materiality in sustainability reporting: from essential contestation to research opportunities. *Sustainability Accounting, Management and Policy Journal*, *16*(2), 321-350. <https://doi.org/10.1108/SAMPJ-03-2024-0296>
- Ortiz-Martínez, E., & Marín-Hernández, S. (2021). European SMEs and non-financial information on sustainability. *International Journal of Sustainable Development & World Ecology*, *29*(2), 112–124. <https://doi.org/10.1080/13504509.2021.1929548>
- Ortiz-Martínez, E., & Marín-Hernández, S. (2024). Sustainability information in European small-and medium-sized enterprises. *Journal of the Knowledge Economy*, *15*(2), 7497-7522.
- Ortiz, E., Marín, S., & Thompson, P. (2024). The role of small- and medium-sized practices in the sustainable transition of SMEs: Sustainable transition and professionals. *Environment, Development and Sustainability*, *26*(8), 19299–19323.
- Pigatto, G., Cinquini, L., Tenucci, A., & Dumay, J. (2023). Disclosing value creation in integrated reports according to the six capitals: a holistic approach for a holistic instrument. *Sustainability Accounting, Management and Policy Journal*, *14*(7), 90-123. <https://doi.org/10.1108/SAMPJ-11-2021-0493>
- Pizzi, S., & Coronella, L. (2024). Are listed SMEs ready for the corporate sustainability reporting directive? Evidence from Italy. *Business Ethics, the Environment & Responsibility*. <https://doi.org/10.1111/beer.12736>
- Pizzi, S., Principale, S. & Nuccio, E. D (2023). Material sustainability information and reporting standards. Exploring the differences between GRI and SASB, *Meditari Accountancy Research*, *31*(6), 1654-1674. <https://doi.org/10.1108/MEDAR-11-2021-1486>

- Pozzoli, M., Paolone, F., De Nuccio, E., & Tiscini, R. (2024). Does financial materiality judgement matter in reporting intellectual capital? A systematic literature review and future research trends. *Journal of Intellectual Capital*, 25(7), 87-108. <https://doi.org/10.1108/JIC-03-2024-0083>
- Raith, D. (2023). The contest for materiality. What counts as CSR?, *Journal of Applied Accounting Research*, 24 (1), 134-148. <https://doi.org/10.1108/JAAR-04-2022-0093>
- Saldaña, J., & Omasta, M. (2016). *Qualitative research: Analyzing life*. Sage Publications.
- Setia, N., Abhayawansa, S., Joshi, M., & Wasantha Pathirana, N. (2024). Shifting perspectives: unveiling the dual nature of sustainability materiality in integrated reports. *Meditari Accountancy Research*, 32(4), 1291-1323. <https://doi.org/10.1108/MEDAR-08-2023-2128>
- Setyaningsih, S., Widjojo, R., & Kelle, P. (2024). Challenges and opportunities in sustainability reporting: A focus on small and medium enterprises (SMEs). *Cogent Business & Management*, 11(1), 2298215.
- Steidle, C., Ostojic, S., Achterfeldt, S., & Traverso, M. (2025). Small players, big impact? Unveiling practices and challenges of sustainability reporting by German SMEs. *Discover Sustainability*, 6(1), 1-21.
- U.S. Supreme Court (1988). *Basic, inc. v. Levinson*: 485 U.S. 224.
- Vaismoradi, M., Jones, J., Turunen, H., & Snelgrove, S. (2016). Theme development in qualitative content analysis and thematic analysis. *Journal of Nursing Education and Practice*, 6(5), 100-110. doi.org/10.5430/jnep.v6n5p100
- Williams, S., & Schaefer, A. (2013). Small and medium-sized enterprises and sustainability: Managers' values and engagement with environmental and climate change issues. *Business Strategy and the environment*, 22(3), 173-186. <https://doi.org/10.1002/bse.1740>
- Williamson, D., Lynch-Wood, G., & Ramsay, J. (2006). Drivers of environmental behaviour in manufacturing SMEs and the implications for CSR. *Journal of business ethics*, 67, 317-330.
- Yen, A. C., Hirst, D. E., & Hopkins, P. E. (2007). A content analysis of the comprehensive income exposure draft comment letters. *Research in Accounting Regulation*, 19, 53-79. [https://doi.org/10.1016/S1052-0457\(06\)19003-7](https://doi.org/10.1016/S1052-0457(06)19003-7)