

12 December 2022, Brussels
Answer to Maria Oliván-Avilés,
the Coordinator of the Secretariat of the Transparency Register

Dear Ms Oliván-Avilés,

We have reviewed your request as well as Mr. Paul Tang MEP's complaints details.
We hope that our answer will clear up the questions and misunderstandings.

As described in the transparency register, the nature of the SME Connect is:

*SME Connect is a Europe-wide network and communication platform for small and medium-sized enterprises (SMEs). SME Connect provides an organizational structure, helps members network with each other, and supports the members' development and implementation of joint activities. All members in the SME Connect network are equal; there are no votes or majority decisions, only the individual's expression of will to engage in specific activities on the SME Connect platform. **All stakeholders who want to exchange ideas not only "about" but also in cooperation with SMEs are invited to join the network. Everyone represents their own position on legislative issues. Individual companies can join the network through the European SME Business Club (ESBC) or Friends of SMEs (FoS), depending on their size.***

*We seek to maximise the impact of SMEs on the EU level. SME Connect thereby aims to promote awareness of economic ecosystems, supply and sales chains, and the diversity of small and medium-sized enterprises. **Our members represent their own positions and interests and can organize themselves with like-minded partners to start initiatives, projects or working groups. This brings to a joint cooperation and a representation of common positions while allowing independence of activities and interests.** SME Connect members are interested in all legislation and programmes, which have an impact on them - especially SME policies, access to finance, R&D, digitalisation, green transition, trade, internal market, health, education, entrepreneurship promotion, infrastructure etc.*

By design, SME Connect is a non-hierarchical, inclusive, and diverse network for SME stakeholders and other interested stakeholders connected to them through business goals, scientific pursuits or societal concerns.

That means concretely:

- I. SME Connect has no common position on any legislation. All members in the SME Connect network are equal; there are no votes or majority decisions. The members have their own

positions. There is no representative of SME Connect who can bring political opinions on regulations to the legislation / EU Institutions in the name of the network members. As such, SME Connect does not have a common position on legislation, no own position papers, cannot join hearings or working groups of the European Institutions, nor forward amendments to MEPs in the name of their members etc.

- II. SME Connect carries out the function of organization and coordination between the network members. It performs the function of a back-office and event management.
- III. SME Connect's task is to network between the members, to make it easier for them to exchange information, to enable them to take part in the public debate in an organizational manner and to discover common ground. Almost all events are public. Over 90 % in the last three years are recorded and you can find them available publicly on our youtube channel: <https://www.youtube.com/@smeconnect6610>
- IV. Positions of members are shared on the social media channels of SME Connect. This consists more or less re-tweeting on our Twitter-channel and informing about our activities. This is our twitter channel: <https://twitter.com/connectsmes>
- V. SMEs exchange information among network members about their events or position papers etc. While we share events in our newsletter, position papers must be passed on to third parties by the members themselves and in their names. We do not forward these.
- VI. The European Business Club and the Friends of SMEs exist as sub-organizations or network clusters of SME Connect.
- VII. As well as working groups and initiatives that always only represent certain members through their active participation - not the entire SME Connect network.
- VIII. The board members, as well as the advisors and experts, are supporters of the SME Connect idea. They can express their personal perspective and share recommendations to the network members, as well as take over the patronage of events, working groups or initiatives. They perform their honorary functions completely independently of the network members.

You can read this and more information on our online disclaimer on our website: <https://www.smeconnect.eu/disclaimer/>. We have added this link to the transparency register for further clarification.

The Coalition for Digital Ads (CDA) of SMEs is to be understood in the context of the aforementioned points.

- I. As a matter of fact, CDA is a working group under the umbrella of SME Connect. It was initiated by six SME Connect network members on November 17, 2021: Taxpayers Association of Europe (TAE), Union of Entrepreneurs and Employers (ZPP), European Business Connect, Core Values, Free Trade Europe and the European Economic Senate (EWS). The following

external partners were invited: Danish Entrepreneurs (which became later SME Connect Member in 2022), SAPIE (which became later SME Connect Member in 2022), INFOBALT Lithuania, Startup Foundation, European Enterprise Alliance (which became later SME Connect Member in 2022), ARMO, BICA and Developers Alliance.

- II. The CDA only reflected the opinions of these representatives, not the entire SME Connect network.
- III. The main task of the CDA are as follows: a) to increase public awareness on this topic and the position of the initiators; b) to motivate SME associations to get involved and become active; c) to inform each other about activities and to invite each other to do so; d) to discuss the technical and economic consequences of the legislation.
- IV. There were only 4 core statements of the CDA: a) Reject unclear rules for personalised online advertising; b) Keep the online experience functional while making opting out easy; c) Boost transparency and trust across the digital ads ecosystem; d) Engage with SMEs to develop workable online regulation that won't cost jobs. Furthermore, there was no concrete position paper, beside the two letters detailed later in this document.

You can read this and more information on our online disclaimer on our website: <https://www.smeconnect.eu/cda/disclaimer/>. We have added this link to the transparency register for further clarification.

We would now like to address the complaint made by Mr Tang MEP

SME Connect

- I. SME Connect as representative of its network never met Members of the European Parliament, European Commission, or any other EU Institutions to share position papers, amendments etc. in the context of the DSA and DMA. SME Connect hasn't contributed anything beyond that either.
- II. SME Connect had an Open Working Group Meeting (not recorded), an individual webinar on the DSA, and a regional series comprised of three DSA webinars and one DMA webinar in 2021. The individual webinars can be viewed here: <https://www.youtube.com/watch?v=BxqCnmevOMk&t=7s>; and the series' recordings here: <https://youtube.com/playlist?list=PLovGzmtVzTGY406pl6EN0spaoFouolpzZ> . In the case of all these events, SME Connect provided the digital platform, invited, and moderated the discussion. As SME Connect there was no speaker presenting the network with a position.
- III. To these public events, SME Connect invites Members of the European Parliament via e-mail. We could only have written to Mr. Tang, Ms. Schaldemose or Mr. Repasi in this context, possibly at most an invitation to speak. We contacted Ms Schaldemose in regard to the event

“SMEs Meet MEPs – DSA Debate Northern Europe” in October 2021, but Ms Schaldemose wasn't able to attend. We did not reach individually out to the other complainants.

- IV. SME Connect never sent them a position paper, amendments etc. We had never a meeting with them in the context of DMA, DSA or Targeted Ads.

Coalition for Digital Ads of SMEs

- I. The Coalition for Digital Ads of SMEs (CDA) network never meets Members of the European Parliament, European Commission or any other EU Institutions to share position papers, amendments etc. in the context of Targeted Ads legislation.
- II. The CDA was invited once as Co-organizer of a Webinar of the Targeting Startups in January 2022. To this event Ms Schaldemose MEP was invited by the main organizers, but she joined only via a video statement. MEPs Patrick Breyer and Henna Virkkunen were also invited, but SME Connect/CDA didn't have direct contact with them on this occasion. Additionally, the CDA also co-organized another webinar with SAPIE in March 2022. This event was also once promoted by the main organizer, SAPIE, on Euractiv: <https://www.euractiv.com/section/digital/opinion/the-digital-services-act-dsa-a-step-closer-to-a-safer-online-environment/> . We did not have any contact with MEP Stefanec in regards to this event.
- III. The CDA participated on a public consultation of the European Data Protection Board. See feedback here, submitted on 01/05/2022: https://edpb.europa.eu/sites/default/files/webform/public_consultation_reply/EDPB-Consultation%20Letter%20of%20CDA%20.pdf
- IV. The CDA has its own twitter account and shares its own short statements as well as positions of the CDA members and others: <https://twitter.com/CDAofSMEs>. Together with other stakeholders relevant to the topic, MEP Schaldemose has sometimes been tagged in our tweets and her own tweets have been re-shared.
- V. This is the microsite of the CDA <https://www.smeconnect.eu/cda/>. Here you may peruse the Members and activities. On this website have been shared one joint letter of the CDA: <https://www.smeconnect.eu/joint-cda-letter-the-digital-services-act-and-its-impact-on-european-smes/>; and one joint letter by several members of the CDA (this was not a CDA initiative, nor signed by CDA, but welcomed and shared on our channel): <https://www.smeconnect.eu/joint-association-letter-on-the-digital-markets-act/>

About your specific questions

- I. *“the members and the affiliates of your organisation; and namely what is the role of what on the website of your organisation are called “friends of SMEs – FOS”, as among them some companies such as Google and Meta stand out;“*

The purpose of SME Connect is to build networks and create a communication platform. SME Connect believes in the pragmatic dialogue with all constructive and pro-European

stakeholders. SME Connect thinks in networks, in ecosystems for SMEs, supplier chains and in regions. Large companies are explicitly invited to our SME Connect network as Friends of SMEs. They are customers, business partners, competitors, or sometimes share the same interests. These include Google, Meta, and others.

For our various SME representatives, dialogue with big industry etc. is just as important as with politics. SMEs are often talked about, but rarely with their representatives – this particularly affects the relation of large companies and SMEs. We therefore demand that large companies get more involved here and seek dialogue with the various SME representatives.

This dialogue not only applies to regulation, but also in the case of other support, partnership possibilities or projects for e.g. the green or digital transformation. Large companies already have programs in these fields, but these must be communicated to and shared with SMEs. Additionally, if SMEs notice there are possible areas for more programmes, they can suggest to bigger players.

Friends of SMEs is part of SME Connect and was set up to reiterate our intentions publicly and state large companies are part of the network. To become part of FoS, there is one real and binding requirement: a credible demonstration of a connection to SMEs (be it through business connection, programmes, legislation, etc.)

Additionally, FoS members cannot start initiatives, working groups or projects. They can only be invited by the full members of SME Connect, meaning associations or SMEs.

It is in the interest of the SME Connect idea to attract as many large companies as possible, in order to expand the network and benefit our members. Alongside this, we also encourage think tanks, scientific institutions etc. to join.

SME Connect has stated the expected benefits for large companies on its website under the heading Friends of SMEs. You will also find all SME Connect members of the FoS group there via their logo: <https://www.smeconnect.eu/friends-of-smes/>. This link is also available in the Transparency Register.

II. *“if your organisation received funding from any of the “friends of SMEs - FOS”*

Yes, SME Connect has a common budget, where all SME Connect members contribute. The overall budget is mentioned in the Transparency Register. As part of SME Connect, Friends of SMEs members are contributing. It is explicitly mentioned in all our two disclaimers – now, we have also added these disclaimers to the Transparency Register as additional explanation. There currently is only some exemption: all sectors that were particularly affected by the pandemic are currently exempt from contributions to expenses, such as the tourism industry or some sections of transport. Another related case is if the respective SME association / company is particularly affected (by the pandemic/energy crisis etc.). Individual exceptions are also possible in this instance.

III. *“if any of the “friends of SMEs – FOS” ever exerted any influence on the strategies and activities carried out by SME in the context of the decision-making process of the Digital Services Act and Digital Markets Act at EU-level; – the relationship between SME and Coalition for Digital Ads”*

FoS cannot influence the strategy of SME Connect - since SME Connect does not pursue any strategy or represent common interests in legislation, as every SME Connect member is responsible for his own position and lobby activities. Moreover, FoS members cannot initiate any projects, campaigns, working groups etc. This includes also groups/ initiatives of members of SME Connect (as example CDA).

All members of SME Connect, including FoS members, however, can ask SME Connect for activities in forms of events. We call on all members to actively participate, which is our main purpose as a communication platform. This is only limited according to our capacities. SME Connect does not dictate the content of events as long as they match the character of SME Connect: SME-related, public whenever possible, not anti-European, constructive. Anyone from the network has the possibility to participate. All speakers are responsible for their own statements and do not represent SME Connect as network.

In the special case of DSA/DMA: all members can make suggestions or proposals for events. The initiative to have more information and discussions on these topics was mentioned by the Taxpayers of Europe (TAE/ SME Connect member), but there was a general interest among SME Connect members to obtain viewpoints from experts and to have an exchange with other associations on these subjects of DMA/DSA. SME Connect has not received any demands or restrictions for DSA/DMA events from FoS members, nor guidance on how to organize these activities. SME Connect had one Open Working Group meeting (not recorded), an individual webinar on the DSA, and a regional series comprised of three DSA Webinars and one DMA Webinar in 2021. The individual webinar can be viewed here: <https://www.youtube.com/watch?v=BxqCnmevOMk&t=7s>; and the series' recordings here: <https://youtube.com/playlist?list=PLovGzmtVzTGY406pl6EN0spaoFouolpzZ>.

In the case of the CDA, this was especially mentioned on its charter of principle point 11: “The Coalition for Digital Ads activities are agreed between initiators and partners. The financial supporters of SME Connect have no influence on the activities of the Coalition for Digital Ads.” <https://www.smeconnect.eu/cda/disclaimer/> This addition also underpins the independence of this initiative for third parties.

IV. *“the relationship between SME and Coalition for Digital Ads”*

CDA is an initiative /working group started by members of SME Connect. SME Connect supports this group as back office, like all initiatives and working groups under the SME Connect's umbrella. The CDA does not represent SME Connect as an entire network; it is, however, part of it in an organizational sense, and receives administrative support from SME Connect. As a rule, SME Connect generally does not advise on lobbying matters either. In the end, it is also a legal matter: in the case of incorrect advice, damages could be claimed - SME

Connect cannot and does not want to cover that. Nobody assumes liability for this at SME Connect. For this reason alone, this would not be possible. Moreover, it also contradicts the idea of SME Connect to be just a platform and not an actor.

V. *“if SME provides or receives funds from the Coalition for Digital Ads“*

SME Connect has no positions of its own; however SME Connect members who have organized themselves into the CDA are entitled to administrative and organizational support from the SME Connect secretariat. SME Connect is only a “back office” service: organizing, coordinating, monitoring, newsletter, publishing content via twitter/website. The members (initiators) are paying membership fees to SME Connect to cover these services. Partners of CDA where only investing their own resources (mainly expert knowledge or time).

VI. *“if the Coalition for Digital Ads ever exerted any influence on the strategies and activities carried out by SME in the context of the decision-making process of the Digital Services Act and Digital Markets Act at EU-level.“*

CDA has never influenced SME Connect. In 2021, SME Connect organized only general events on DSA (five) and DMA (one) and they took place prior to the formation of CDA. After that, there were no more events on the subject from SME Connect. In 2022, the CDA had one webinar by Targeting Startups, to which CDA was invited as a co-organizer in January, as well as another webinar co-organized with SAPIE in March. Beside the CDA, SME Connect as a network has no activities related to DSA or DMA.

We hope we were able to answer the questions you raised.

It was not in SME Connect’s intentions to obscure anything; we also believe that we haven't veiled anything here so far, or that we have broken the standards of the Transparency Register. However, we are aware that we also must meet highest standards in a politically difficult context. As a result of your request, we have updated our profile with information in the Transparency Register.

Sincerely,
Dr. Horst Heitz
Chair of the SME Connect Steering Committee