

VCI POSITION ON

THE STANDARD FOR VOLUNTARY SUSTAINABILITY REPORTING (VS)

The VCI welcomes the opportunity to comment on **the draft Delegated Regulation of the Sustainability Reporting Standard for voluntary Use (VS)**. Over recent years, the VCI has closely followed EFRAG's work on the development of the VS and has contributed its assessments through a series of position papers.

We explicitly welcome the draft of the VS and support the underlying objective of the **value chain cap**. Many small and medium-sized enterprises (SMEs) are confronted with indirect sustainability reporting requirements as a result of requests from their business partners. The VS has the potential to address these requests and thus contribute to a harmonised approach to sustainability reporting. An appropriate level of practical applicability, combined with meaningful relief for SMEs, is essential for the widespread use of the VS. In our view, this requirement is largely met by the Draft on the VS.

The VS should therefore **not be expanded beyond the existing draft** and must be recognised by CSRD-reporting large enterprises, investors, financial institutions, and banks as an **adequate and sufficient fulfilment of value-chain information requirements**, in order to ensure broad acceptance.

Furthermore, the VCI emphasises that companies that fall within the scope of voluntary reporting under the CSRD due to value-chain requests constitute a **heterogeneous group**. Larger SMEs generally face fewer challenges in applying the standard than smaller enterprises, for which even the **basic module of the VS represents a significant challenge**. This applies in particular to the reporting of additional industry-specific data, such as **Scope 3 emissions (paragraph 12)**. In this light, the VCI welcomes the removal of mandatory disclosures on GHG intensity and the gender pay gap in the new draft, as well as the significant simplification of detailed biodiversity reporting requirements. Further, the classification of Scope 3 emissions as sector-specific additional information ("consideration") is explicitly supported. It is crucial, however, that these disclosures do not effectively become an indirect requirement through obligations arising from the value chain.

In addition, coherence between the VS and the ongoing revisions of the **European Sustainability Reporting Standards (ESRS)** and the **Sustainable Finance Disclosure Regulation (SFDR)** must be ensured. During the revision of ESRS and SFDR, information requirements along the value chain should consistently reflect what is realistically achievable for SMEs, in order to avoid disproportionate burdens. The objective should be to reduce reliance on supplier-based information as far as possible.

We would welcome these considerations being taken into account in the further coordination on the VS with the European Commission. The aim is to **significantly limit the “trickle-down” effect** and **substantially reduce the administrative burden on SMEs**. This is crucial to safeguarding the improvements achieved through the Omnibus procedure and to sustainably strengthening the competitiveness of SMEs in Germany.

Since the value chain cap applies only to companies with fewer than 1,000 employees, a **regulatory gap** arises for companies that exceed this threshold but do not meet the CSRD application criteria of a net turnover of more than €450 million and are therefore not subject to CSRD reporting obligations. This **gap should be closed by extending the value chain cap** to cover these companies as well.

To provide **legal certainty for businesses**, it is essential that **implementation be carried out as swiftly as possible** in line with the Commission’s timeline. Only under these conditions can companies operate with confidence in a stable and predictable legal framework.

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