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Berlin, 11.02.2026

**Beteiligung zur Empfehlung der EU-Kommission für einen Standard für die freiwillige Nachhaltigkeitsberichterstattung kleiner und mittlerer Unternehmen (VSME) im Rahmen des Omnibus-I-Pakets**

Sehr geehrter Herr Dr. Techert,

wir danken Ihnen für Ihr Schreiben vom 3. Februar 2026 und die Möglichkeit, zur Empfehlung (EU) 2025/1710 der Kommission Stellung zu nehmen, welche als Grundlage für einen delegierten Rechtsakt über einen freiwillig anwendbaren Standard der Nachhaltigkeitsberichterstattung dienen soll. Im Folgenden möchten wir zudem Stellung zur Frage der Europäischen Kommission beziehen, ob der künftige freiwillige Standard mit der bestehenden Empfehlung der Kommission für einen Standard zur freiwilligen Nachhaltigkeitsberichterstattung kleiner und mittlerer Unternehmen (KMU) gemäß Anhang I<sup>1</sup> der Empfehlung (EU) 2025/1710 identisch sein oder hiervon abweichen soll.

Als DRSC haben wir die Entwicklung des von KMU freiwillig anwendbaren Standards für die Nachhaltigkeitsberichterstattung von Beginn an begleitet und sehen den von EFRAG im Dezember 2024 an die EU-Kommission übergebenen (und von der EU-Kommission im Juni 2025 zur Anwendung empfohlenen) Standard als grundsätzlich geeignet an, eine Harmonisierung der freiwilligen Nachhaltigkeitsberichterstattung zu fördern. Nach unseren bisherigen Erkenntnissen hat der Standard in der von der EU-Kommission empfohlenen Version das Potenzial individuelle Informationsabfragen an KMU zu reduzieren, da Informationsbedürfnisse der Nutzer dieser Nachhaltigkeitsberichterstattung (zum Teil) erfüllt werden. Dies gilt, auch wenn eine vollständige Harmonisierung

<sup>1</sup> Die Empfehlung (EU) 2025/1710 der Kommission enthält neben Anhang I auch einen Anhang II, der praktische Leitlinien für die Anwendung des Standards für die freiwillige Nachhaltigkeitsberichterstattung kleiner und mittlerer Unternehmen gemäß Anhang I umfasst. Da wir bislang angenommen haben, dass auch die Klarstellungen dieses Anhangs Teil des delegierten Rechtsakts werden wird, beziehen sich unsere Anmerkungen auf Anhang I und Anhang II gleichermaßen.

aufgrund der unterschiedlichen Informationsbedarfe nicht erreichbar scheint und weiterhin über den freiwilligen Standard hinausgehende Informationen erforderlich sein werden.

Voraussetzung für eine möglichst weitgehende Harmonisierung der Nachhaltigkeitsberichterstattung und dadurch erhoffte Entlastung der freiwillig berichtenden Unternehmen ist die breite Akzeptanz dieses freiwillig anwendbaren Standards von allen Stakeholdern. Dafür muss ein nach diesem Standard erstellter Bericht einen eindeutigen, möglichst wahlrechtsfreien Mindestdatensatz an Informationen bereitstellen. Dies ermöglicht Vergleiche zwischen den Unternehmen, die für die Nutzer dieser Nachhaltigkeitsinformationen von erheblicher Bedeutung sind.

Bedeutsam für die Akzeptanz des Standards ist zudem das Zusammenspiel zwischen dem freiwillig anwendbaren Standard und den ESRS. Nicht nur ist ein Gleichlauf der Konzepte und Begriffe erforderlich. Ausschlaggebend ist ferner, dass die Anforderungen des VSME auf die ESRS in der überarbeiteten Version (d.h., Technical Advice, TA) abgestimmt sind und es ESRS-Anwendern bspw. erlaubt, Schätzungen anstelle von Primärdaten zur Wertschöpfungskette zu verwenden. Dies ermöglicht nicht nur qualitativ hochwertige Informationen bei ESRS-Erstellern, sondern gleichzeitig eine schlanke Ausgestaltung des VSME. Dieser schreibt bspw. die anderenfalls erforderlichen Scope 3-Angaben nicht vor oder ist konzeptionell so angelegt, dass keine produktbezogenen Informationen erforderlich sind. Da ESRS-Berichterstatter solche Informationen über ihre Wertschöpfungsketten regelmäßig benötigen werden, wirken sich die Vereinfachungen in den von EFRAG vorgeschlagenen ESRS (TA) unmittelbar auf den VS aus. Für die Erarbeitung der DA sowohl für die ESRS (TA) als auch für den VSME sind solche Wechselwirkungen zwingend zu beachten.

Grundsätzlich gilt, dass der VSME auf Übereinstimmung mit den finalisierten ESRS (derzeit TA) und anderen EU-Regelungen überprüft werden sollte. Dies betrifft bspw. die SFDR. Dem Vorschlag für deren Überarbeitung zufolge, würden harmonisierte PAI obsolet, sodass die Orientierung des VSME an solchen Indikatoren nicht mehr erforderlich wäre.

Unter Berücksichtigung der Zielsetzung, den VSME weitestmöglich in der bestehenden – ggf. schon zur Anwendung kommenden – Version beizubehalten, unterteilen wir unsere Rückmeldungen in:

1. **Korrekturbedarf**, der sich bspw. durch die Übersetzungsarbeiten des DRSC (Englisch-Deutsch) im Zusammenhang mit dem VSME gezeigt hat (s. **Appendix I**).
2. **(geringfügiger) Klarstellungs- und Änderungsbedarf**, die sich aus Austauschen mit unterschiedlichen Stakeholdern zur Empfehlung (EU) 2025/1710 der Kommission ergeben haben (s. **Appendix II**).
3. Aspekte, die **umfassendere Änderungen** beinhalten könnten und daher im Rahmen der turnusmäßigen Überprüfung (mindestens alle 4 Jahre) des Standards zur freiwilligen Nachhaltigkeitsberichterstattung diskutiert werden sollten (s. **Appendix III**).

Die Ergebnisse aus den Austauschgesprächen mit verschiedenen Stakeholdern zur Empfehlung (EU) 2025/1710 der Kommission, die unsere Anmerkungen in Appendix II und Appendix III maßgeblich mitgeprägt haben, sind ausschließlich als Beispiele zu verstehen, da die zugrunde liegende

Studie derzeit noch ausgewertet wird und die finalen Ergebnisse erst zu einem späteren Zeitpunkt veröffentlicht werden.

Für Rückfragen stehen wir Ihnen gerne zur Verfügung.

Mit freundlichen Grüßen

*Georg Lanfermann*

Präsident

## Appendix I

Disclosure	VSME Reference	Type of comment	Comment
---	Annex I, para. 15	Clarification of requirement	Annex I, para. 15 states 'If the parent undertaking has prepared its sustainability report on a consolidated basis, including information from its subsidiaries, the subsidiary undertakings are exempted <b>from reporting</b> .' For the sake of clarity, the VSME could specify that, in this case, subsidiaries are exempt <b>from sustainability reporting</b> requirements, rather than from any form of reporting obligations. The latter might include financial reporting obligations which the VSME does not address.
B2 and C2	Annex I, Appendix A: Defined terms + Annex I, paras. 26-27 + 48-49	Alignment with Draft Simplified ESRS ( <u>Technical Advice</u> )	<p>The term '<b>policy</b>' is used and defined in the VSME; however, it is defined differently than in the ESRS (TA). While it is understandable that it is also to cover the circumstances in SMEs it is not adequate to extend the definition of policies to no formalised written documents.</p> <p>The VSME has included in B2/C2 the references to "<b>practices</b>" in order to cover the circumstances in SMEs when actions have been implemented without formalised documents (i.e., without policies). Therefore, practices should be defined in the glossary – in distinction to policies.</p> <p>In addition, policies should be defined in accordance with the glossary of the Draft Simplified ESRS (TA).</p>
B2	Annex I, para.26 (d)	Clarification of Disclosure requirement	<p>Annex I, paragraph 26(d) states: "<i>The undertaking shall state whether it has: ... targets to monitor the implementation of the policies and the progress achieved towards meeting such targets.</i>"</p> <p>The wording is difficult to understand, as it could be interpreted as requiring a description of the targets and the progress achieved towards meeting such targets. However, B2 only requires information on whether targets exist. This is also clarified in the guidance for B2 (Annex II, paragraph 14) clarifying that <i>whether</i> such practices, policies or initiatives, and targets, exist needs to be reported.</p> <p>In addition, the second part of the sentence seems unclear due to a seemingly missing reference. Currently, it reads as if the undertaking "<i>shall state whether it has ... progress achieved...</i>". It needs to be clarified which information is expected to be disclosed with regard to the progress achieved.</p>
B3	Annex I, para. 31	Clarification of Disclosure requirement	In Annex I, para. 31 it should be clarified that the calculation of the GHG intensity should include the 'gross greenhouse gas (GHG) emissions' disclosed under paragraph 30 <u>(a) and (b)</u> in the numerator.
B4	Annex II, Practical Guidance para. 47	Clarification of Practical Guidance	We recommend adjusting the wording in Annex II, Practical Guidance paragraph 47 from " <b>companies</b> " to " <b>undertakings</b> ", and reviewing whether additional IEPR references should be included throughout the paragraph.

B5	Annex I, Appendix A: Defined terms + Annex II, Practical Guidance para. 70	use/definition of terms + Alignment with Draft Simplified ESRS (TA)	<p>In Annex II, Practical Guidance paragraph 70, the term 'UNESCO World Heritage sites' is used. It is an umbrella term used by UNESCO for places of exceptional universal value that are worthy of protection and is divided into Cultural and Natural World Heritage sites.</p> <p>Given the context of Disclosure B5 and the reference in VSME Practical Guidance paragraph 71, the question is whether it could be clarified that paragraph 70 relates specifically to Natural World Heritage sites, as undertakings are required to disclose the sites they operate that are located in or near biodiversity-sensitive areas.</p> <p>Additional Note: The German translation would then have to refer to 'UNESCO-Weltnaturerbestätten' rather than 'UNESCO-Welterbestätten'.</p> <p>Furthermore, in Annex I, Appendix A, the defined term 'biodiversity-sensitive area' should be adapted to the wording used in the glossary of the Draft Simplified ESRS (TA).</p>
B6	Annex I, para. 35 + Annex II, Practical Guidance paras. 77 and 85	use/definition of terms	<p>In Annex I, paragraph 35, and Annex II, Practical Guidance paragraphs 77 and 85, concerning disclosure requirement B6, different terms are used when seemingly the same concept is referred to: 'boundaries of the organisation (facility)', 'organisational boundaries', and 'boundaries of the undertaking'.</p> <p>We recommend aligning the terminology to prevent possible misunderstanding regarding any differences in the terminology.</p>
B6	Annex II, Practical Guidance para. 88	German translation	<p>In the schematic figure in Annex II, Practical Guidance para. 88 in the German translation of Commission Recommendation (EU) 2025/1710, the term 'Wasserverbrauch' ('water consumption') appears twice in error. In the box on the right-hand side of the figure, it should instead read 'Ableitung von Wasser' ('water discharge').</p>
B6	Annex I, para. 35 + Annex II, Practical Guidance 92	use/definition of terms + Clarification of Disclosure requirement	<p>In Annex II, Practical Guidance 92, under the heading 'Guidance for determining whether the undertaking operates in an area of high-water stress', it is stated that:</p> <p>“...if the undertaking has operations within the Guadalquivir basin (e.g., the Andalucía region, which has a significant high-water stress level), the undertaking would have to disaggregate its <b>water consumption</b> for that region/water basin. But if its operations take place within the southern part of the Guadiana river basin (where there is low water stress), then it would not be necessary to disaggregate its <b>water consumption</b> for that region/water basin.”</p> <p>However, according to Annex I, paragraph 35, the undertaking is required to separately present the amount of <u>water withdrawn</u> at sites located in areas of high water stress. Therefore, we recommend changing the wording in Annex II, Practical Guidance 92 from 'water consumption' to 'water withdrawal'. The same adjustment should be made in the German translation of the VSME: instead of 'Wasserverbrauch', it should read 'Wasserentnahme'.</p>

B7	Heading	German translation	Resource use, circular economy and waste management' is translated as 'Ressourcennutzung, Kreislaufwirtschaft und Abfallbewirtschaftung'. However, the term 'Abfallbewirtschaftung' is not commonly used; the term 'Abfallwirtschaft' should be used instead.
B7	Annex II, Practical Guidance para. 99 + Annex I, Appendix A: Defined terms	Incorrect reference	In Annex II, Practical Guidance para. 99, the reference to hazardous properties incorrectly cites Annex II of the Waste Framework Directive (Directive 2008/98/EC); the correct reference is Annex III. Appendix A: Defined Terms of the VSME correctly cites Annex III for the definition of 'Hazardous waste'.
C2	Annex I, para. 48 + Annex II, Practical Guidance para. 149	Clarification of Disclosure requirement	Annex I, paragraph 48 states: "...The undertaking <b>may</b> use the template found in paragraph 149 of Annex II of this Recommendation for this purpose." However, in the template provided in paragraph 149 of Annex II, the heading of column 2 states: "If you answered YES to existing practices/policies/future initiatives in disclosure B2, please briefly describe them along with their consequent actions. (In case the practice/policy/future initiative covers suppliers or clients, the undertaking <b>shall</b> mention it)." A reference to an optional template should not introduce an additional mandatory ("shall") disclosure requirement.
C3	Annex I, para. 55	Clarification of Disclosure requirement	Annex I, paragraph 55 states: "If the undertaking that operates in high climate impact sectors has adopted a transition plan for climate change mitigation, it may provide information about it, including an explanation of how <b>it</b> is contributing to reduce GHG emissions." From this wording, it is unclear whether "it" refers to the undertaking or to the transition plan, and therefore what exactly is intended to be explained as contributing to the reduction of GHG emissions.
Glossary	Annex I, Appendix A: Defined terms	Alignment with Draft Simplified ESRS (TA)	<p>As a result of the simplification of ESRS there are various differences between the definitions in the glossary of the VSME compared to the glossary of the Draft Simplified ESRS (TA).</p> <p>It should be reassessed to which extend an alignment with the glossary / terminology in the ESRS (TA) is possible. Terminology / definitions should be aligned as much as possible.</p> <p>Currently, there are differences between the definitions in the VSME and ESRS (TA) for the following terms:</p> <ul style="list-style-type: none"> <li>- Actions</li> <li>- Biodiversity sensitive Area (see comment above on B5 concerning UNESCO World Heritage sites)</li> <li>- Child Labour</li> <li>- Circular economy principles</li> <li>- Discrimination</li> <li>- Forced Labour</li> <li>- Greenhouse Gases (GHG)</li> <li>- Indirect GHG emissions (Scope 2)</li> <li>- Impact</li> <li>- Land-use (change)</li> <li>- Own workforce/own workers</li> <li>- Policy</li> <li>- Recordable work-related accident / Recordable work-related injury or ill health</li> <li>- Recycling</li> <li>- Renewable Energy</li> <li>- Site</li> </ul>

			<ul style="list-style-type: none"><li>- Targets</li><li>- Training</li><li>- Value Chain</li><li>- Water consumption</li><li>- Worker in the value chain</li></ul>
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## Appendix II

This appendix lists various minor clarifications and amendments which the DRSC deems necessary. They arose from discussions with various stakeholders<sup>2</sup> regarding the Commission Recommendation (EU) 2025/1710:

Disclo-sure	VSME Reference	Type of comment	Comment
---	Annex I, paragraphs 1–4	Alignment with substance proposal	Annex I, paragraphs 1–4, concerning the <b>objective of this standard and the undertakings to which it applies needs to be reviewed and revised</b> . As the scope of users which are eligible to apply the voluntary standard has increased under the Substance Proposal, this section of the VSME should be adapted accordingly.
---	e.g. Annex I, para. 57 + Annex II, Practical Guidance para. 166	Alignment with Draft Simplified ESRS (TA)	We recommend reviewing the <b>conceptual alignment with the Draft Simplified ESRS (TA)</b> in general. For example, Disclosure Requirement C4 in Annex I, para. 57 currently requires a gross approach, whereas the ESRS now differentiate more clearly and, in some cases, apply a net approach.
B1	Annex I, para. 24 (e) iii.	Clarification of Disclosure requirement	In certain cases, an undertaking does not prepare a balance sheet and therefore cannot simply report a balance sheet total (i.e., total assets in monetary units). In such cases, it should be permissible to estimate total assets approximately using records from the financial accounting system.
B5	Annex I, para. 33 and 34	Alignment with Draft Simplified ESRS (TA) and clarification of Disclosure requirement	<p>B5, paragraph 33, requires disclosure of the number and area (in hectares or m<sup>2</sup>) of sites owned, leased or managed in or near a biodiversity-sensitive area.</p> <p>For one, the site definition in the simplified ESRS (TA) has changed and has been expanded. This should be reflected in the VSME.</p> <p>In addition, we have received various questions as to the understanding of "<b>off-site</b>" (para 34(c)). The understanding is that every land that the undertaking owns, leases or manages is considered the "sites" of the undertaking. This is particularly reflected in the extended definition of "site" in the simplified ESRS (TA). If this understanding is correct, which land use is to be disclosed as "nature-oriented area <b>off-site</b>"? As this is not intended to relate to land use outside the sphere of the undertaking it should be clarified which disclosure is expected here.</p> <p>Note: the current definition of "site" in the VSME suggests that "sites" are understood as one or more physical installations (only). If this was understood literally than undertakings would not have to provide information on land that is owned, managed or used (if it does not have installations).</p> <p>Therefore, alignment and clarification are needed.</p> <p>Moreover, by some B5 is understood as being more extensive than the corresponding requirement in the Draft Simplified ESRS</p>

<sup>2</sup> The results of the discussions with various stakeholders on Commission Recommendation (EU) 2025/1710, which have significantly shaped our comments in Appendix II and Appendix III, are to be understood solely as illustrative examples. The underlying study is still being analysed, and the results will only be published at a later stage.

			(TA) (E4-5). While B5 requires information of all sites, E4-5 refers to those which are linked to material IROs. This is a result of the different conceptual approach ("if applicable approach" vs. "DMA").
B5	Annex II, Practical Guidance paras. 75 and 76	use/definition of terms	<p>It is not entirely clear what is meant by '<i>green area</i>' or '<i>nature-oriented area</i>' in Annex II, Practical Guidance paragraph 75. For example, it is unclear how other areas located on or near the organisation's site—such as mowed lawns (which may or may not promote biodiversity) or areas with grass pavers (which may still be considered sealed surfaces)—should be treated.</p> <p>Regarding the term '<i>off-site area</i>', see our comment to B5 above: we recommend aligning the definition of '<i>site</i>' in the VSME with the glossary of the Draft Simplified ESRS (TA), which would seem to also remove the need to differentiate between on-site and off-site disclosures.</p>
B9	Annex I, para. 42 (a)	Clarification of Disclosure requirement	We recommend clarifying the definition of recordable work-related accidents in relation to accidents recognised as work-related by the employers' liability insurance association.
B10	Annex I, para. 42 (a)	Clarification of Disclosure requirement	<p>Annex I, paragraph 42(a) states: "The undertaking shall disclose: (a) whether the employees receive pay that is equal to or above the applicable minimum wage for the country it reports on, determined directly by the national minimum wage law <b>or</b> through a collective bargaining agreement."</p> <p>First, it is unclear whether the requirement must be fulfilled by all employees (100%) to report an alignment in this disclosure requirement (or whether the undertaking is expected to disclose the share of employees whose payment fulfils the condition).</p> <p>Second, where a country has a national minimum wage law but in that specific undertaking a collective bargaining agreement applies for <i>some</i> of the employees, it is unclear whether both conditions must be met (i.e. pay above the statutory minimum wage <i>and</i> in accordance with the collective bargaining agreement) in order to positively report on this disclosure requirement.</p>
--	Annex I, para. 50-53	Clarification of structure / status of scope 3 disclosure (non-mandatory)	<p>Currently, the VSME contains various references to Scope 3 disclosures, but in paragraphs in the VSME outside the disclosure requirements. This has led to questions regarding the status of the Scope 3 disclosure (i.e., not mandatory).</p> <p>While it should be clear that there is no scope 3 disclosure requirement, the current structure does not seem appropriate considering the importance of Scope 3 disclosures for users of sustainability information. Therefore, the current structure (various references to Scope 3 outside the actual disclosure requirement structure) should be reconsidered. The VSME should be clear on the status of Scope 3 disclosure and on the intention of the VSME.</p>

C7	Annex II, Practical Guidance para. 174 + Annex I, Appendix A: Defined terms	use/definition of terms + Alignment with Draft Simplified ESRS (TA)	<p>In the Practical Guidance to C7 concerning severe negative human rights incidents (para. 174), the term 'confirmed incident' is placed in parentheses and defined. In Annex I–Appendix A of the VSME, however, the term 'incident' is defined using identical wording.</p> <p>To avoid ambiguity and ensure terminological consistency between the Guidance and Annex I, we recommend clarifying the wording in para. 174 of the Practical Guidance to C7 by explaining when an incident is considered confirmed.</p> <p>In addition, while the definition in Annex I, Appendix A of the VSME reproduces verbatim the wording set out in the glossary to the existing ESRS Set 1, this term no longer appears in the glossary of the Draft Simplified ESRS (TA). Instead, the Draft Simplified ESRS (TA) introduces two new terms for this purpose: 'incident of discrimination' and 'human rights incident'.</p> <p>We therefore suggest reviewing the wording in the glossary and the relevant requirements of the VSME to align as much as possible with the terminology used in the Draft Simplified ESRS (TA).</p>
C7	Annex I, para. 62	Alignment between CSDDD and VSME	We note differences between the CSDDD and the VSME and therefore suggest reviewing whether amendments to the VSME are necessary. For instance, the CSDDD includes disclosure requirements for impacts that are less severe than "severe", distinguishing between two categories: "severe adverse impacts" and "adverse impacts". The VSME, however, does not include any disclosure requirements for "adverse impacts".
C8	Annex I, para. 64	Alignment with Draft Simplified ESRS (TA)	<p>Annex I, para. 64 requires disclosure of whether the undertaking is excluded from any EU reference benchmarks aligned with the Paris Agreement.</p> <p>This is more demanding than the Draft Simplified ESRS (TA), where the corresponding disclosure requirement (former ESRS E1-1 para. 16(g)) has been deleted because stakeholders indicated that this requirement created unnecessary burden, and it was oftentimes unclear to entities whether they were excluded or not from the EU Paris-aligned Benchmarks.</p>

List of possible sustainability issues	Annex I, Appendix B, List of possible sustainability issues	Alignment with Draft Simplified ESRS (TA) (TA) + use/definition of terms	<p>VSME, Annex I, Appendix B, 'List of Possible Sustainability Issues' reproduces the former ESRS 1 AR 16 table of 'Sustainability Matters Covered in Topical ESRS'. This table was revised during the amendment of ESRS 1 (e.g. it now only includes topics and sub-topics; see Appendix A of the Draft Simplified ESRS 1 (TA)) and should be updated accordingly in the VSME.</p> <p>Furthermore, VSME, Annex I, paragraph 21 states that: "The undertaking shall report on its environmental, social and business conduct issues (together 'sustainability issues') using the B1 to B11 disclosures below." The term 'sustainability issue' is used throughout the VSME. In some paragraphs, for example B2 paragraph 27, the VSME also refers to the list of possible sustainability issues in Annex I, Appendix B, which corresponds to the ESRS 1 AR 16 list of 'sustainability matters'.</p> <p>If these terms are intended to refer to different concepts, it should be clarified in what respect they differ. In addition, the Draft Simplified ESRS (TA) use the term '(sustainability) topic' as an umbrella term to indicate either a topic or a sub-topic, depending on the appropriate level of granularity required to meet the relevant disclosure objectives (Draft Simplified ESRS 1 (TA), para. 14). It may therefore be necessary for the VSME to adapt its terminology accordingly.</p>
Glossary	Annex I, Appendix A: Defined terms + Annex I, para. 19  (sensitive / classified information)	use/definition of terms + Alignment with Draft Simplified ESRS (TA)	<p>For the acceptance of the VSME, it is essential that competitively relevant and sensitive information is excluded from the disclosure requirements. This is clearly the intention of paragraph 19.</p> <p>However, the glossary defines "classified information" and "sensitive information" in Annex I, Appendix A, in a way that inappropriately limits the use of this exemption provided in par. 19.</p> <p>Because the glossary definition, through its references to EU provisions, defines "classified" information in such a way that it only covers information whose disclosure would be contrary to the interests of the EU and its Member States. This definition does not appear to include the protection of interests of the undertakings themselves.</p> <p>In addition, "sensitive" information seems to be limited in the glossary to cases where the privacy or security of a natural or legal person is affected. It remains unclear whether this also encompasses competitively sensitive information.</p> <p>In the Draft Simplified ESRS (TA), these terms are still included in the glossary, but they are no longer used in the standards themselves. It can be expected that ESRS (TA) will also be reviewed in this respect.</p> <p>VSME should be reviewed to clearly relieve undertakings from providing information that is sensitive from a competitive point of view of the undertaking.</p>

### Appendix III

The voluntarily applicable standard for sustainability reporting was developed by EFRAG to address the needs of SMEs and micro entities and the users of the sustainability information of these undertakings. Most likely the potential scope of this standard will be expanded by all undertakings which are not subject to the CSRD, i.e. undertakings with up to 1.000 employees and 450m Euro turnover.

In recent weeks, we have conducted numerous interviews / detailed discussions with various stakeholders of a VSME (including SME, large undertakings, financial institutions, ESRS preparers, rating agencies). We are in the process of analysing the findings and will publish our findings in due course. Despite the early stage of this work, we have gathered evidence that the extended scope of the VSME results in different expectations regarding the VSME. From our discussions, we have received that feedback that the current VSME is unlikely to exactly fit the perspective of all undertakings that are part of the extended potential scope of the VSME as their role is going beyond being a simple element of reporting entities supply chains whose data is required. For example, listed undertakings which are not subject to the CSRD are nevertheless potential investment objects for financial market participants. Their information needs are driven by additional regulations, such as the SFDR. It is therefore very likely that diverging reporting practices will emerge depending on the undertaking that applies the VSME.

We therefore very much welcome a review of the VSME in due course which is typically an integral part of a delegated act by the EU Commission. From the feedback we received this review could address several aspects of the VSME, including conceptual considerations:

- Review of the “if applicable principle”

The VSME currently relies on the “if applicable principle”. However, from the feedback we received, this may lead to including non-material information. This is true especially for larger undertakings which typically have an array of sustainability topics, not all of them being material according to a DMA. Large undertakings brought forward their concerns that the inclusion of all applicable topics could result in information being viewed as “green washing” (i.e., emphasized even though not material and therefore possibly not in line with EmpCo). In addition, in the feedback we received, users of voluntary sustainability information of larger/listed undertakings confirmed the benefit of voluntary sustainability reports to provide material information only (i.e. based on DMA). By consequence, it could be considered whether in a future review, a voluntarily performed DMA could be used to better reflect the use of the “if applicable principle”.

For example, currently, the VSME, requires all information on the geolocation of sites (B1) or on sites in general (B5) whereas the information provided in a ESRS report will contain the material information only. The same applies for practices, policies and future initiatives, which are to be disclosed irrespective of materiality (B2/C2).

- Capitalising on reporting experiences to be made; reconsideration of indicators needed for larger/listed undertakings

In our understanding it is very likely that larger/listed undertakings will be asked by their stakeholders (e.g. banks, customers) for sustainability information beyond information addressed in the current VSME. Based on gained reporting experience, it could therefore be helpful to evaluate in future years possible differences in the voluntary sustainability reporting among undertakings outside the scope of the CSRD. The analysis might reveal how diverse reporting practices will actually develop. Such analysis could then either confirm the extent of harmonisation already achieved or show whether there is room for additional indicators for larger/listed undertakings which seem more appropriate to reflect the situation of such larger/listed entities.

- Potential eliminations or adjustments of current indicators in the VSME

Also depending on a future analysis of voluntary sustainability reports current indicators in the VSME might need adjustments in the future. We have already gathered indications that adjustments could be needed. Mostly, this was due to further alignment with the SFDR. As the SFDR is currently also under review changes in the SFDR will likely have to be considered in the future review of the VSME. Possible adjustments might be including not only (non - )renewable energy *consumption*, but also energy *production* or additional information on biodiversity (i.e. mitigation measures, active harm).

Other examples for possible adjustments of indicators refer to B2/C2 where stakeholders have asked for more information on the time horizon of those practices, policies, future initiatives and related targets (if any). Stakeholders have also asked for information on the insurance of assets (C4) or a breakdown of revenue by different sectors (B1).

We suggest including these considerations in the review that will be conducted by the EU Commission on a regular basis.