

BVI's¹ standpoint on introducing VSME standards for sustainability reporting

As users of ESG data, BVI members highly value the benefits of standardised sustainability reporting under the ESRS. Data reported by companies is more accurate, timely and low-cost for investors than information obtained from commercial ESG data vendors and more reliable due to the assurance requirement. Reporting standards ensure comparability of ESG disclosures and are an important factor for informed investment decisions.

Nonetheless, given that the scope of application of the CSRD reporting requirements has been materially curbed by Omnibus I, BVI members and other financial market participants will need to refer to other sources of ESG information for assessing sustainability risks, opportunities and impacts of their investee companies. The VSME standard will play an important role in closing the data gap for listed and non-listed companies below the CSRD application thresholds. Hence, we welcome the envisaged endorsement of the VSME standard by means of an EU delegated act and have the following requests for enhancing its usefulness:

- **Full coherence of datapoints and metrics:** The VSME standard needs to be reevaluated to ensure full coherence with the revised ESRS. The description of datapoints and specific metrics in the VSME standard has to be 100 percent consistent with the corresponding ESRS standards. This will ensure the usability of VSME reporting for large companies seeking information about their value chains and provide for comparability for investors. It will also allow growing companies to build upon the already established reporting practices when reaching the CSRD application thresholds.
- **Use of the comprehensive module:** The VSME standard has been developed by EFRAG in 2024 for application by small and mid-size companies below 250 employees. In order to accommodate the application of the standard for all companies now outside the scope of CSRD, we would welcome a policy guidance clarifying that companies with more than 250 employees are expected to use the comprehensive VSME module in addition to the basis module for their voluntary reporting. This is in line with the principle of proportionality enshrined in the Commission's mandate for adopting a delegated act under Art. 29ca of EU Accounting Directive and would cater for the information needs of investors and other financial market participants.
- **Optional accessibility via ESAP:** The EU Commission should evaluate the possibility for companies reporting voluntarily in accordance with the VSME standard to make their reports accessible via ESAP. Such optional submissions would allow small and mid-size companies to reach a broad range of information users at once. Dissemination via ESAP could thus provide an attractive option for SME reporters, provided it is possible in line with viable technical requirements and without additional costs.

¹ BVI represents the interests of the German fund industry at national and international level. The association promotes sensible regulation of the fund business as well as fair competition vis-à-vis policy makers and regulators. Asset managers act as trustees in the sole interest of the investor and are subject to strict regulation. Funds match funding investors and the capital demands of companies and governments, thus fulfilling an important macro-economic function. BVI's 114 members manage assets of EUR 4.8 trillion for retail investors, insurance companies, pension and retirement schemes, banks, churches and foundations. With a share of 26%, Germany represents the largest fund market in the EU. BVI's ID number in the EU Transparency Register is 96816064173-47. For more information, please visit www.bvi.de/en.