

Commissioner Albuquerque
Rue de la Loi
1049 Brussels
Belgium

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Brussels, 3 June 2026

Subject: Accountancy Europe's response to the draft delegated regulation establishing sustainability reporting standards for voluntary use by entities protected by the value chain cap

Dear Sir or Madam,

Accountancy Europe is pleased to provide its comments on the Commission Delegated Regulation supplementing Directive 2013/34/EU by establishing sustainability reporting standards for voluntary use by undertakings protected by the value chain cap, and its annexes.

Accountancy Europe welcomes the European Commission's (EC) draft delegated act with a voluntary standard, based on EFRAG's Voluntary Sustainability Standard for non-listed SMEs (VSME). As per the [revised Corporate Sustainability Reporting Directive](#) (CSRD) following the [Omnibus I Directive](#), this standard is intended for use for companies outside of the CSRD's scope (i.e. with less than 1,000 employees and €450million turnover) and would serve as a "value chain cap".

Accountancy Europe notes that the EFRAG's VSME was developed for non-listed companies with less than 250 employees, and was not supposed to function as the value chain cap. It is therefore important to first and foremost, assess whether EFRAG's VSME could be fit-for-purpose for a broader scope of companies than originally.

A robust standard-setting due process underpins and legitimises the standards: it is key to undertake thorough research (to determine the resources and capabilities of companies as well as the information needs of users), stakeholder consultation, cost-benefit analysis and field-testing before enforcing a standard. EFRAG's VSME due process accounted for the originally intended scope, however, if applicable to a wider range of companies it cannot be considered relevant or robust enough.

Accountancy Europe appreciates that the voluntary standard (hereafter abbreviated to the VS) is intended to play a dual role, as it will also serve as "the value chain cap". The EC's draft delegated act with the voluntary standard could focus on the latter objective. On the other hand, regarding reporting, companies outside of the CSRD's scope, many of which are large, can provide sustainability information based on the most adequate standard available, either at European level (i.e. the revised ESRS or the VSME) or international level (i.e. the ISSB standards or GRI).

We recommend that the adequacy of the information provided under the VS for users of sustainability reports issued by large companies with more than 250 employees is included in the European Commission's post implementation assessment review that is required by the CSRD.

We note that the current wording of Article 1 refers only to an employee threshold and not also to a turnover threshold. Consequently, there appears to be a category of companies that have less than €450 million turnover but more than 1 000 employees that are not required to report under ESRS by the CSRD but not receive the benefit of the value chain cap. If this is the intention of the legislation we believe that this should be explicitly stated and the reasoning behind this decision should be explicitly explained.

In the remainder of this response, we solely consider the potential impacts of the draft regulation on SME preparers and do not consider the impact on businesses preparing reports under the VS that have more than 250 employees or the needs of users of sustainability information.

Accountancy Europe supports the proposal to introduce a legal upper limit (the ‘value chain cap’) on the sustainability information that entities subject to Articles 19a and 29a of Directive 2013/34/EU can require from genuine SMEs. We also support the inclusion of paragraph 66 in the revised ESRS 1 in the draft Delegated Regulation that requires relevant undertakings to take account of the upper limit of information that can be required from entities protected by the value chain cap.

We hope that this will improve the proportionality and increase the consistency of the sustainability information requested from smaller entities by their value chain partners.

We support the value chain cap being based on disclosures marked as ‘necessary’ in the VS in Annex II in respect of SMEs. This reduces the potential reporting burden on SMEs. It also explicitly clarifies the status of the different disclosures in the VS – in the VSME this was based on the use of wording such as ‘shall’, ‘may’, ‘If the undertaking...’ etc embedded in the text.

Our understanding of the delegated regulation is that the disclosures forming the value chain cap are:

- For micro-entities (10 employees or fewer) – 9 disclosures marked as ‘necessary’
- For all other entities (over 10 employees) – the 9 disclosures marked as ‘necessary’ plus an additional 14 marked as *Necessary for undertakings with more than 10 employees; voluntary for undertakings with 10 employees or less*.

However, this is not entirely clear from the drafting of Article 2 and Article 3. We examine this topic in more detail in the section below.

We agree with the removal of those disclosures that were in EFRAG’s VSME, but which have now been removed from the revised ESRS, namely:

- GHG Intensity
- Sites in or near biodiversity sensitive areas
- Land use metrics
- Water ‘withdrawn’ replaced with ‘water consumed’
- Gender pay gap changed to disclose only if legally required to do so
- Deletion of gender breakdown for training hours per employee
- Deletion of exclusion from Paris-aligned benchmarks from the Comprehensive Module

We have pleasure in providing our detailed comments below.

Redrafting of Articles 2 and 3 of the draft Delegated Regulation

1. We believe that the wording of Articles 2 and 3 of the Delegated Regulation should be reviewed and amended to reduce the possibilities of misinterpretation.
2. In respect of the drafting of the value chain cap provisions, we consider most of Article 3 (the exception being Article 3(c)) is unnecessary and potentially confusing.
3. Article 2 already clearly specifies that the value chain cap “shall comprise the disclosures set out in both the basic module and the comprehensive module of the voluntary standard that are marked as ‘necessary’”. In our opinion it is superfluous and confusing to specify that the value chain cap does not include disclosures marked as ‘voluntary’, ‘consideration when reporting sector information’ and ‘necessary if applicable’.
4. To improve clarity, we would suggest an alternative drafting for Article 3 (c) to deal with this issue: “Disclosures marked as ‘Necessary for undertakings with more than 10 employees; voluntary for undertakings with 10 employees or less’ shall be included in the value chain cap for undertakings which on their balance sheet date exceed an average number of 10 employees during the preceding financial year. The value chain cap shall not include these additional disclosures for undertakings which on their balance sheet date do not exceed an average number of 10 employees during the preceding financial year.”
5. We also find Article 2 Voluntary Reporting superfluous – it is self-evident that all entities reporting under a voluntary standard can report more sustainability information on a voluntary basis and also use the practical guidance issued by EFRAG.

Identification of metrics as necessary etc.

6. We find the explicit categorisation of disclosures as ‘necessary’, ‘voluntary’ etc as a useful addition to the VSRS. This wasn’t explicit in the VSME, which relied on terms such as ‘shall’ or ‘may’ that are more open to interpretation.
7. Linking the categorisation to the value chain cap is also potentially useful in reducing the reporting burden on SMEs and particularly micro-entities - albeit the effectiveness of the value chain cap will only be proven some time after it enters into force. The European Commission should review the effectiveness of the value chain cap as part of the post implementation review required by the CSRD to ascertain whether further protective measures (for example, such as a whistleblower mechanism) are required to bolster its effectiveness.
8. This categorisation, taken together with the value chain cap, also has the potential to increase the consistency of value chain sustainability information requests – one of the main issues faced by SMEs is receiving divergent information requests from different value chain partners.

Explicit compliance with the VSRS (expanded Para 27 of Annex II)

9. We support the inclusion of a specific requirement to make an explicit statement of compliance as a tool for adding clarity and certainty to the sustainability report.

B8 Workforce – General characteristics; C5 – Additional (general) workforce characteristics

10. In our opinion, the employee turnover rate is a straightforward calculation and is a useful metric for internal risk management purposes. As the disclosure is necessary only for undertakings

with more than 10 employees, we do not feel that was necessary to move the disclosure from the Basic to the Comprehensive Module.

11. We would also recommend that the wording of this disclosure be fully aligned with that in the revised ESRS S1, which stipulates that the disclosure is in respect of **permanent** employees.
12. Indeed, we recommend that the Commission review the wording of all the VS disclosures, definitions etc. to ensure that the wording aligns with that in the draft revised ESRSs in the Annexes to the draft Delegated Regulation, where relevant. For example, the revised ESRS S1 refers to ‘substantiated incidents’ of discrimination and human rights incidents as opposed to ‘confirmed incidents’ in the VS. As another example, the definitions of recordable work-related accidents and ill health have been substantially amended in the draft revised ESRS but not in the draft VS.

C2 – Description of practices, policies and future initiatives for transitioning towards a more sustainable economy

13. We support the additional requirement in paragraph 47 to mention practices, policies, or future initiatives in cases where these cover suppliers or clients.

Comprehensive Module - Environmental Metrics

14. We agree with the sectors listed in Paragraph 49 of industries as having particular relevance to Scope 3 emissions. However, we believe that it would be useful that a comprehensive list of such sectors is prepared by the Commission to increase certainty.

Appendix A: Defined Terms

15. We have received comments that the definition of circular economy principles seems disconnected from traditional definitions in Europe - for example:
 - a. the European Parliament provided this definition “The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended”
 - b. EUR-Lex provided this definition: “A circular economy is a system which maintains the value of products, materials and resources in the economy for as long as possible, and minimises the generation of waste. This means a system where products are reused, repaired, remanufactured or recycled.”
16. C4 Climate Risk is a key environmental disclosure yet lacks a definition in Appendix A. Appendix A to the VSME contained a definition of Climate-related physical risks. Climate risk is an important focus of sustainability reporting, often expected by stakeholders, and so it is important that preparers and users understand well all elements of climate risk. Consequently, we recommend that this term should be defined in Appendix A of the delegated Regulation.

Sincerely,

Jens Poll

President



Eelco van der Enden

Chief Executive



ABOUT ACCOUNTANCY EUROPE

Accountancy Europe unites 49 professional organisations from 35 countries that represent close to **1 million** professional accountants, auditors and advisors. Accountancy Europe translates their daily experience to inform the public policy debate in Europe and beyond.

Accountancy Europe is in the EU Transparency Register (No 4713568401-18).