



EUROPEAN COMMISSION

QUESTIONS AND ANSWERS

Brussels, 30 July 2025

Questions and answers on the Recommendation on a voluntary sustainability reporting standard for small and medium-sized undertakings

1. What is the connection between the VSME Recommendation, and the future voluntary standard proposed under the Omnibus I simplification package?

On 26 February 2025, the Commission adopted the [Omnibus I simplification package](#). Regarding the [Corporate Sustainability Reporting Directive \(CSRD\)](#), the Commission proposed to reduce the number of undertakings subject to mandatory sustainability reporting requirements to companies with more than 1,000 employees. For companies with up to 1,000 employees, the Commission proposes to adopt a voluntary reporting standard by means of a delegated act. This voluntary standard will be based on the VSME standard developed by [EFRAG](#) and endorsed today with the [Commission's Recommendation](#).

The Omnibus simplification proposal also extends and strengthens the so-called “**value-chain cap**”. **According to the proposal, the value chain cap would prohibit companies** subject to the CSRD from requesting information from other companies in their value chain above a certain limit. That limit would be defined by the voluntary reporting standard mentioned above.

2. **Can stakeholders expect changes between today's recommendation on the VSME standards and the future delegated act on a voluntary standard proposed under the Omnibus I simplification package?**

The content of the future voluntary reporting standard might differ from the current VSME Recommendation. The empowerment of the Commission to adopt a voluntary standard by means of a delegated act, and the timing of any such adoption, depends on the conclusion of negotiations between co-legislators on the omnibus simplification proposal.

Today's recommendation on a voluntary standard will be used as the basis for the future voluntary standard as proposed by the omnibus I simplification package. However, the Commission cannot at this stage exclude the possibility that certain changes may be necessary. This will also depend on the final agreement of co-legislators regarding the new scope of application of sustainability reporting requirements, and on the revision of the first set of European Sustainability Reporting Standards (ESRS).

3. What will be the process for the adoption of the proposed delegated act for the future voluntary standard?

Contacts:

[Olof Gill](#)

[Marta Perez-Cejuela Romero](#)

[Saul Goulding](#)

The [Accounting Directive](#) sets out the procedures that the Commission must follow when adopting delegated acts laying down sustainability reporting standards in the context of the CSRD. The current provisions require the Commission to consult Member States through the [Member State Expert Group on Sustainable Finance \(MSEGSF\)](#)^v and the [Accounting Regulatory Committee \(ARC\)](#). The Commission is also required to consult a number of EU bodies, including the [European Supervisory Authorities](#). Finally, the [better regulation guidelines](#) also foresee a ["Have Your Say" public feedback](#) period. As such, Member States, EU bodies and stakeholders will have the opportunity to express their views on the content of the proposed future voluntary standard.

4. How was the VSME standard elaborated?

EFRAG developed the VSME following a rigorous due process which included a public consultation and field-testing of the draft standard by SMEs. SMEs themselves and the intended users of the reported information have expressed support for the VSME standard as a simplified reporting tool that is a credible replacement for a substantial portion of information requests that banks and large undertakings often send to SMEs in their value chains. EFRAG delivered the VSME standard to the Commission in December 2024.

5. Are there additional support materials available to SMEs who wish to report sustainability information voluntarily in accordance with the VSME recommendation?

Yes. EFRAG has established a dedicated VSME Ecosystem which groups various SME and financial sector stakeholders together to discuss the implementation of the VSME **standard**. On EFRAG's website, companies can find educational videos in various languages, as well as other support material, such as a digital XBRL template and links to external guidance and methodology materials.

For More Information

[Press release](#)

[Recommendation on a voluntary standard for SMEs](#)