

BVI's¹ standpoint on introducing voluntary standards (VS) 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. Foreseeably, VS will play an important role in closing the data gap for listed and non-listed companies below the CSRD application thresholds. In order to do so in the most effective manner, VS should be **materially aligned not only with the ESRS** (where companies would report data under the value-chain cap), **but also with the disclosure standards for financial market participants under the future SFDR 2**, in particular the **standardised indicators for reporting on principle adverse impacts**. Against this background, our requests for enhancing the usefulness of voluntary reporting are as follows:

- **Postpone the adoption of the DA until full clarity on SFDR metrics is reached:** With SFDR 2 currently under negotiations, it is still unclear whether the future sustainable product categories will require mandatory reporting of some key indicators or allow for flexibility while providing for standardised lists of KPIs. In any case, full coherence in terms of datapoints, their definitions and metrics should be sought between ESRS/VS on the one hand and the SFDR framework on the other. Since the SFDR indicators will be determined at Level 2 which will still take some time, the adoption of the VS delegated act should be postponed accordingly in order to avoid the situation where those indicators would need to be collected outside the EU standard via non-standardised questionnaires. This would be particularly unfortunate in case a common set of mandatory KPIs were to be prescribed by SFDR 2. Meanwhile, companies outside of the CSRD can continue to lean on the VSME standard as endorsed by the EU Recommendation from 30 July 2025.
- **Recommend the use of the comprehensive module for mid-sized companies:** The VSME standard building the foundation of VS has been developed by EFRAG in 2024 for application by small and mid-size companies below 250 employees. In a post-Omnibus era, we suggest 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.

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 5 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.



- **Reinstall reporting on PAB-excluded revenues:** Disclosures of revenues from certain activities are among the key issues for investors. PAB exclusion criteria will remain relevant at least in parts to all sustainable products under the revised SFDR 2 framework. If information on these revenues is not foreseen under VS, financial market participants will need to ask for this data in separate questionnaires, reducing the meaningfulness and usefulness of the new framework.