Navigating the VS

Getting started with the EU sustainability reporting standard for voluntary use

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Introduction

On 3 July 2026, the European Commission (EC) adopted a Delegated Regulation, available in all European Union (EU) languages, **establishing a sustainability reporting standard for voluntary use (Voluntary Standard or VS), based on the previous so-called VSME standard, the voluntary standard for non-listed small and medium-sized enterprises**. This Regulation is expected to be published in the Official Journal of the EU (OJEU) by the autumn 2026, provided that the European Parliament and the Council of the EU do not reject it during their scrutiny period, which is set to last two months and may be extended once for two months.

The VSME standard was published by EFRAG in December 2024 and was specifically designed for non-listed SMEs and micro-companies that fell outside the scope of the original Corporate Sustainability Reporting Directive (CSRD) of December 2022. The VSME standard was subsequently included in a European Commission's Recommendation in July 2025 which served as an intermediary solution pending the formal adoption of the VS.

The EC made amendments to the VSME standard notably **to align the content of the VS with the revised set of ESRS** (European Sustainability Reporting Standards) adopted on the same day (see the dedicated Forvis Mazars guide). Together with the ESRS revision, **the adoption of the VS constitutes a central piece of the proportionality measures under the "Omnibus I" package announced on 26 February 2025**.

The VS has been adopted to support companies **that fall below the thresholds of the revised CSRD** as amended on 26 February 2026 by the "Content" Directive (see the dedicated Forvis Mazars guides) **and that wish to carry out voluntary sustainability reporting**, though other reporting frameworks may be applied on a voluntary basis, like the revised ESRS or the ISSB's IFRS Sustainability Disclosure Standards.

The "Content" Directive fundamentally reshaped the original scope of the CSRD **by reducing the number of reporting companies by roughly 90%**. For financial years starting on or after 1 January 2027, only companies (or parents of a group) which, on their balance sheet dates, exceed cumulatively (i) €450m net turnover and (ii) 1,000 for the average number of employees during the financial year will have to mandatorily report sustainability information in accordance with the revised ESRS. Several exemptions will also be available.

Additionally, the VS serves to **protect companies which do not exceed**, on their balance sheet dates, **an average number of 1,000 employees** during the preceding financial year **and which are in the value chain of companies in the scope of the revised CSRD**. Such "protected" companies within the meaning of the revised CSRD have the legal right to decline to provide information that would go beyond the upper limit defined in the VS in response to a request made for the purpose of sustainability reporting as required by the CSRD.

While a substantial number of companies – including many large companies previously in the scope of the former Non-Financial Reporting Directive or the original CSRD – are no longer legally required to publish a sustainability statement, **market expectations from their value chain partners, lenders, investors, and public sector clients will continue to drive demand for structured and reliable sustainability information, beyond companies' own ambition in this regard**. Voluntary reporting therefore becomes an increasingly important tool for maintaining competitiveness and meeting stakeholders' needs.

In this new regulatory environment, voluntary reporting is expected to move from a tool primarily aimed at SMEs to a strategic instrument used by a much wider range of companies. **Companies outside the scope of the revised CSRD are expected to increasingly rely on voluntary sustainability reporting** to respond coherently to value chain questionnaires, facilitate their access to finance, support their participation in procurement processes and maintain transparency on their ESG issues.

Even though such voluntary reporting does not have to be audited on a mandatory basis, **having sustainability information audited will help to strengthen stakeholders' confidence in such information**.

This guide presents the **main features** of the VS and outlines the **key steps to consider in its application**. It serves as a **basis for companies looking to align their sustainability reporting practices with the VS or to start with the VS**.

What makes the VS simple and proportionate for companies of different sizes?

With the VS, the EC intends to offer a **simplified and tailored framework for sustainability reporting accessible to all companies outside the scope of the revised CSRD** though this standard formally focuses on "protected" companies as previously explained.

Consequently, the EC ensured that the VS is:

- **Conceptually aligned with the revised ESRS** which are the reference reporting framework for mandatory sustainability reporting in the EU.
- **Proportionate** and written in simplified language, suitable for smaller entities with limited resources. Consistently with this approach, **certain disclosures, in particular more challenging environmental disclosures, are voluntary for companies with 10 employees or less** that apply the standard.
- **User-focused**, drawing on existing questionnaires and practical feedback from stakeholders.

The VS comprises two distinct modules that a company can use to prepare its sustainability report:

- A **Basic Module** that sets entry-level sustainability information. This module includes 11 disclosures structured by ESG topics.
- A **Comprehensive Module** that is optional and sets additional data that is likely to be required by business partners (banks, investors, corporate clients of the company) beyond the Basic Module. This module includes 9 disclosures that complement the Basic Module.

Companies can prepare their voluntary report under the VS under one of the two following options:

- Option 1: By only applying the Basic Module.
- Option 2: By combining the Basic and the Comprehensive Modules.

Each reporting company should therefore select the option that best suits its needs, based on its level of maturity in sustainability and the expectations of its stakeholders, but also considering the entity's willingness to communicate efficiently and transparently on its ESG topics.

Regardless of the chosen approach, if a company opts to comply with the Comprehensive Module, it shall first meet the requirements of the Basic Module. **Applying the VS does not allow a "pick and choose" approach** (i.e. companies cannot select disclosures from both modules independently unless they prepare a sustainability report in accordance with ad hoc criteria, and not the VS as such). The disclosures included in these two modules are provided in the Appendix to this guide.

The VS is supported by guidance prepared by EFRAG and historically relating to the VSME standard. This guidance is designed to facilitate implementation, particularly for smaller entities. It is accessible through an **interactive online platform**. Guidance dedicated to the VS should be published by EFRAG via this platform soon. In between, companies preparing a sustainability report on a voluntary basis using the VS can notably consider, where relevant, **Annex II of the VSME standard** as recommended by the EC in July 2025, which presents step-by-step instructions for some disclosures, practical examples, visual illustrations, etc.

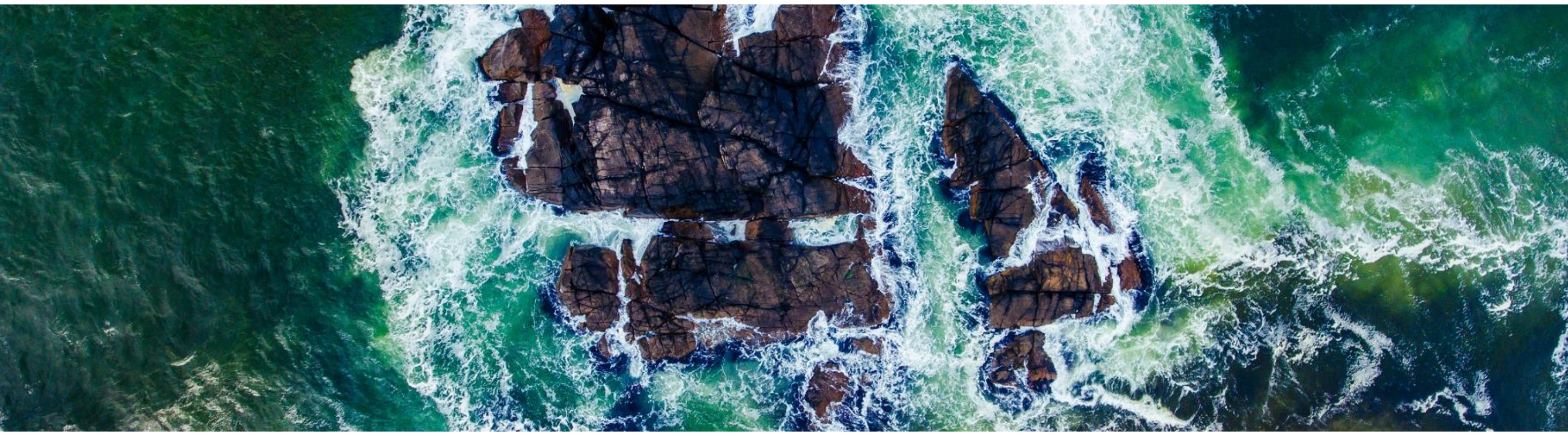
Finally, it should be noted that **the VS will not necessarily meet the needs of the largest companies outside the scope of the revised CSRD**, given the limited amount of information to be provided under this standard, even when the Comprehensive module is applied. The VS is, however, undoubtedly a useful foundation, **enabling any company wishing to go further – particularly by drawing on the revised ESRS – to do so**.

In any case, the company must be **transparent regarding the reporting framework applied in the basis for preparation of its voluntary sustainability report**.

In what ways does the VS align with or differ from the revised ESRS?

The table below presents a comparison between the VS and the revised ESRS.

	VS	Revised ESRS
Applicability and legal status of the reporting framework	Voluntary and non-binding, designed for companies outside of the CSRD (as amended by the "Content" Directive).	Mandatory for companies in the scope of the revised CSRD.
Consolidated reporting	If the reporting company is the parent of a group, recommendation to report on a consolidated basis (i.e. covering the parent company and its subsidiaries).	If the parent company prepares consolidated financial statements, the sustainability statement must be for the parent and its subsidiaries in accordance with the applicable accounting requirements.
Qualitative characteristics of reported information	Relevance, faithful representation, comparability, verifiability and understandability.	Same as those of the VS.
Double materiality assessment (DMA)	No DMA required but can be performed on a voluntary basis in the context of a "VS+" approach, to identify material sustainability issues (e.g., building on the DMA process in the revised ESRS).	DMA is required and serves as the basis for sustainability reporting.
Structure of the standards	Two distinct modules: A Basic Module that sets entry-level sustainability information and an optional Comprehensive Module (see above).	Structured into 12 standards, including 10 topical ESRS.
Location of the sustainability information	If the sustainability report is made public, it may be presented in a separate section of the management report (if the company has one). Otherwise, it may be presented as a separate document.	The sustainability statement prepared in accordance with the CSRD must be presented as a dedicated section of the management report.



	VS	Revised ESRS
Content of the standards	No explicit fair presentation of sustainability issues to be achieved. 20 disclosure items and a limited number of datapoints (DPs) in each item. Contains (i) essential DPs that a company needs to report when applying the VS, (ii) DPs that are only needed in certain specified circumstances (“if applicable” principle), (iii) DPs that are voluntary (e.g. Scope 3 GHG emissions), and (iv) DPs that are to be considered only when reporting sector-specific information (disclosing such information can be appropriate, depending on the type of activities carried out by the company). Furthermore, certain DPs clearly identified are voluntary for companies with 10 employees or less, even though they are essential DPs for other companies applying the VS.	Disclosure Requirements list information that must be presented, where material, to present fairly the identified material sustainability-related impacts, risks and opportunities and how the reporting company manages them. Approximately 300 DPs. Include detailed and sometimes complex disclosures (e.g. Scope 3 GHG emissions). Require the disclosure of entity-specific information (including sector-specific information), where necessary, to result in a sustainability statement that achieves fair presentation.
Omission of information	Circumstances under which a company may omit information are aligned with the revised CSRD, subject to disclosing the DPs that have been omitted and to reassessing, at each reporting date, whether the information may still be omitted.	Circumstances under which a company may omit information are aligned with the revised CSRD, subject to meeting specific conditions, some of them being more prescriptive than under the VS.
Connectivity	Where relevant, coherence with the information disclosed in the financial statements for the same period is required. Information to be presented in a way that facilitates the understanding of the linkages that exist with the financial statements.	Direct and indirect connectivity with the financial statements, including consistency of assumptions, shall be evidenced/explained.
Trickle-down effect and value chain cap	Designed to be consistent with the revised ESRS requirements while protecting companies from disproportionate reporting demands from CSRD companies (see below).	Includes disclosures that may require data from companies in the value chain, noting that such information can alternatively be estimated.

How does the VS also serve as the value chain cap?

Annex II of the VS Delegated Regulation specifically **lists disclosures in the Basic and Comprehensive Modules that are covered by the value chain cap. Such cap applies from the financial years beginning on or after 1 January 2027**.

As a reminder, the value chain cap means the upper limit of sustainability information which companies subject to Articles 19a and 29a of Directive 2013/34/EU (i.e. the Accounting Directive as modified by the revised CSRD) may require from companies in their value chain which do not exceed, on their balance sheet date, an average number of 1,000 employees during the preceding financial year.

The EC noted in the staff working document accompanying the VS Delegated Regulation that this approach deliberately differs from the two-criteria scope of the revised CSRD. **Consequently, companies with more than 1,000 employees but a net turnover below €450 million fall outside this scope without formally benefiting from the value chain cap**. The co-legislators defined this cap using a single criterion to keep it operationally simple and practical, enabling CSRD reporting companies to apply it consistently across their value chains without verifying both workforce size and turnover for each business partner.

In practice, the value chain cap is defined as **comprising 9 disclosures for companies with 10 employees or less** (within general and social information in the Basic Module of the VS) and **23 disclosures for companies with more than 10 employees** (information across both the Basic and the Comprehensive Modules of the VS).

The value chain cap is relevant for sustainability reporting only[1]. It does not constitute a general restriction on the exchange of ESG information within the value chain (e.g. in the context of tenders, the implementation of a due diligence process, etc.). Furthermore, the value chain cap does not constitute a ban on requesting information beyond the limit set by the VS. However, in such cases, the company subject to the CSRD reporting obligations must clearly identify any requested information that exceeds this cap and the protected company has the legal right to decline to provide information that would go beyond the upper limit defined in the VS.

CSRD reporting companies are thus deemed to have complied with the obligation to report value chain information if they report the necessary disclosures without having obtained from protected companies in their value chain any information that exceeds the one specified in the VS.

[1] See European Commission, *Additional explanatory information regarding the value chain cap* (6 May 2026), available here.

What are the main challenges for companies wishing to apply the VS?

At Forvis Mazars, we have already assisted many clients in preparing their voluntary sustainability report. We are involved in key steps that address the challenges listed below and that strengthen the robustness of the approach.

Assessing sustainability maturity to select the appropriate VS Module(s)

Companies should evaluate their current level of sustainability maturity to determine **what reporting option is most suitable** (i.e. Basic Module only or Basic *and* Comprehensive Modules). This process involves conducting a **thorough internal diagnosis**, which serves as the foundation for building a coherent and ambitious ESG roadmap.

Adopting a long-term and strategic vision

When implementing the VS, companies are encouraged to go beyond compliance and **embrace sustainability as a strategic driver**. This means integrating ESG considerations into long-term business planning, aligning sustainability goals with corporate objectives, and viewing reporting as a tool for transformation and value creation.

Leveraging available tools and guidance

EFRAG provided VSME support materials in the context of its “SME Ecosystem” that are generally still relevant when applying the VS, including step-by-step guidance with practical examples, illustrations, and templates. These resources also include educational videos, a digital and ready-to-use VSME reporting template as well as complementary reports to support companies in preparing sustainability reporting on a voluntary basis. Companies are **strongly encouraged to make full use of these tools whilst taking into account the few differences between the VSME standard and the VS** to facilitate implementation and ensure accurate, consistent, and meaningful disclosures. When available, companies can usefully rely on guidance dedicated to the VS.

Developing a robust data collection strategy

Reliable sustainability reporting depends on the **ability to collect consistent and high-quality data**. Companies need to establish clear processes and systems for tracking relevant metrics, especially environmental and social indicators, and ensure data is traceable and auditable over time (if a company preparing sustainability information on a voluntary basis wishes to have its sustainability report audited).

Communicating sustainability performance

Although the VS does not mandate public communication of the sustainability report, companies are encouraged to do so (whether as part of their annual report or on their website where relevant). Sharing progress and commitments **can enhance transparency, build stakeholder trust, and demonstrate alignment with market expectations**.

Having sustainability information audited helps to strengthen stakeholders’ confidence in the information published.

Appendix – Detailed disclosures of the VS

Basic Module		Comprehensive Module	
B1	Basis for preparation	C1	Strategy: Business Model and Sustainability-Related Initiatives
B2	Practices, policies and future initiatives for transitioning towards a more sustainable economy	C2	Description of practices, policies and future initiatives for transitioning towards a more sustainable economy (where they exist and have been listed under disclosure B2)
B3	Energy and greenhouse gas emissions		Consideration when reporting on GHG emissions under B3
B4	Pollution of air, water and soil	C3	GHG reduction targets and climate transition
B5	Biodiversity	C4	Climate risks
B6	Water	C5	Additional (general) workforce characteristics
B7	Resource use, circular economy and waste management	C6	Additional own workforce information – Human rights policies and processes
B8	Workforce – General characteristics	C7	Human rights incidents
B9	Workforce – Health and safety	C8	Revenues from certain activities
B10	Workforce – Remuneration, collective bargaining and training	C9	Gender diversity ratio in the governance body
B11	Convictions and fines for corruption and bribery		

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