



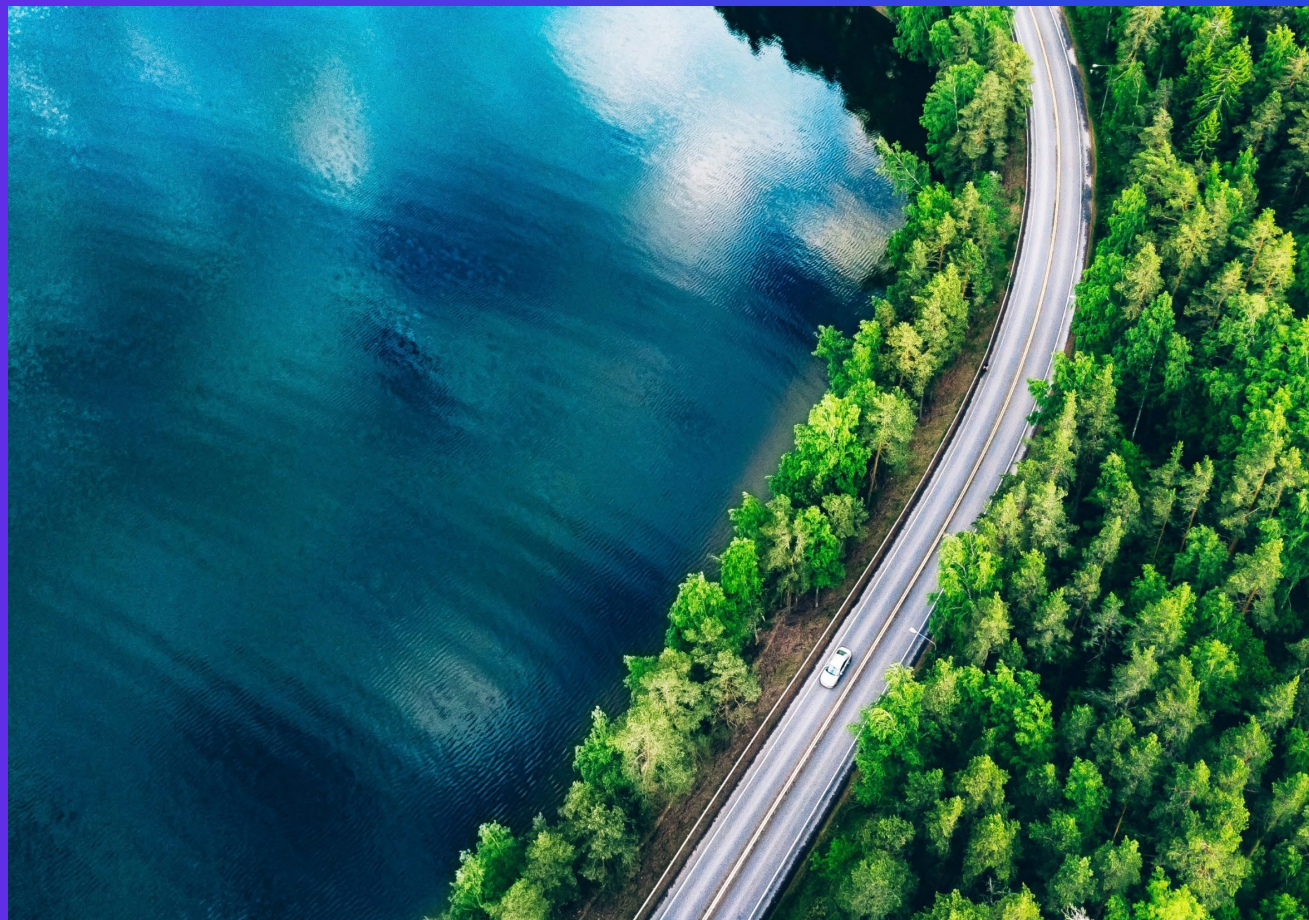
Update on Sustainability Reporting

**VSME Standard:
Investor- & B2B-driven
ESG Reporting**

Webcast Live

—

02 April 2025



Here with you today



Dr. Jan-Hendrik Gnändiger

Partner
Global ESG Reporting Advisory
Lead



Eun-Hye Cho

Partner
Sustainability Reporting &
Governance



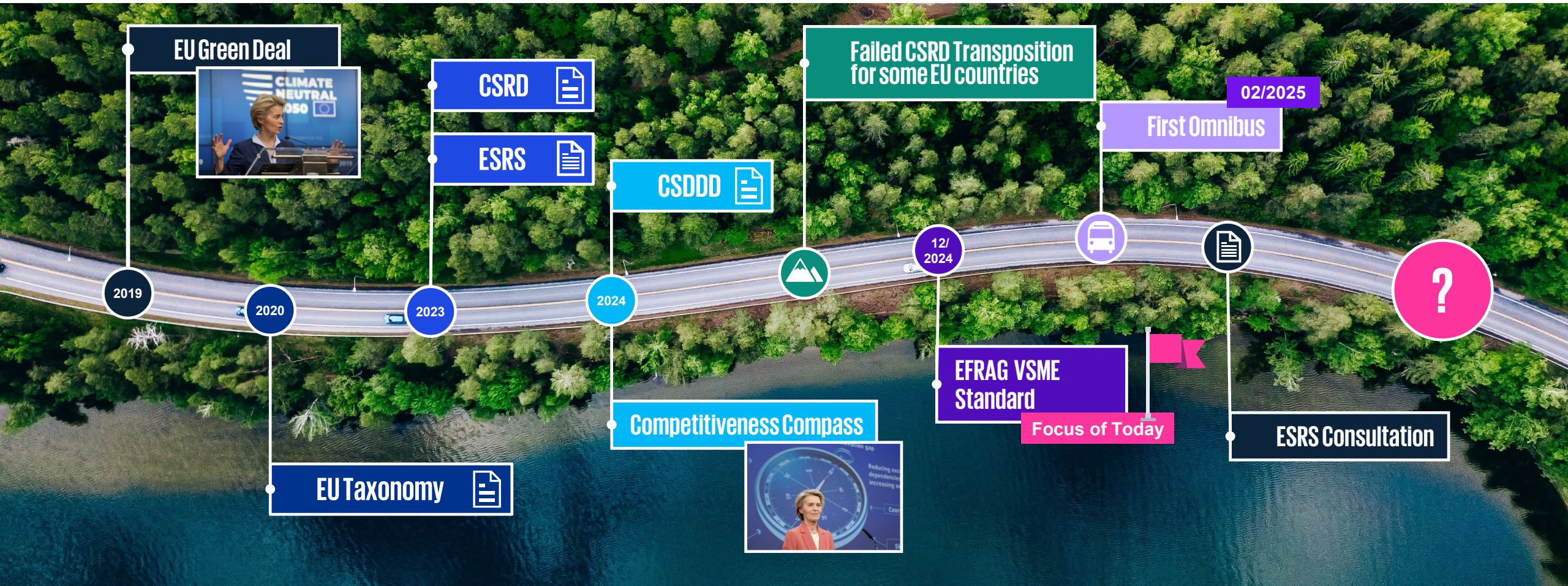
Dr. Katharina Kerl

Senior Manager
Sustainability Reporting &
Governance

Navigating the ESG reporting roller coaster...



ESG reporting journey – to be continued!



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The EU Commission proposes a three-step approach for simplification



CSRD 1.1

„Stop the clock“ COM(2025)80



- **Postponement of the initial application** of the CSRD for **companies of wave 2 and wave 3** of reporting
- **Adoption** by the member states **by the end of 2025** (“urgent procedure”)

CSRD 2.0

Reduction of CSRD COM(2025)81



- Definition of **new thresholds** for CSRD scoping
- **Value Chain Cap**
- Removal of **reasonable assurance** requirement
- **Removal** of mandatory **sector-specific standards**
- **Adoption** by the member states **within 12 months after entry into force**

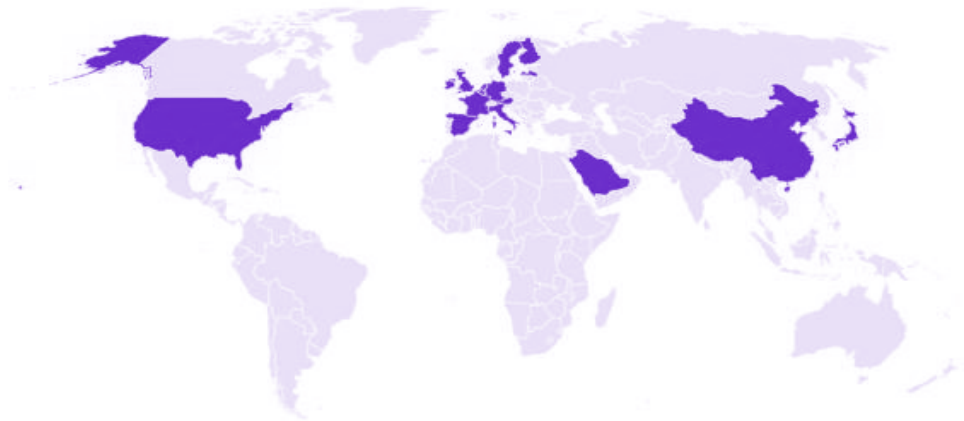
Reduction of ESRS & EU Taxonomy



- Development of **simplified ESRS**
- **Reduction** of the number of **data points**
- **Clarifying provisions** deemed unclear
- **Improving consistency** with other pieces of legislation (e.g. CSDDD and CBAM)

Insights from our KPMG Omnibus Survey

128 participants from 18 countries and 13 sectors



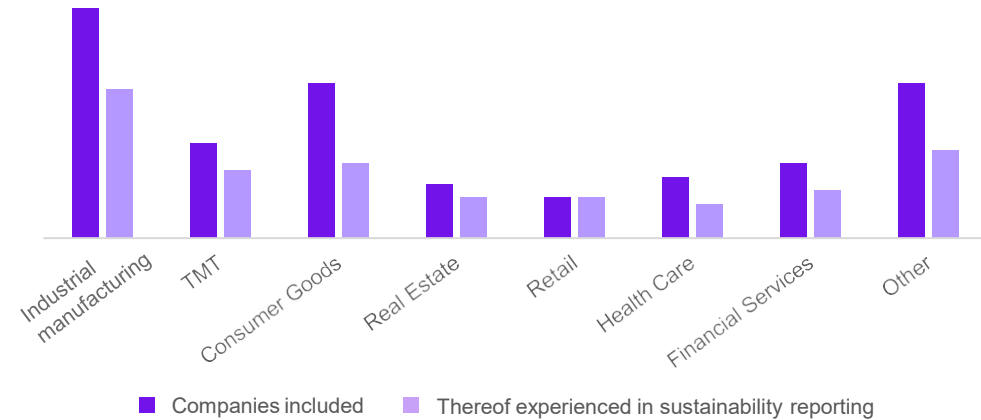
The majority of the companies included fall into Wave 2¹ of CSRD reporting



Companies **obliged to report** according to **Omnibus Proposal**

1 Wave 2 is defined as large EU companies with more than 50 Mio. € net turnover or 25 Mio. € in total assets

Most companies experienced in ESG reporting



Standards of choice when pursuing voluntary reporting



ESRS
European Sustainability
Reporting Standards

VSME
Voluntary SME-
Standard

GRI
Global Reporting
Initiative

Other
Sustainability Codex

Agenda

01

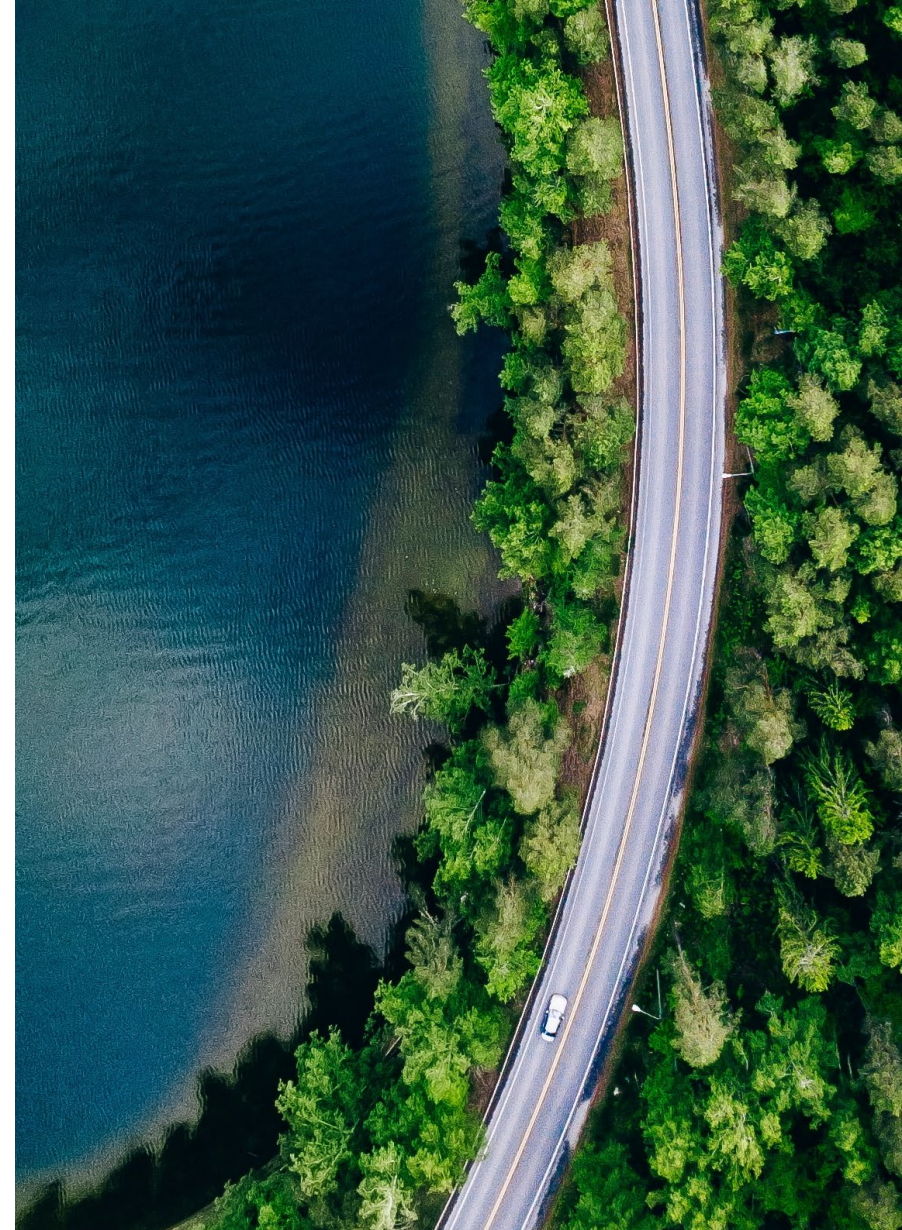
What is the VSME Standard about?

02

What are key differences between the VSME Standard and ESRs?

03

How to set up an ESG reporting strategy tailored to the data needs of investors and business partners?



How the EU Omnibus proposal addresses VSME



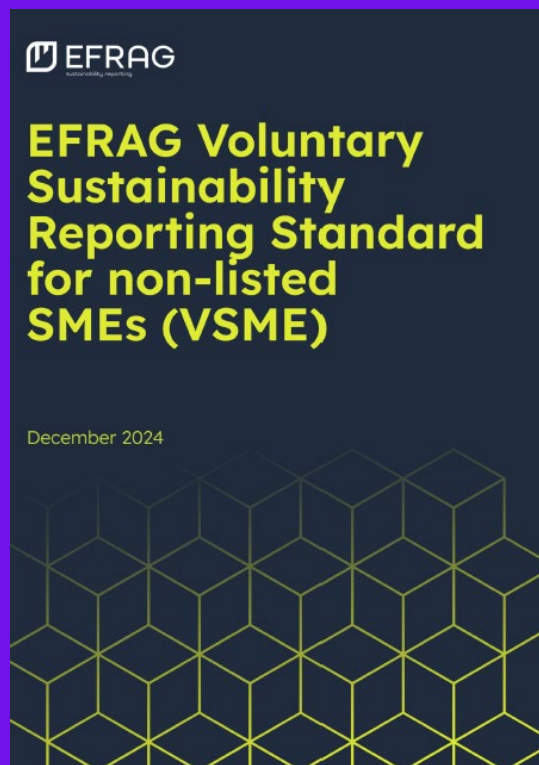
The 1st Omnibus proposal limits the information that companies affected by CSRD & CSDDD can request from their business partners – with EFRAG’s VSME Standard building the basis.
(Value chain cap)



The current VSME Standard is intended to serve as a basis for the development of a new “**Proportionate standard**”.
It is recommended to follow further developments.

Sources: [Omnibus I - European Commission](#); [Omnibus II - European Commission](#); [Q&A on simplification omnibus I and II](#)

Key facts VSME Standard



QR code to
VSME
Standard



Original objective

In December 2024, EFRAG published the VSME Standard to support SMEs not affected by CSRD with a modular approach in their voluntary ESG reporting.



ESG data for B2B and capital market

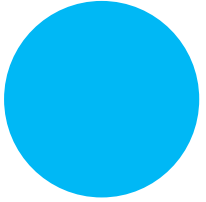
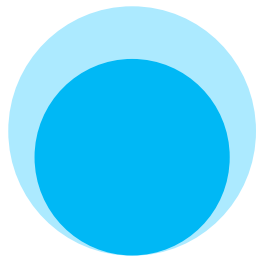
The VSME Standard is designed to meet the ESG data needs of large companies in SMEs' supply chain, as well as of banks and investors.




Simplification

The VSME Standard provides a significantly reduced number of datapoints compared to ESRS, a simplified format and clear guidance how to interpret and source the required data.

Structure and applicability of the VSME Standard

Two different modules		
	Basic Module	Comprehensive Module
Modules in the VSME		
Description	The Basic Module lists the minimum information to be reported on ESG topics within the VSME Standard.	The Comprehensive Module is a voluntary <u>extension</u> of the Basic Module for ambitious SMEs.
Data points	11 disclosures (B1-B11) 51 data points ¹	9 additional disclosures (C1-C9) 42 data points ¹

¹ Number according to breakdown-/ counting-methodology applied by KPMG, excluding VSME Guidance

Applicability of modules for target groups		
Original Scope		
1	Micro-sized undertakings	Expected to use the Basic Module
2	Small-sized undertakings	Expected to use the Comprehensive Module
3	Medium-sized undertakings	Expected to use the Comprehensive Module
4	 Large undertakings below CSRD threshold	As suggested by EU Omnibus Proposal

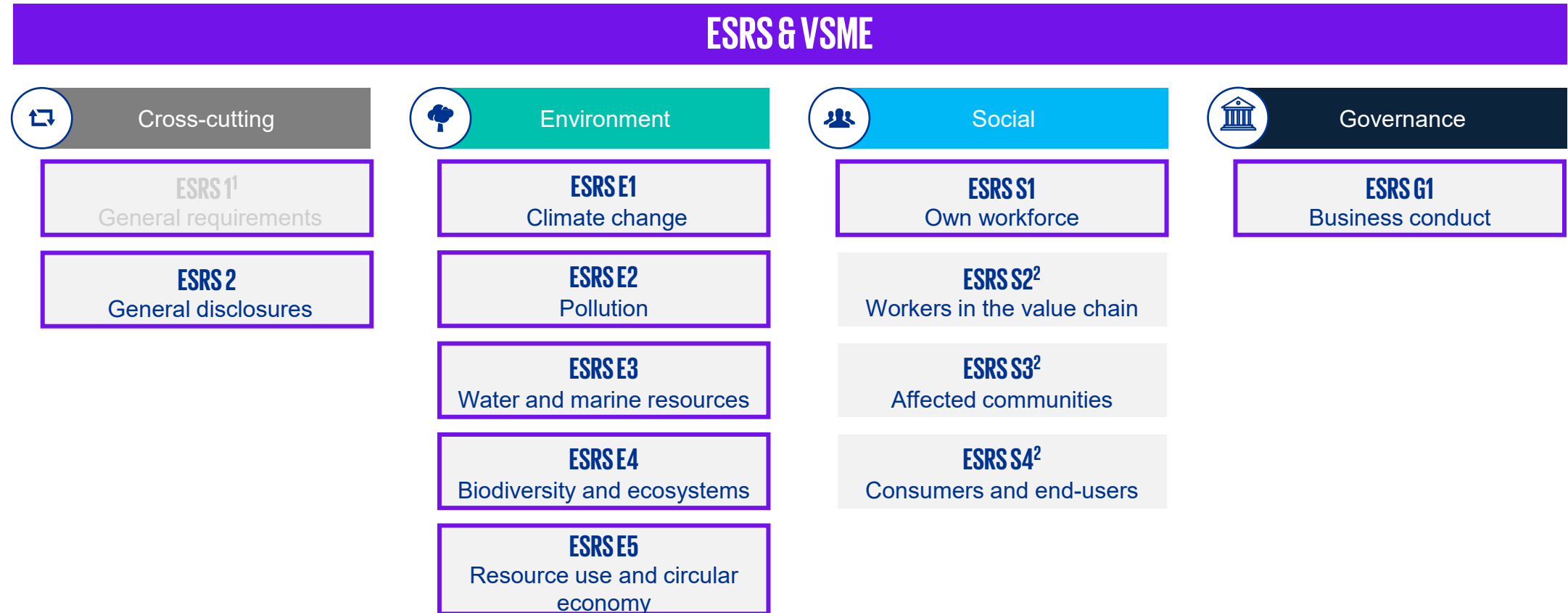
ESRS topical structure




¹ ESRS 1 does not include topics or disclosures.

2. What are key differences between the VSME Standard and ESRs?

ESRS topics covered by VSME



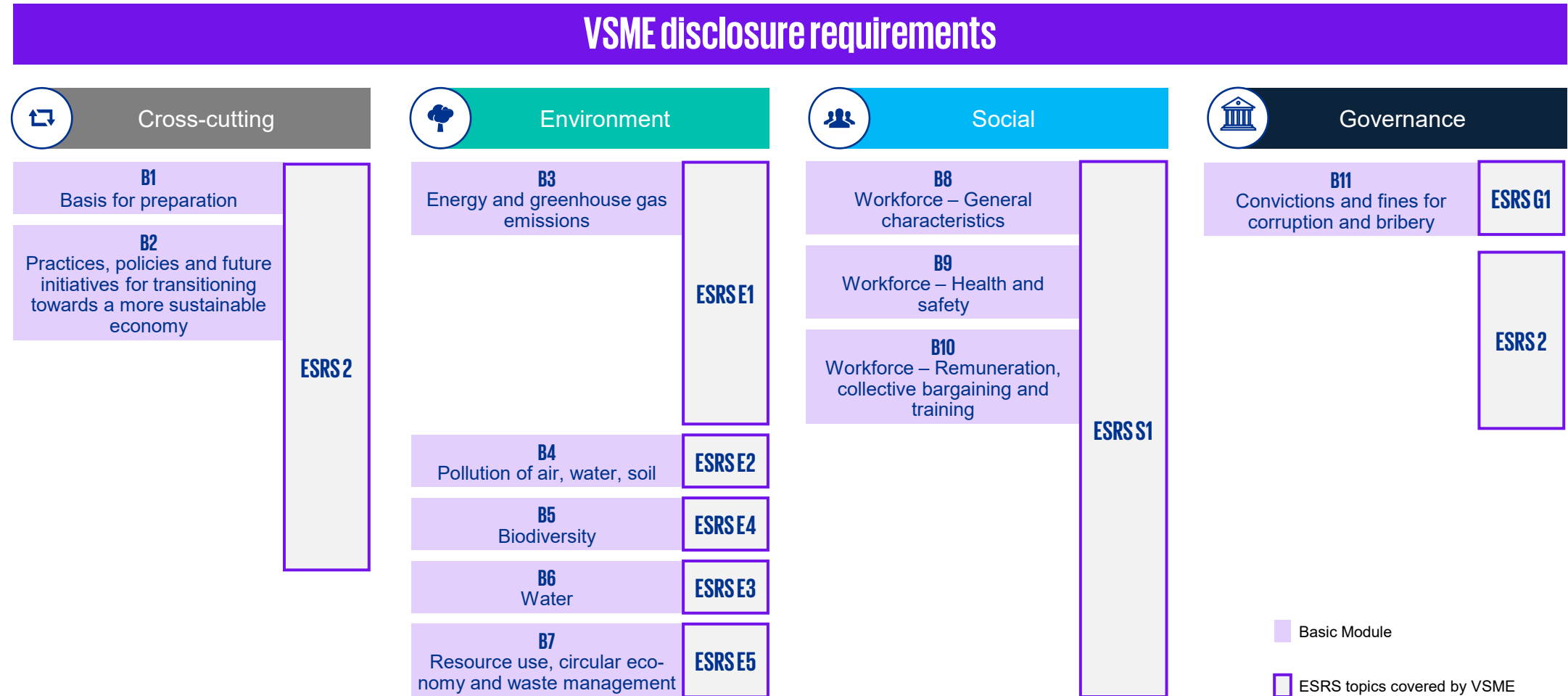
 ESRs topics covered by VSME

¹ ESRS 1 does not include topics or disclosures.

² One datapoint about human rights violations in the value chain including suppliers, affected communities, and consumers and end-users (ESRS S2, ESRS S3, ESRS S4).

2. What are key differences between the VSME Standard and ESRS?

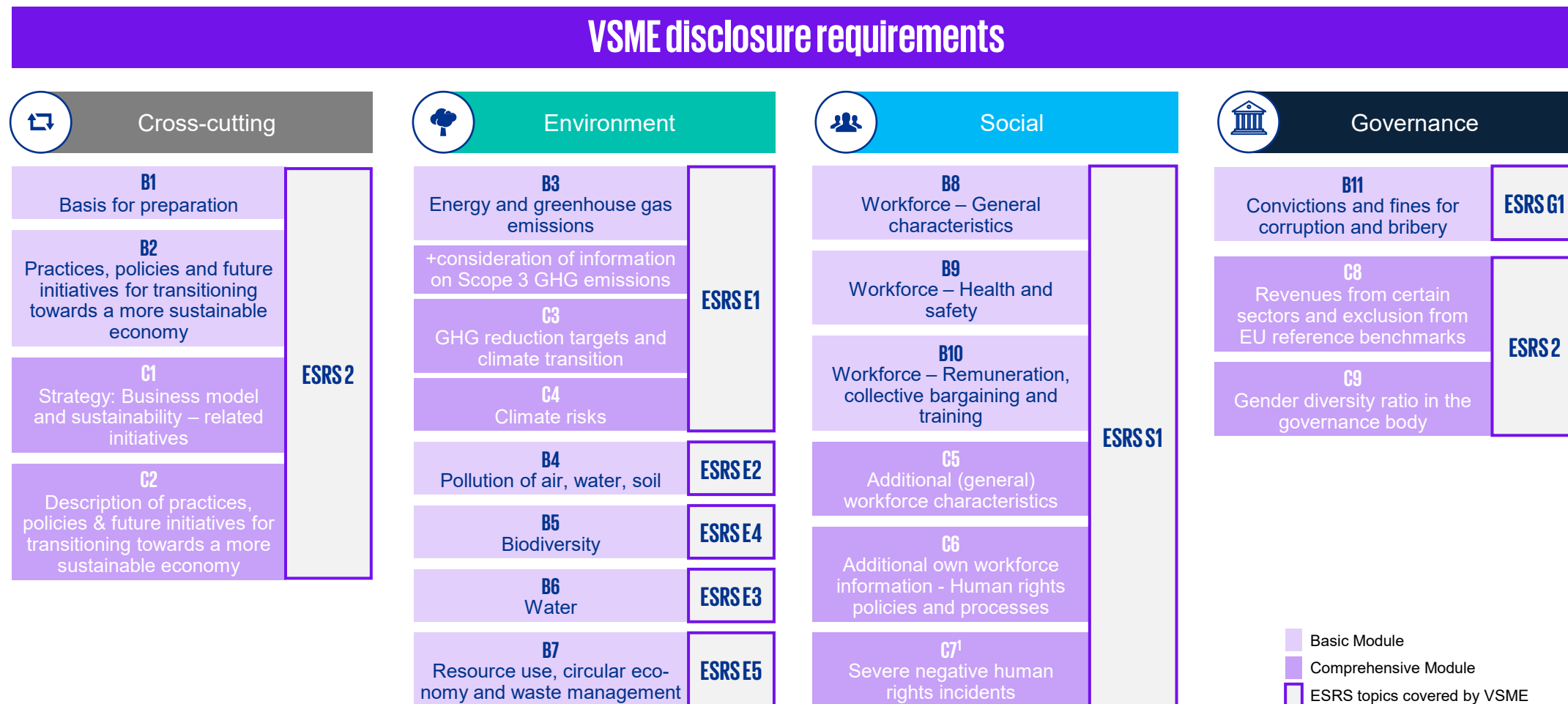
VSME (basic) disclosure requirements mapped to ESRS topics



1 One datapoint about human rights violations in value chain, affected communities, and consumers and end users (ESRS S2, ESRS S3, ESRS S4).

2. What are key differences between the VSME Standard and ESRS?







VSME disclosure requirements mapped to ESRS topics



1 One datapoint about human rights violations in value chain, affected communities, and consumers and end users (ESRS S2, ESRS S3, ESRS S4).

2. What are key differences between the VSME Standard and ESRS?

Comparison between ESRS and VSME – Overview

	ESRS	VSME
 Scoping	Mandatory for large EU companies (Omnibus: > 1.000 employees)	Voluntary reporting standard for SMEs (+ Omnibus: Companies < 1.000 employees)
 Topics and data points	Topics: 5 environmental, 4 social, 1 governance >1.000 data points dependent on materiality	Topical areas: 5 environmental, 1 social ¹ , 1 governance Significantly (~90%) reduced set of data points
 Double materiality assessment	Mandatory double materiality assessment – reporting based on material IROs	Double materiality replaced by „if applicable“ approach – no explicit IRO-reporting
 Further mandatory analyses	Climate risk analysis; Biodiversity site analysis; Resilience analysis	Climate risk analysis (if applicable); Biodiversity site analysis
 Assurance obligations	Mandatory external audit with limited assurance	No mandatory audit
 Report	Integrated into management report, starting from FY 2024 (old CSRD) (Omnibus: from FY 2027ff.)	Not mandatory reporting format, starting at any time

¹ One datapoint about human rights violations in value chain, affected communities, and consumers and end users (ESRS S2, ESRS S3, ESRS S4).

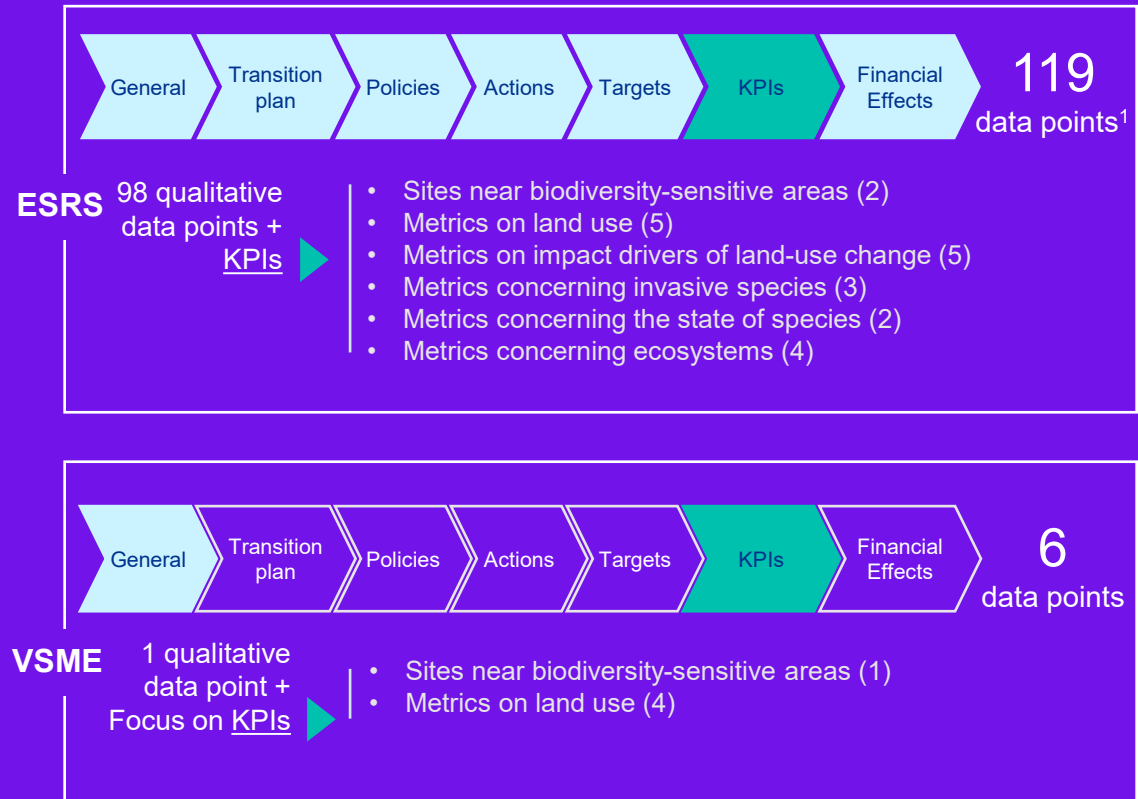
Comparison between ESRS and VSME – Reduced number of data points

# of VSME data points compared to ESRS		
Topics	# Data points ESRS ¹	# Data points VSME ²
Cross-cutting	146	23
Environmental	481	35
Social	458	28
Governance	53	7
Total	1138	93

1 ESRS topical data points counted without MDRs

2 Number according to breakdown-/ counting-methodology applied by KPMG, VSME Guidance excluded

Example: Comparison biodiversity data points



2. What are key differences between the VSME Standard and ESRS?

Similarly to ESRS, VSME requires qualitative and quantitative reporting – divided into cross-cutting and topic-specific information

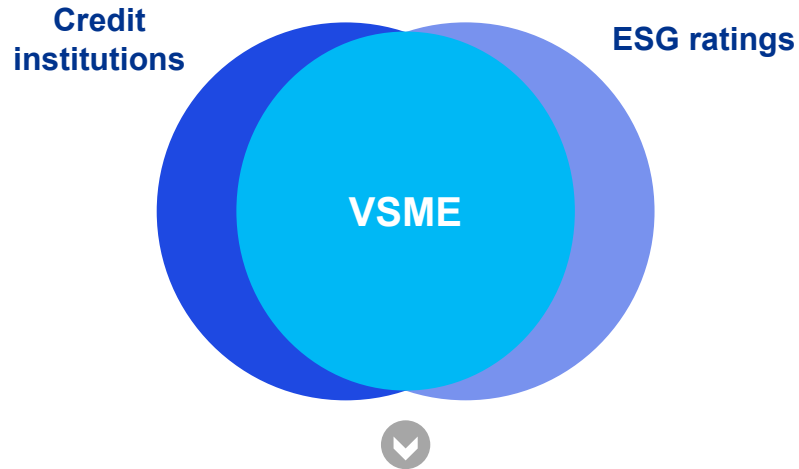
Qualitative reporting ¹	
Cross-cutting	
B1 Basis for preparation	C1 Strategy: Business model and sustainability – related initiatives
B2 Practices, policies and future initiatives for transitioning towards a more sustainable economy	C2 Description of practices, policies & future initiatives for transitioning towards a more sustainable economy
Topical information	
B4 Pollution of air, water, soil	C3 GHG reduction targets and climate transition
B7 Resource use, circular economy and waste management	C4 Climate risks
B10 Workforce – Remuneration, collective bargaining and training	C6 Additional own workforce information – Human rights policies and processes
	C7 Severe negative human rights incidents

Quantitative reporting – KPIs ²	
Turnover	46 KPIs
Headcount	
Energy consumption (+breakdown)	
GHG emissions scope 1+2; Scope 3 voluntary	
GHG intensity	
GHG reduction targets	
Number of sites near biodiversity sensitive areas	
Land use (+breakdown)	
Water withdrawal	
Water consumption	
Total produced waste breakdown (incl. recycling/reuse)	
Work-related accidents	
Gender pay gap	
Training hours	
Number of employees (+breakdown)	
Convictions and fines for corruption/bribery	
Revenues from certain sectors	
Gender diversity ratio	

¹ List of DRs containing qualitative data

² KPIs from VSME Guidance excluded.

VSME compared to requirements from credit institutions and ESG ratings



Large overlap between VSME and ESG data requirements from banks and ESG ratings, e.g.

- Transition plan
- Biodiversity analysis
- Climate risk analysis
- Scope 1&2 emissions
- Employees breakdown
- Fines for corruption

Requirements from credit institutions and ESG ratings

Examples of capital market requirements¹ not covered by VSME:

- E**
 - Scope 3 emissions
 - Resilience analysis and strategies to increase resilience
- S**
 - Ethnic/racial diversity targets
 - Management system certifications
 - Protection of local communities
- G**
 - ESG-related litigation claims
 - Activities in critical sectors (differs from VSME)
 - Sector-specific requirements (e.g. palm oil: RSPO certification)

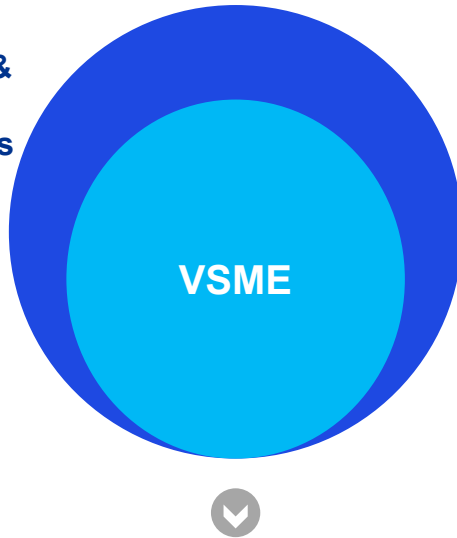


As of today, the VSME Standard does not include all relevant disclosures needed to fulfill the demands of banks and investors.

¹ Basis of exemplary analysis: (1) Donau, & Müller (2023). On the rating relevance of the ESRS; (2) DZ Bank (2024). Exclusion criteria, sector principles and sustainability audit of DZ Bank ("Ausschlusskriterien, Sektorgrundsätze und Nachhaltigkeitsprüfung der DZ Bank"); (3) European Banking Authority (2025). Guidelines on the management of environmental, social and governance (ESG) risks; (4) Selected ISS ESG ratings

VSME compared to B2B requirements

B2B audits & contractual requirements



Relevant overlap between VSME and B2B requirements, e.g.

- Transition plan
- Biodiversity analysis
- Climate risk analysis
- Scope 1&2 emissions
- Employees breakdown
- Fines for corruption

B2B requirements

Example: Topics not covered by VSME¹

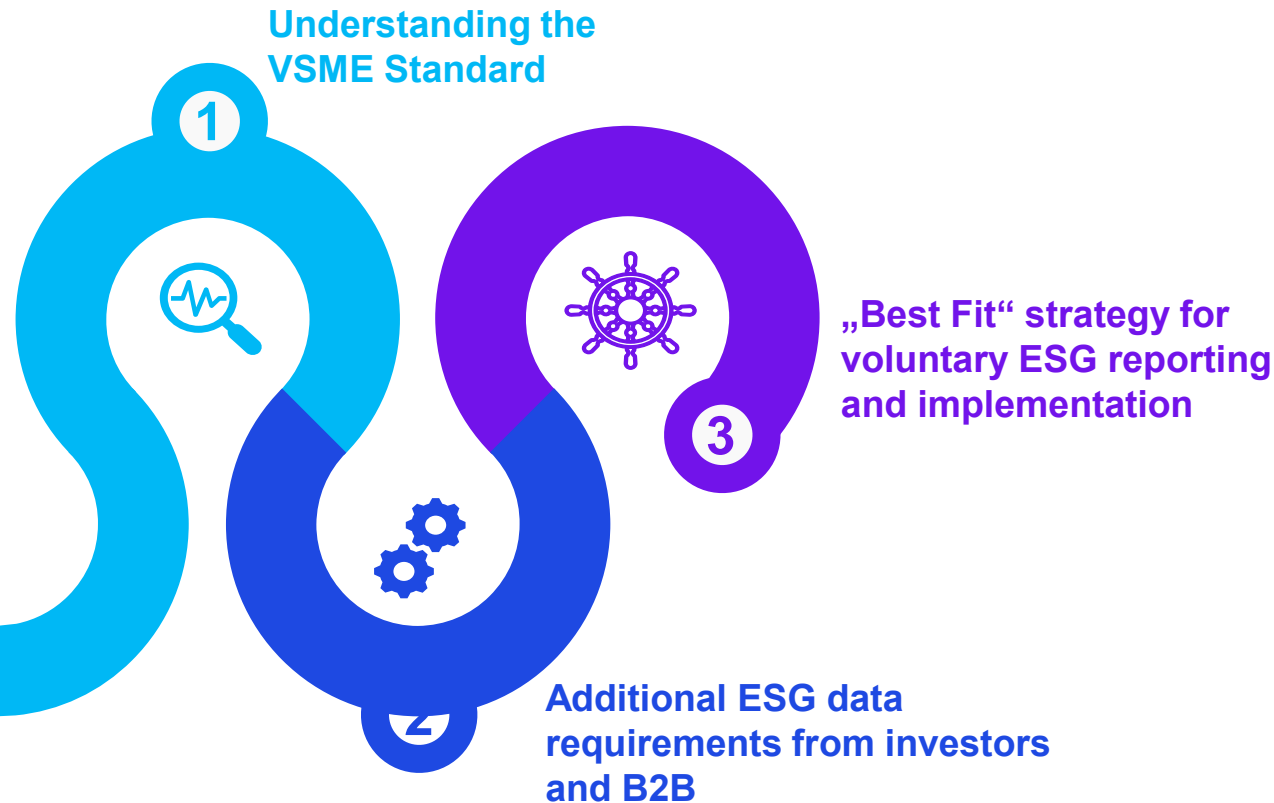
		Machinery Manufacturing	Chemicals Manufacturing	Software Development
E	Materials, chemicals , and waste	✓	✓	
	Product end-of-life	✓		
	Customer health and safety	✓	✓	
	Supplier environmental practices	✓	✓	
S	Social Dialogue	✓	✓	✓
	Career management and training	✓	✓	✓
	Diversity, equity and inclusion	✓	✓	✓
	Supplier social practices	✓	✓	
G	Responsible information management	✓	✓	✓



Depending on the business model, the VSME Standard might not include all relevant disclosures demanded by business partners.

¹ Basis of exemplary analysis: EcoVadis (2023). Overview of the EcoVadis ratings methodology ("Überblick der EcoVadis Ratings-Methodik"); EcoVadis questionnaires of selected companies.

Best Fit strategy for your voluntary ESG reporting



- Define ESG disclosures based on VSME Standard as a baseline for your voluntary ESG reporting

Derive additional, company-specific disclosures from:

- **Credit institution requirements** (e.g., outlisting criteria, ESG risk scorings, transition requirements)
- **ESG rating requirements** (if relevant)
- **Business partner requirements** (e.g., contractual agreements and B2B audits)

- Design your “Best Fit” ESG reporting strategy tailored to the identified data needs and start or continue implementing governance, processes, and infrastructure
- Benefit from leveraging your ESG data as a business case

Our suggestion if you are...

... still in scope of CSRD

> 1.000 employees
(Wave 2)

... falling out of scope of CSRD

< 1.000 employees

... not in scope of CSRD

(2/3)
< 250 employees
< 50 Mio € revenues
< 25 Mio. € assets

Keep moving!

- Continue implementation effort and define roadmap including no regret moves until 2027 – considering **VSME data equivalent to ESRS** as a start
- Closely monitor regulatory developments regarding adjusted ESRS

Define “Best Fit” strategy for voluntary ESG reporting!

- Consider (switching from ESRS to) voluntary reporting **in line with the VSME Standard**
- Identify additional disclosure requirements of **capital markets** and **business partners** to deduct suitable reporting strategy
- Continue or start implementation accordingly
- Closely monitor omnibus developments on proposed scoping thresholds





Dr. Jan-Hendrik Gnändiger

Partner

Global ESG Reporting
Advisory Lead

jgnaendiger@kpmg.com

Eun-Hye Cho

Partner

Sustainability Reporting &
Governance

eunhyecho@kpmg.com

Dr. Katharina Kerl

Senior Manager

Sustainability Reporting &
Governance

katharinakerl@kpmg.com



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