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EU's Sustainability Reporting Standard for Voluntary Use

Response from ICAS

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ICAS responds to European Commission request for feedback

ICAS welcomes the proposed sustainability reporting standard for voluntary use (Voluntary standard) to support undertakings not subject to sustainability reporting requirements in certain circumstances, including value chain partners of those subject to mandatory reporting requirements.

We strongly support the aim of reducing the sustainability reporting burden and making sustainability disclosures proportionate which aligns to the principle behind ICAS public Sustainability Policy Position number 3 ([sustainability-policy-positionsdec25.pdf](#)) sustainability reporting should be proportionate - while improving the availability and consistency of sustainability information. The proportionate and flexible approach introduced through the modular structure and concept of applicability are helpful for scalability. Alignment with ESRS topics is welcome and promotes coherence across frameworks.

While we understand the need to have application thresholds for the standards that are simple to apply, we question whether using employee numbers are a robust proxy for the significance of the related sustainability disclosures and reporting capability of the undertaking. Furthermore, the basis for calculating whether the 10 employee threshold applies is not clear i.e. does it relate to average number of employees over a period (like para 2), at a point in time, etc.

ICAS strongly supports double materiality as fundamental to decision-useful reporting. This aligns to ICAS public Sustainability Policy Position number 1. ([sustainability-policy-positionsdec25.pdf](#))

We emphasise the importance of decision-useful information. Binary (yes/no) disclosures (as proposed for example, for certain social metrics in C6) provide limited insight in isolation; greater emphasis should be placed on qualitative explanations of policies, actions, and outcomes, which are included in the comprehensive module.

We also query the appropriateness of the assumption in para 15 When one of these disclosures is omitted, it is assumed to not be applicable. A statement that the disclosure is not applicable would be a more robust and transparent approach.

We support alignment of sustainability and financial reporting periods and the use of cross referencing to avoid the same information being published more than once, which will improve coherence and linkages with disclosures in financial statements and support governance and assurance processes.

We note the following presentation issues:

- Paragraph 60 we do not understand what disclosure is being proposed
- Paragraph 47 typo, remove extra t in addition in last sentence
- Annex II List of disclosures by the value chain cap per the current presentation it is not clear what disclosures are necessary, voluntary and necessary if applicable. Also, it would be helpful to extend the table, so that it covered the overall applicability of disclosures to all entities and not just those affected by the value chain cap.
- It would be helpful to explain how this Voluntary standard will be introduced so that there is no confusion with application of the current V SME. Note all references, including document titles and file names, should make it clear whether the contents concerns V SME, Voluntary standard or both. It is potentially confusing to refer users of the Voluntary standard to help titled VSME Guidance.



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