



# EU Consultation: Sustainability Reporting Standards for voluntary use (VSME)

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European Association of Chemical Distributors (Fecc)

June 2026

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The **European Association of Chemical Distributors (Fecc)** welcomes the opportunity to provide feedback on the Commission's proposal for establishing **Sustainability Reporting Standards for voluntary use (VSME)**. Fecc remains a steadfast supporter of the EU's green transition and recognises the importance of providing SMEs with a proportionate tool to satisfy the data needs of larger undertakings and financial institutions.

To ensure that this voluntary standard is **practical, solution-based, and supportive of SMEs** within the chemical distribution value chain, we propose the following observations and suggestions:

**Ensuring Proportionality through the "Value Chain Cap".** Chemical distributors, particularly SMEs, face significant resource constraints when managing data requests from their value chains.

- **Support for the Value Chain Cap:** Fecc strongly supports the inclusion of a "Value chain cap" to define the maximum information large undertakings can request from SMEs, preventing "scope creep".
- **Micro-Undertaking Exemptions:** We welcome the distinction for undertakings with 10 employees or less, for whom complex metrics like water withdrawal (B6) and circular economy principles (B7) remain voluntary.
- **Module-Based Flexibility:** The "Basic Module" must remain the target approach for micro-undertakings. We urge the Commission to ensure the "Comprehensive Module" does not become a de facto mandatory requirement through commercial pressure.

**Harmonisation and Legislative Coherence.** To enhance the efficiency of reporting, the VSME must be fully aligned with other relevant EU legislations to avoid duplication.

- **Alignment with CSDDD:** It is vital to ensure consistency between the VSME and the **Corporate Sustainability Due Diligence Directive (CSDDD)** regarding value chain definitions and due diligence processes.
- **Reference to International Standards:** We urge the Commission to explicitly reference the role of **CEN, CENELEC, and ISO standards**. Leveraging these recognized methodologies can reduce the reporting burden by 25% as many distributors already utilize these systems for operational sustainability.

**Clarifying Terminology and Metrics Ambiguity** in reporting standards leads to non-comparable data and increased compliance costs for SMEs.

- **Explicit Definitions:** Further clarity is needed for terms such as **"decent pay," "vulnerable groups,"** and specific thresholds for the **materiality assessment of substances of concern**.

- **Simplifying Circularity Metrics:** Current metrics for resource use and circular economy (B7) are often hard to interpret for different industries. We propose a focus on "real-time" information that adds value without creating unmanageable bureaucratic hurdles.

**Protecting Trade Secrets and Confidentiality.** SMEs in the chemical sector possess sensitive information crucial to their competitiveness.

- **Robust Omission Provisions:** Fecc supports the provisions in paragraph 22 allowing undertakings to **omit information** that would be seriously prejudicial to their commercial position or qualifies as a **trade secret**.
- **Safeguarding Data Sharing:** Any data shared within the value chain must respect commercial confidentiality to maintain a level playing field for European distributors.

**Phasing-In for Strategic Resilience.** The short-term effort required to set up processes for reporting is significant.

- **Adjustment Periods:** We welcome the **phasing-in of certain requirements**, such as Scope 3 GHG emissions and value chain worker disclosures, to allow SMEs sufficient time to adapt their IT systems.
- **The "If Applicable" Principle:** We support the principle that omitted disclosures are assumed not to be applicable, which significantly reduces the administrative burden of justifying every "not applicable" data point.

Fecc appreciates the Commission's efforts to create a standard that is accessible to SMEs while contributing to the goals of the **European Green Deal**. We remain committed to a constructive dialogue to ensure the VSME remains a tool for competitive growth.

To access the Fecc's response on EU Commission's website, please click [here](#).

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