

EFRAG – Voluntary Reporting standard for SMEs (VSME)

16 October, 2025



Disclaimer (I)

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Disclaimer (II)

The European Commission in the Omnibus proposal released on 26 February 2025 proposes, to use the VSME Standard as the basis of a future voluntary standard for undertakings up to 1000 employees. The VSME Standard has been developed for use by non-listed SMEs including micro-enterprises and has not been tested for use by other larger and more complex companies. The VSME supporting guides currently being developed are to be understood as supporting the application of the VSME Standard for undertakings with less than 250 employees.

It is important to note that the European Commission adopted EFRAG's VSME as a [Recommendation](#) in its current form. With regard to the endorsement of the VSME as a Delegated Act, at the moment, no information is available on the proposed Delegated Act of a voluntary standard to be used by companies with 250 to 1000 employees, besides the European Commission's 26 February Omnibus proposal.

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Key Features, Objectives,
Methodological approach &
Due process

Objective: to credibly replace a substantial part of the questionnaires used by lenders, investors and corporate clients – supply chain dimension and to support SMEs in monitoring their sustainability performance.

➤ **Why a voluntary standard for SMEs?**

- i. [EC Q&A Delegated Acts ESRS in July 2023](#): “EFRAG is developing simpler, voluntary standards for use by non-listed SMEs [...] **to respond to requests for sustainability information in an efficient and proportionate manner**, and so facilitate their participation in the transition to a sustainable economy.”
- ii. [EC SME Relief Package of September 2023](#) Action 14 tasks EFRAG to develop a simple and standardised framework for SMEs to report on ESG issues, creating better opportunities to obtain green financing and thus facilitating the transition to a sustainable economy. In particular, Action 14 mentions that the “*Commission will ensure that SMEs have a simple and standardized framework to report on ESG issues ... ensuring the rapid delivery of voluntary standards for non-listed SMEs.*”
- iii. **Commitment of market participants** (larger corporates and banks) essential for the success of the standard

➤ **Not legally binding** – outside CSRD- but to fulfill market needs.

➤ **Proportionality** = simplified language + modularity + overall ESRS consistency

➤ Scope: Non-listed Micro and SMEs in EU < 250 employees

99.8% of total EU companies

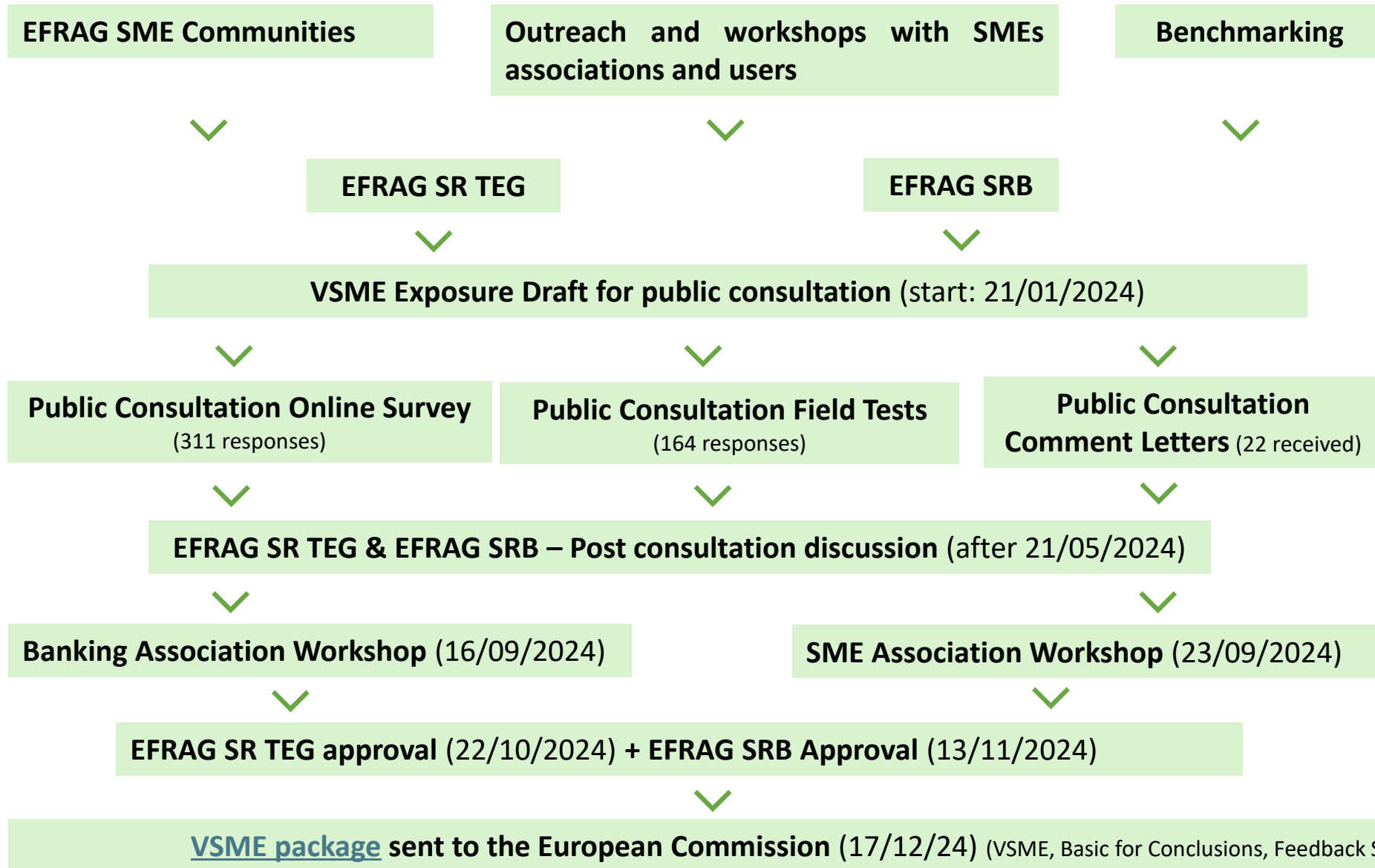
General approach: have the VSME as a standalone document to provide a simple reporting guidance for SMEs that are outside the scope of CSRD.

Approach to the preparation:

- Ensure conceptual coherence with the ESRS Set 1 and ESRS LSME
- Proportionality and simplified language and starting from a white sheet of paper
- Focus on the users' needs = built based on existing questionnaires (12 questionnaires covering up to 26,000 SMEs, 700 banks and 450 corporates)
- SFDR PAI as sources of ESG datapoints needed beyond investors (lenders and corporates)

EFRAG's Transparent & Inclusive Due Process for the VSME

Methodological Due Process Used from the Public Consultation



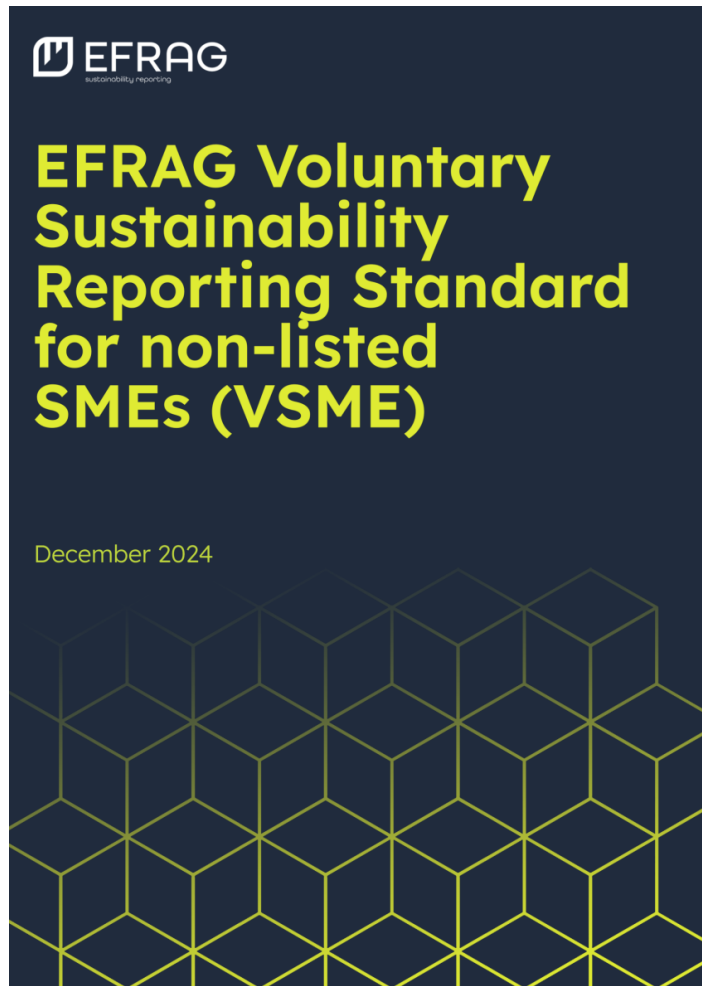
Due Process of CBA

Cost-Benefit Analysis - Phase 1
– CBA conducted on the basis of the ED

Cost-Benefit Analysis - Phase 2
– CBA updated on the basis of the changes made to the VSME post-public consultation

VSME package sent to the European Commission (17/12/24) (VSME, Basic for Conclusions, Feedback Statement, external CBA)

Voluntary sustainability reporting standard for non-listed SMEs



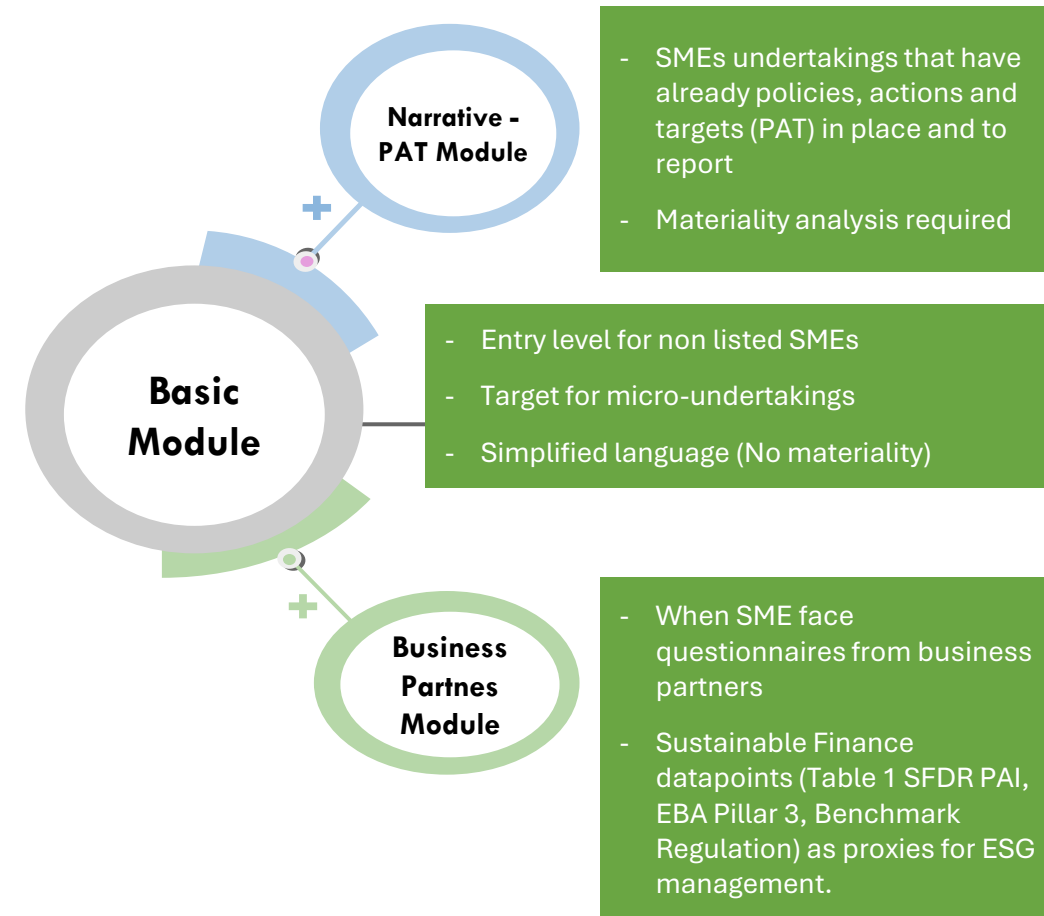
- *December 2024*: Delivery of the VSME to the EC
- *February 2025*: Creation of the **VSME Ecosystem**
- *July 2025*: Publication of the VSME as an **EC Recommendation** (available in all EU official languages)

VSME: Modular approach and structure

VSME Exposure Draft



Final VSME Standard



BASIC MODULE

- Entry level for non-listed SMEs
- Target for micro-undertakings
- Simplified language
- 11 Disclosures including narrative disclosures simplified and ESG Topical Metrics.
- Simplification: all required BUT whenever it is appropriate 'IF APPLICABLE'



COMPREHENSIVE MODULE

- To provide more comprehensive information on top of Basic module, requested by business partners.
- Sustainable Finance datapoints (Table 1 SFDR PAI, EBA Pillar 3, Benchmark Regulation) as proxies for ESG management.
- Further language simplification achieved, wherever it is appropriate "IF APPLICABLE"
- 9 disclosures
- Applying the Basic module is a prerequisite for applying the Comprehensive module

Overarching key changes to the VSME Standard following the public consultation:

- Request for an **online tool** and **VSME ecosystem**
- **Deletion** of the **Narrative-PAT module**
- **Removal** of **materiality** principle from the VSME

For future consideration: possible introduction of a link to the streamlined EU taxonomy tool for aligned and eligible activities that the Platform on Sustainable Finance is currently developing.



Basic Module Deep Dive

BASIC MODULE	Questionnaires in which it is asked (#)	“If applicable”/ Always to be reported on/ May disclosure
B1 – Basis for Preparation	Public Consultation	Always to be reported on
		If applicable
B2 - Practices, policies & future initiatives for transitioning towards a more sustainable economy	7	If applicable
B3 – Energy and greenhouse gas emissions	12	Always to be reported, breakdown if available
		Always to be reported on
B4 – Pollution of air, water and soil	7	If applicable
B5 – Biodiversity	4	If applicable
		May disclosure
B6 – Water	9	Always to be reported on
		If applicable
B7 – Resource use, circular economy and waste management	9	If applicable
		Always to be reported on
B8 – Workforce – General characteristics	8	Always to be reported on
		If applicable
		To be reported on when above the threshold
B9 – Workforce – Health and safety	3	Always to be reported on
B10 – Workforce – Remuneration, collective bargaining and training	7	Always to be reported on
		To be reported on when above the threshold
B11 – Convictions and fines for corruption and bribery	4	If applicable

B3: Energy and greenhouse gas emissions

Energy Consumption

- 29** The undertaking shall disclose total energy consumption in MWh, with a breakdown as per the table below, if it can obtain the necessary information to provide such a breakdown:

	Renewable	Non-renewable	Total
Electricity (as reflected in utility billings)			
Fuels			

For the conversion of energy units (fuel) to MWh, undertakings can use the **Fuel Converter** present in the **VSME Digital Template**. It will be explored in the next session on October 23, 2025.

Energy consumption

= Purchased energy delivered

How to obtain amount of energy consumed:

- **Electricity** → Bills
- **Fuels** → Invoices & Inventory

Annex II: § 18-25

B3: Energy and greenhouse gas emissions

Greenhouse Gas Emissions

30 The undertaking shall disclose its estimated ***gross greenhouse gas (GHG) emissions*** in tons of CO₂ equivalent (tCO₂eq) considering the content of the GHG Protocol Corporate Standard (version 2004), including:

- (a) the Scope 1 GHG emissions in tCO₂eq (from owned or controlled sources); and
- (b) the ***location-based Scope 2 emissions*** in tCO₂eq (i.e., emissions from the generation of purchased energy, such as electricity, heat, steam or cooling).

EFrag has identified a number of national or international tools that can help SMEs calculate their GHG emissions. These are listed on [EFrag's dedicated SME webpage](#) and will be periodically updated.

Gross GHG emissions:

Total GHG emissions released – any deductions (e.g., carbon removals).

= Scope 1 + Scope 2

	GHG emissions (tCO ₂ e)
Scope 1	e.g. 45
Scope 2	e.g. 6
Total	e.g. 51

Annex II: § 26 - 45

B8: Workforce – General Information

- 39** The undertaking shall disclose the number of employees in headcount or full-time equivalent for the following metrics:
- (a)** type of employment contract (temporary or permanent);
 - (b)** gender; and
 - (c)** country of the employment contract, if the undertaking operates in more than one country.
- 40** If the undertaking employs 50 or more employees, it shall disclose the employee turnover rate for the reporting period.

Annex II

$$\frac{\text{Number of employees who left during the reporting year}}{\text{Average number of employees during the reporting year}} \times 100$$

Annex II: § 118

Annex II

Gender	Number of employees (headcount or full-time equivalents)
Male	
Female	
Other	
Not reported	
Total employees	

Annex II: § 113 - 114



Comprehensive Module Deep Dive

VSME Comprehensive Module

COMPREHENSIVE MODULE	Questionnaires in which it is asked (#)	“If applicable”/ Always to be reported on/ May disclosure
C1 – Strategy: Business Model and Sustainability – Related Initiatives	10	Always to be reported on
		If applicable
C2 – Description of practices, policies and future initiatives for transitioning towards a more sustainable economy	7	If applicable
		If applicable + may disclosure
Consideration when reporting on GHG emissions under B3 (Basic Module)	9	If applicable
C3 – GHG reduction targets and climate transition	7	If applicable
		If applicable + may disclosure
C4 – Climate risks	9	If applicable
		May disclosure
C5– Workforce (General) Additional characteristics	Public Consultation	May disclosure + threshold included
C6 – Additional own workforce information - Human rights policies and processes	6	Always to be reported on
		If applicable
C7 – Severe negative human rights incidents	3	Always to be reported on
C8 – Revenues from certain activities and exclusion from EU reference benchmarks	5	If applicable
		Always to be reported on
C9 – Gender diversity ratio in governance body	6	If applicable

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THANK YOU!

For further information:
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