



# Voluntary Sustainability Reporting Standard for Non-Listed SMEs (VSME)

Supporting SMEs in a Sustainable Transition  
**An Initiative by EFRAG | December 2024**



## Purpose and Rationale

The VSME provides a voluntary, standardized sustainability reporting framework for non-listed SMEs (including micro-, small-, and medium-sized enterprises) to meet growing ESG data demands from stakeholders like banks, investors, and corporate clients.

## Key Objectives



**Streamline ESG reporting to replace multiple uncoordinated questionnaires.**



**Support SMEs' internal ESG management and competitiveness.**



**Improve access to green finance through structured disclosures.**



**Facilitate market-wide acceptance by making reporting proportionate and user-friendly.**

## Development Journey

Commissioned by the European Commission as part of the SMEs Relief Package (2023).

**Drafted and tested between Nov 2022 – Nov 2024 through extensive outreach:**



**300+ public  
survey responses**



**164 field test  
participants**



**11 workshops with  
SME and financial  
sector stakeholders**

Adjustments were made based on complexity concerns, especially around narrative and materiality aspects





## VSME Structure: Two Simplified Modules

VSME is structured with two tracks:

### Basic Module (Entry Level for All SMEs)

Mandatory if reporting under VSME.

#### Covers:





-  GHG emissions and energy use.
-  Pollution and biodiversity.
-  Workforce data (e.g., turnover, safety, pay equity).
-  Governance issues like anti-corruption.

No materiality analysis required – replaced with an “if applicable” filter.

### Comprehensive Module

Optional; for SMEs responding to more complex stakeholder requests.

#### Adds:

-  Transition plans, Scope 3 emissions.
-  Human rights governance.
-  Sectoral risk disclosures.
-  Gender diversity and benchmark exclusions

# Key Revisions from Public Feedback

## Simplification Wins

-  Deleted the Narrative-Policies, Actions & Targets (PAT) module.
-  Streamlined language and improved applicability of disclosures.
-  Removed the materiality analysis — replaced with sectoral guidance and “if applicable” logic.
-  Developed semi-narrative templates and checklist-style questions to increase comparability

## Calls for Ecosystem Support

Strong support for an online platform and tools, ilike Fortifai for:

-  Pre-filled templates.
-  Scrollable policy examples.
-  GHG calculators.
-  EFRAG committed to developing guidance and encouraging third-party tools

## Disclosures in Focus (Examples)

Topic	Basic Module	Comprehensive Module
GHG Emissions	Scope 1 & 2, intensity, energy use	Scope 3, reduction targets, transition plan
Biodiversity	Land use in/near sensitive areas	Additional policies if applicable
Workforce	Gender pay gap, training, safety	Gender diversity, non-employee inclusion
Governance	Corruption convictions	ESG strategy, human rights policies

*All disclosures carry clear instructions on whether they are “always to be reported,” “if applicable,” or “optional.”*

## Strategic Role in the ESG Landscape

Though not legally binding, the VSME:

-  **Responds to market pressures**  
helping SMEs comply with the sustainability data demands of large companies and financial actors.
-  **Reduces reporting burden**  
acts as a single point of ESG data collection.
-  **Promotes comparability**  
aligns with SFDR, ESRS Set 1, and Pillar 3 bank requirements where relevant.

It is not a simplified ESRS, but rather a practical, entry-level solution tailored to SMEs' realities.

## Adoption Flexibility and Legal Notes

Voluntary Standard for all SMEs not listed on regulated markets.

<b>Micro</b>	≤ €450K balance sheet	≤ €900K turnover	≤ 10 employees
<b>Small</b>	≤ €5M balance	≤ €10M turnover	≤ 50 employees
<b>Medium</b>	≤ €25M balance	≤ €50M turnover	≤ 250 employees

May be included in or published alongside management reports.  
Allows for exclusion of sensitive information if justified

## Final Thoughts: Why SMEs Should Adopt the VSME

-  Meet data requests with minimal effort
-  Position for green finance and sustainable supply chains
-  Start an internal sustainability journey
-  Build trust with corporate clients and investors
-  Avoid duplication with a structured, standard approach

**Contact [info@fortifai.co](mailto:info@fortifai.co) to learn more**