

Summary of VSME Public Consultation & Key Updates

January – May 2024 Consultation
EFRAG-led Process



What is VSME?

The VSME (Voluntary Sustainability reporting for Micro, Small, and Medium Enterprises) initiative by EFRAG supports non-listed SMEs across Europe in managing and reporting sustainability data. It offers a voluntary, proportionate framework designed to lower entry barriers and improve data transparency for finance and business partners.

Though outside the CSRD scope, VSME responds to real market needs, enabling SMEs to confidently address growing sustainability data demands from banks, large customers, and investors.

The following is a summary of the EFRAG VSME Feedback Statement*.

Consultation Overview

311 survey respondents + 22 comment letters

Broad participation from European SMEs, banking associations, standard setters, and authorities

Focus

architecture, relevance, simplification, and market readiness of the draft standard

Conducted in parallel with a field test and multiple workshops with banks and SMEs





*LINK to original document

<https://www.efrag.org/system/files/sites/webpublishing/Project%20Documents/2309261112573240/VSME%20Feedback%20Statement%20from%20the%20Public%20Consultation.pdf>




Key Themes from Stakeholder Feedback

Demand for Digital Tools




Stakeholders strongly called for:

-  An online reporting platform
-  Templates and disclosure examples (e.g., climate transition plans)
-  Scrollable menus with standard policy options
-  Integration with existing standards like ISO 14001

Simplification of Complex Disclosures

-  Narrative-PAT module deleted for being too complex and impractical
-  Materiality analysis removed: found burdensome, expensive, and unclear for SMEs
-  Replaced with pre-defined disclosures and simplified applicability rules

Modular Structure & New Modules

-  “Business Partners Module” renamed to “Comprehensive Module”
-  A proposed “Additional Financial Institutions (AFI)” module was dropped after stakeholder rejection
-  Some datapoints proposed by banks were integrated into existing modules

Major Changes in Disclosures

Adjusted or New

- Disclosure B1** Now includes additional entity info such as legal form, balance sheet size, ESG labels, and geolocation of all sites
- Disclosure B3** Clarified energy and GHG disclosures with added GHG intensity, estimated utility bill data, and online calculation tools
- Disclosure B7** Simplified circularity disclosures and included mass-flow datapoints
- Disclosure B10** Gender pay gap thresholds aligned with the Pay Transparency Directive

Removed

- Narrative Disclosures N2, N3, N4** Materiality and stakeholder engagement deemed too complex and non-essential
- BP10 & BP11** Work-life balance and number of apprentices removed as they do not relate to SFDR datapoints

Merged or Streamlined

- BP3 & BP4** Combined into one transition plan disclosure with simplified guidance
- BP7 & BP8** Merged into one disclosure on human rights policy and code of conduct, with drop-down menus
- Climate Risk (BP5)** Changed from financial figures to a narrative format to describe physical climate risks and events

Reporting Principles

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Annual reporting is expected, unless otherwise demanded by stakeholders
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Sensitive data can be omitted, but must be explicitly acknowledged
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Consolidation is recommended, but subsidiaries are exempt if covered in parent report
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Comparability and clarity enhanced with “if applicable” logic standardized across modules

Scope & Applicability

Applies to non-listed micro, small, and medium undertakings defined by EU Accounting

Micro	≤ €350k assets	€700k turnover	10 employees
Small	≤ €4M assets	€8M turnover	50 employees
Medium	≤ €20M assets	€40M turnover	250 employees



Final Thoughts

The VSME standard has been significantly streamlined to reflect SME realities while maintaining credibility and alignment with key ESG data users, particularly banks and large clients.

ESG in hours with your existing team

For more information on how to implement and manage VSME quickly and cost effectively, contact info@fortifai.co.