

VSME in Action: Empowering SMEs for a Sustainable Future

07 April 2025, 10:00-12:30 CET, Hybrid Outreach Event

APPENDIX A

VSME Background information

1. The VSME is a deliverable of the European Commission SMEs Relief Package (September 2023) tasking 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, in Action 14 of the SMEs Relief Package it is mentioned 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.’
2. As a result of this mandate, the objective of the VSME has been to respond to the growing requests of sustainability data from business partners (which includes financial institutions) that are triggered either by ESRS Set 1 reporting obligations or to manage their sustainability risks and pledges in the lending and investment portfolios (financial institutions) or in the supply chain (other business partners). In addition, the aim of the VSME is to provide non-listed micro-, small- and medium-sized undertakings (SMEs) with a simple reporting tool to start their sustainability journey and monitor their sustainability performance.
3. The primary ambition is for the VSME to become a common point of reference for lenders, investors and corporate counterparts in the value chain when they define their ESG data requests to SMEs. Concretely this means that, based on market acceptance, the VSME is expected to de facto limit current multiple ESG data requests that would represent an important burden for SMEs, by replacing the various, multiple and uncoordinated ESG questionnaires.
4. The VSME will not have legal status and will not be issued as Delegated Act, however it aims at becoming the market accepted standard to serve the information needs of lenders, other investors and large companies that have business relationships of SMEs in their value chains.
5. Being a voluntary tool and being addressed to a category of less resourced companies, the value and benefits of the VSME will crucially depend on the level of market acceptance and recognition that the VSME will ultimately achieve as ‘the’ standard for data collection requests by lenders, other investors and large companies.
6. During the public consultation of the VSME it emerged that in addition to the VSME as a standard, SMEs required specific tools and initiatives to help them understand and use the VSME.

7. For this reason, to ensure that the VSME has the widest market acceptance possible, EFRAG will set out to develop a set of initiatives envisioned to increase the market acceptance of this tool from the user side (banks/ investors and large undertakings) and especially from the preparer side (SMEs). These initiatives will fall under the 'VSME Ecosystem' within which the SME Forum is one of the deliverables