

EFRAG Releases the Voluntary Sustainability Reporting Standard for non-listed SMEs

At the request of the European Commission (EC), expressly confirmed on December 12 2024, EFRAG is pleased to announce today the delivery of its technical advice on the voluntary reporting standard for non-listed micro-, small- and medium-sized undertakings ('the VSME').

From 22 January 2024 to 21 May 2024, EFRAG conducted a public consultation on the Exposure Draft of the VSME, receiving input from a wide number of stakeholders, including SMEs, SME associations, banks, banking associations, large undertakings, accountants, national standard setters and other stakeholders. EFRAG SR TEG and the EFRAG SRB have addressed the feedback that emerged from the public consultation and implemented additional simplifications. The VSME was approved by the EFRAG SRB on 13 November 2024 and by EFRAG SR TEG on 22 October 2024.

VSME Standard

The VSME is designed for undertakings that are not in the mandatory scope of the Corporate Sustainability Reporting Directive ('CSRD'). EFRAG's work on the VSME is based on the [European Commission's SME Relief Package](#) of September 2023, which refers to this specific standard as a measure to support SMEs in accessing sustainable finance (*'EFRAG will develop a voluntary standard for non-listed SMEs. SMEs can use this to standardise the sustainability information they wish to report, creating better opportunities to obtain green financing and thus facilitating the transition to a sustainable economy'*).

Based on market acceptance, the VSME has been designed to provide a standardised set of information to replace the current multiple and uncoordinated questionnaires and ESG data requests.

Reflecting the above, the logic followed in the standard setting has been primarily to prioritise the identification of a proportionate set of indicators as a credible replacement for a substantial component of the questionnaires currently used. At the same time, 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.

The VSME is structured into a Basic Module and a Comprehensive Module. These two modules are expected to fulfil a substantial part of requests from business partners (i.e. banks, investors and large corporates) that SMEs currently receive. The VSME includes disclosures for undertakings across sectors; a few additional data requests cannot be excluded to reflect the specificities of some sectors.

VSME Basis for Conclusions

Along with the VSME, EFRAG is also releasing the Basis for Conclusions, which illustrates the process followed in defining this standard, the methodological approach, the main content of the standard, the key aspects discussed by the EFRAG SRB and EFRAG SR TEG, the changes made to the VSME after the consultation, and the summary of the consultation's feedback, the field test's outcome and the workshops with stakeholders.

Cost-benefit analysis of the VSME Standard

The EC requires that EFRAG's technical advice be 'accompanied by cost-benefit analyses that include analyses of the impacts of the technical advice on sustainability matters.' Even though the VSME is outside the mandatory scope of the CSRD, EFRAG has fulfilled the same obligation as the for the rest of the ESRS.

EFRAG has commissioned an external contractor to conduct an assessment of the costs and benefits related to the VSME. In finalising its technical advice for the EC, EFRAG has considered a report prepared by contractors. For more details, please refer to EFRAG's cost-benefit analysis cover letter and the respective report.

Feedback statement

Consistent with its due process, EFRAG also releases today a Feedback Statement illustrating the key messages received in the public consultation and how they have been treated in the finalisation of the standard.

Next steps

Stakeholders stressed the need for complementing the VSME with a series of digital online tools, additional guidance and complementary materials that would serve to facilitate the uptake of the standard by SMEs and generate broad market acceptance. EFRAG will begin a series of initiatives in 2025, including the issuance of support guides and educational material, outreaches, awareness raising events and the monitoring of emerging tools and platforms.

Patrick de Cambourg, the EFRAG SRB Chair, commented: *'The issuance of the VSME confirms EFRAG's commitment to contributing to a more sustainable economy. The VSME is designed to support the availability of simple but relevant sustainability-related data. It aims at reducing the burden for SMEs, which are currently confronted with multiple uncoordinated data requests; and when supported by the appropriate online platforms and tools, it will offer new business and financing opportunities as well as additional management insight into reporting companies.'*

Chiara Del Prete, the EFRAG SR TEG Chair, commented: *'The development of the VSME has been a very enriching experience. We received strong support from all the stakeholder categories along every step of our due process. I am grateful to all those who*

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contributed to it and am looking forward to continuing to support SMEs with practical guides, promoting synergies amongst the various initiatives that are developed and contributing to the emergence of a robust SME ecosystem.'