

From obligation to value: how to make sustainability reporting accessible to SMEs?

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Disclaimer (I)

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Disclaimer (II)

In December 2024, EFRAG delivered the VSME Standard as a technical advice. The VSME Standard was adopted as an EC Recommendation.

Following Omnibus I, for companies with less than 1000 employees, the European Commission adopted a single standard for voluntary use (VS) based on VSME.

No	Item
1	Regulatory review
2	Methodological Approach & Due Process
3	Final VS Structure
4	Basic and Comprehensive Module
5	VSME Ecosystem

1. Regulatory review

December 2024



EFRAG sent the VSME as a technical advice to the EC for voluntary use for SMEs

July 2025



EC adopted the [VSME as a Recommendation](#) for SMEs

September 2026



Following Omnibus I

- EC adopted a single standard for voluntary use (VS) based on VSME, for companies with less than 1000 employees

1. Regulatory review

September 2026

 Official Journal
of the European Union

EN
L series

2026/156021.9.2026

COMMISSION DELEGATED REGULATION (EU) 2026/1560
of 3 July 2026
supplementing Directive 2013/34/EU of the European Parliament and of the Council by establishing
sustainability reporting standards for voluntary use by undertakings protected by the value chain cap
(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual
financial statements, consolidated financial statements and related reports of certain types of undertakings, amending
Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC
and 83/349/EEC ⁽¹⁾, and in particular Article 29ca(1), thereof,

Whereas:

(1) Directive (EU) 2026/470 of the European Parliament and of the Council ⁽²⁾ amended Directive 2013/34/EU by – inter
alia – reducing the number of undertakings required to report sustainability information under Articles 19a and 29a
of that Directive and simplifying the sustainability reporting requirements.

New Scope:

- VS Standard is **voluntary**.
- It is intended for undertakings which, on their balance sheet dates, do not exceed an average number of 1000 **employees** during the preceding financial year.
- *Undertaking includes self-employed, non-incorporated undertakings and listed micro undertakings*

Objective:

- To satisfy the **data needs of undertakings subject to mandatory reporting**
- To satisfy the **data needs of banks and investors**, helping undertakings in their access to finance
- For **improving the management of the sustainability issues** they face
- For **contributing to a more sustainable and inclusive economy**

Key points:

- VS serves as **value chain cap** ('protected undertakings')
- **Financial institutions** are still encouraged to limit their requests for sustainability information from undertakings with 1000 employees or less for purposes beyond sustainability reporting

1. Regulatory review: Focus on value chain cap

The voluntary standard shall establish the value chain cap

Prevents CSRD reporting companies to require information beyond the voluntary standard from companies with less than 1000 employees (i.e. “protected undertakings”)



The reporting company must inform the value chain company of the information requested beyond the scope of the VS, and of their right to decline the disclosure



Applies only for reporting purposes

Different cap for micro and other companies

Datapoints included in the cap are stated in Annex II of the VS



Methodological Approach & Due Process

2. Methodological Approach & Due Process



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



VS Modular Structure

3. VS Structure

BASIC MODULE

- Entry level for non-listed SMEs
- Target for micro-undertakings and constitutes a minimum requirement for other undertakings
- Simplified language
- **11 Disclosures** (including semi-narrative disclosures simplified and ESG Topical metrics).
- Simplification: all required BUT are specified as 'IF APPLICABLE' '**IF APPLICABLE**'



COMPREHENSIVE MODULE

- Provides **additional information** to the Basic module, requested by banks, investors and corporate clients of the undertaking.
- Applying the Basic module is a **prerequisite** for applying the Comprehensive module
- Sustainable Finance datapoints (Table 1 SFDR PAI, EBA Pillar 3, Benchmark Regulation) as proxies for ESG management.
- **9 disclosures**, with "**IF APPLICABLE**" criteria where specified in the disclosure

Overarching principles and features of the Voluntary Standard:

- **No Materiality/ Materiality Assessments required**
- **Excel Template** and online **XBRL converter** – available on EFRAG's website

3. VS Structure

Principles for the preparation of the VS

Comparative Information

'If applicable' principle

Inclusion of subsidiaries in the reported data

Timing and location of the sustainability report

Omission of information

Coherence and linkages with disclosures in financial statements



Basic and Comprehensive Module

3. VS Structure

BASIC MODULE	Paragraphs	"If applicable" / SHALL/ May disclosure	Voluntary for undertakings with 10 Employees or less
B1 – Basis for Preparation	Par. 26 (a), (c), (e)	SHALL	
	Par. 26 (b), (c), (d); Par. 28	If applicable	
B2 - Practices, policies & future initiatives for transitioning towards a more sustainable economy	Par. 29 (a), (b), (c), (d); Par. 30; Par. 31	If applicable	
B3 – Energy and greenhouse gas emissions	Par. 32;	SHALL, breakdown if available	X
	Par. 33 (a), (b)	SHALL	X
B4 – Pollution of air, water and soil	Par. 34	If applicable	
B5 – Biodiversity	Par. 35	If applicable	
B6 – Water	Par. 36	SHALL	X
	Par. 37	If applicable	X
B7 – Resource use, circular economy and waste management	Par. 38	If applicable	X
	Par. 39 (a), (b), (c)	SHALL	X
B8 – Workforce – General characteristics	Par. 40 (a)	SHALL	
	Par. 40 (b)	SHALL	
	Par. 40 (c)	If applicable	
B9 – Workforce – Health and safety	Par. 41 (a), (b)	SHALL	
B10 – Workforce – Remuneration, collective bargaining and training	Par. 42 (a), (c), (d)	SHALL	
	Par. 42 (b)	If applicable	
B11 – Convictions and fines for corruption and bribery	Par. 43	If applicable	

3. VS Structure

COMPREHENSIVE MODULE	Paragraphs	"If applicable" / SHALL / May disclosure	Voluntary for undertakings with 10 Employees or less
C1 – Strategy: Business Model and Sustainability – Related Initiatives	Par. 46 (a), (b), (c)	SHALL	X
	Par. 46 (d)	If applicable	X
C2 – Description of practices, policies and future initiatives for transitioning towards a more sustainable economy	Par. 47	If applicable	
	Par. 48	If applicable + may disclosure	
Consideration when reporting on GHG emissions under B3 (Basic Module)	Par. 49; Par. 50; Par 51	CONSIDERATION	
C3 – GHG reduction targets and climate transition	Par. 53	If applicable	X
	Par. 54	If applicable + may disclosure	
	Par. 55	If applicable + SHALL	
C4 – Climate risks	Par. 56 (a), (b), (c), (d)	If applicable	X
	Par. 57	May disclosure	
C5 – Additional (general) workforce characteristics	Par. 58	SHALL	X
	Par. 59; Par. 60	May disclosure	
C6 – Additional own workforce information - Human rights policies and processes	Par. 61 (a), (b)	SHALL + if applicable	X
	Par. 61 (c)	If applicable	X
C7 – Human rights incidents	Par. 62 (a), (b)	SHALL + if applicable	X
	Par. 62 (c)	SHALL	X
C8 – Revenues from certain sectors	Par. 63 (a), (b), (c), (d)	If applicable	
C9 – Gender diversity ratio in governance body	Par. 64	If applicable	

3. VS Structure

Key changes in the VS Delegated Act compared to EC Recommendation

- **Expansion of scope compared to VSME:** Scope is broadened from non-listed SMEs to undertakings up to 1,000 employees.
- **Removal of Annex II of the VSME Recommendation (i.e. the guidance)*** + New paragraph in VS with direct reference to EFRAG's website and Knowledge Hub where such guidance will be available.
- **New Annex with datapoints covered by the Value Chain Cap.**
- **Introduction of a new paragraph** that gives the possibility to combine EMAS and VS in a single report.
- **Expansion of omission regime** in line with Simplified ESRS and EU legislation. **Appendix B has been simplified** and adjusted to mirror the one in ESRS 1 of the Simplified ESRS. Key simplification: Removal of sub-sub topics.
- **New exemption introduced for undertakings with 10 or less employees.**

- Some datapoints have been deleted in the **Voluntary Standard following the deletion in the Simplified ESRS**
- Some datapoints have been **aligned with the corresponding disclosures in the Simplified ESRS**
- **Deletion of condition of 50 employee for the following disclosures**
- **Turnover moved from Basic Module B8 to Comprehensive Module C5**

* EFRAG received the mandate from EC to update the VS guidance that is now available on [EFRAG's Knowledge Hub](#)



Article 29e

Digital portal for sustainability reporting

The Commission shall provide for a dedicated portal through which undertakings can access information, guidance and support, including relevant templates, with regard to the mandatory and voluntary sustainability reporting framework referred to in this Directive. The portal shall be interconnected with online support measures provided by Member States, where available, to take account of national context.



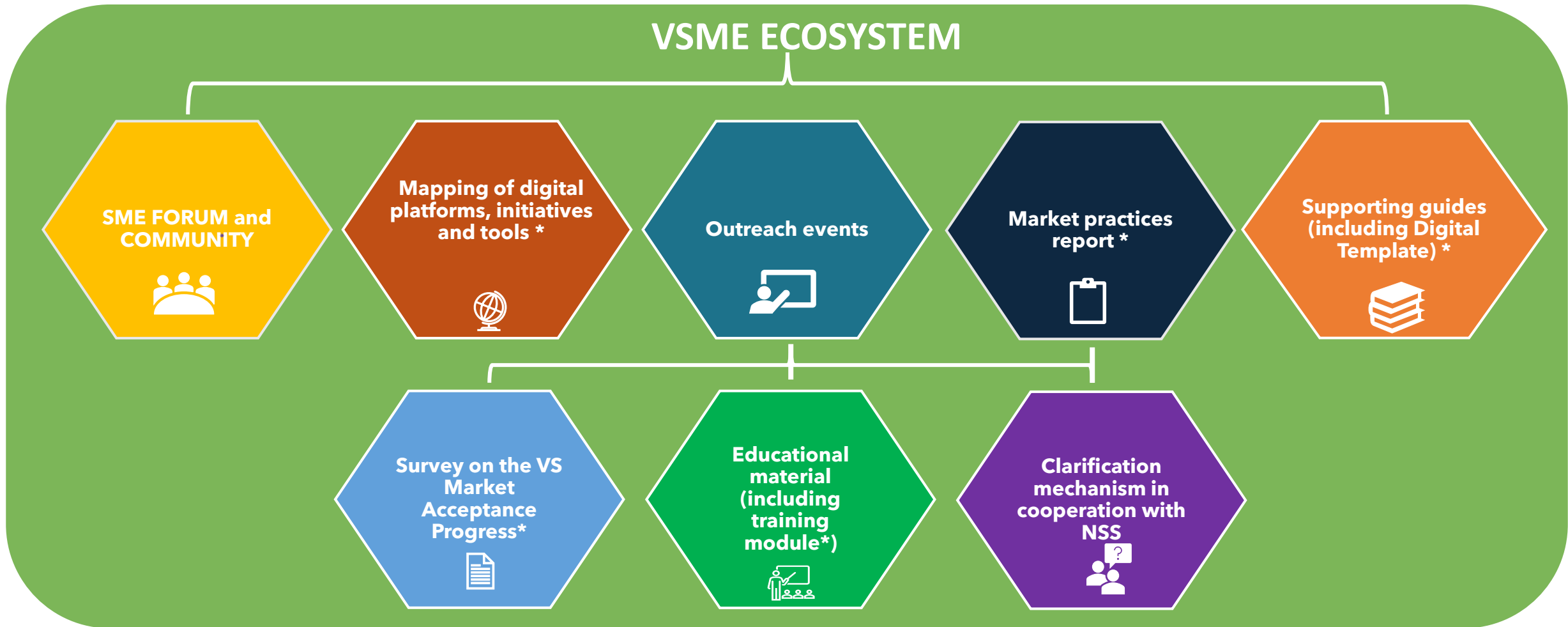
VSME Ecosystem

4. VSME Ecosystem

Key messages in the public consultation/field tests in 2024

- One of the critical messages from the consultation was that if an entrepreneur/SME applies the Standard on a voluntary basis, there needs to be clear incentives for doing so.
- Additionally, it was not possible for most entities to apply the requirements without some support. Biggest perceived challenges: GHG calculation, online reporting solutions, digital VSME, additional support guides for some disclosures in Comprehensive Module
- EFRAG therefore has set-up a VSME ecosystem in 2025: created a forum, mapped existing tools and online platforms that could be helpful for SME reporting, provided a free XBRL template on EFRAG website, has developed supplementary guidance and is working on additional illustrative examples, it has and will keep running surveys on the acceptance of the Standard.
- A visualisation is provided in next slides.

4. VSME Ecosystem



4. VSME Ecosystem

VSME Digital Template and XBRL Taxonomy

- The first version of the **VSME Digital Template, XBRL Taxonomy and Converter*** have been released on May 27 2025. Now it is available in **11 languages**.

All resources, including the template, explanatory notes, the source code and demo files, are free and available for download on [EFRAG's Knowledge Hub](#).

VSME Digital Template

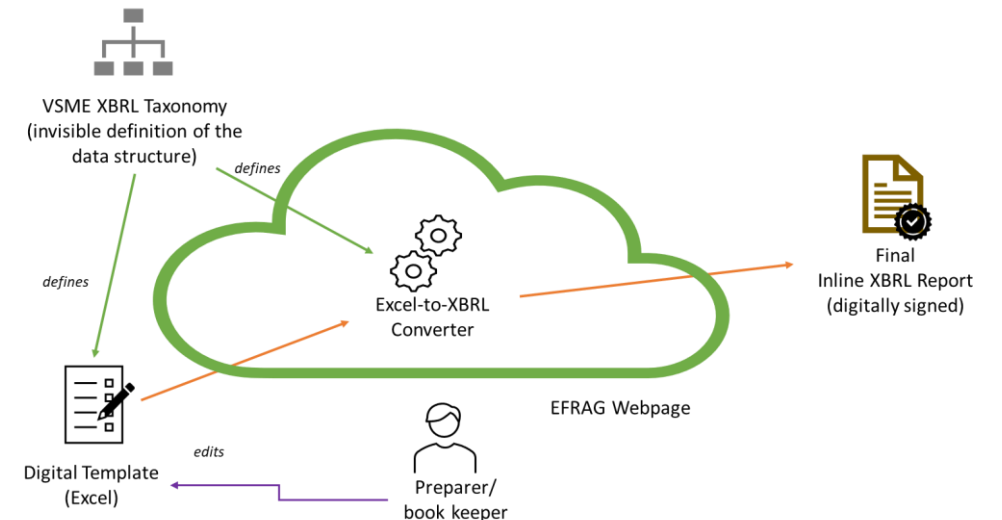
- EFRAG's **Digital Template** enables a user-friendly and efficient reporting experience. **The Digital Template** (implemented in MS Excel) features interactive elements, auto-calculations, consistency checks, and direct links to VSME text and guidance.

VSME Digital Template to XBRL Converter

- To further ease adoption, EFRAG offers a **free and open-source Digital Template to XBRL converter**, enabling instant transformation of the VSME Digital Template into human and machine-readable formats.

XBRL Taxonomy

- The **XBRL Taxonomy** enables seamless, software and vendor-independent digital reporting and data exchange.



* Will be updated following in VS Delegated Act in November 2026

4. VSME Ecosystem

EFRAG Knowledge Hub – VS(ME) Section



EFRAG | KNOWLEDGE HUB

Account

Logout

Menu

INTERACTIVE

2026 Voluntary Standard

Annexes

The Voluntary Standard has been published by the European Commission in the Official Journal on 21 September 2026.

Guidance

Non-Mandatory guidance developed by EFRAG

INTERACTIVE

VSME Standard

Annex 1

Basic module and Comprehensive module

Annex 2

Guidance

How to report on VSME: Use the VSME Digital Template (multi-language)

Digital template

Access the latest VSME Digital Template available in 12 languages

XBRL converter

Convert to get an inline XBRL report

Explanatory Note

Access it to know more about the background of the VSME Digital Template, XBRL Taxonomy and Converter

VSME Supporting Guides for Comprehensive Module

C2 Practices, Policies and Future Initiatives

C3 GHG reduction targets and climate transition

C7 Severe negative human rights incidents

4. VSME Ecosystem

EFRAG Knowledge Hub – VS(ME) Section



Mappings on digital platforms, initiatives and tools for SME sustainability reporting

-  Mapping of Digital Tools (2025) >
-  Mapping of Digital Tools (2026) >
-  Mapping of Digital Platforms and Initiatives (2025) >
- Mapping of

Explore EFRAG's educational videos on both the Standard and Supporting Guides

-  Introduction to the VSME >
-  Basic Module overview >
-  Comprehensive Module overview >
-  Deep dive at disclosure level >
- Explainer on C2 Practices,

Access the Digital Tools identified by EFRAG

EFRAG disclaims any responsibility for the technical quality of these tools, as they have neither been prepared nor reviewed by EFRAG.

-  Bilan Carbone (France) >
GHG calculator
-  Outil de Diagnostic pour l'Adaptation au Changement Climatique (ODACC) >
Climate risk tool (France)
-  Climate Compass (Denmark) >
GHG calculator

VSME Testimonials

-  Monad (Finland) >
-  DIRSE (Spain) >
Disclaimer: please note that double materiality assessment is not required in the VSME.
-  Sangalli SpA (Italy) >
-  Macro Design Studio (Italy) >

4. VSME Ecosystem

EFRAG's mapping of digital tools

1 . Mapping of digital tools 2025

- EFRAG's mapping of digital tools of **2025** identified **9 governmental tools**.

2. Mapping of digital tools 2026

- EFRAG's mapping of digital tools of **2026** identified **4 governmental tools**.

Access the Digital Tools identified by EFRAG

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GHG calculator

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Climate risk tool (France)

✓ Climate Compass (Denmark) >
GHG calculator

✓ E-tool (version 3.0.0) (Germany and Austria) >
GHG calculator

✓ Huella de carbono de una organización. Alcance 1+2 (Spain) >
GHG calculator

✓ ESG Kalkulátor (Hungary) >
GHG calculator

✓ Climate Toolkit 4 Business (Ireland) >
GHG calculator

✓ EFFC/DFI Carbon Calculator >
Sectorial GHG calculator (contractors)

✓ Small Business Carbon Calculator (SME Climate Hub) >
GHG calculator

✓ Advanced Business Carbon Calculator (SME Climate Hub) >
GHG calculator

✓ Climate & Circularity Calculator (Spain, Basque region) >
GHG calculator

✓ Organisatsioonide KHG ja keskkonna jalajälje mudel (Estonia) >
GHG calculator

✓ DECiDE v9.0 (Belgium, Wallonia) >
Sectorial GHG calculator for the agricultural sector

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