

To: Corporate Reporting - Investments & Sustainable Finance WG
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Subject: EFRAG publishes first insights on VSME market acceptance

Summary

On 16 December, EFRAG released its **initial progress report on the market acceptance of the Voluntary SME (VSME)** sustainability reporting standard, following a survey conducted as part of its VSME Ecosystem work: link [here](#).

The [report](#) examines early feedback on awareness, practical application, and acceptance of the VSME as a voluntary sustainability reporting tool among small and medium-sized enterprises (SMEs) and key stakeholders, including financial institutions, business partners, and value-chain actors. It also identifies barriers and opportunities for broader adoption across Europe.

Developed by EFRAG and recommended by the European Commission for companies with fewer than 250 employees, the VSME aims to provide a simplified framework for sustainability reporting. Companies outside the scope of the Corporate Sustainability Reporting Directive (CSRD) but with more than 250 employees may use a voluntary standard based on VSME from 2026, following the recent Omnibus Directive agreement.

Key findings from the survey

- **Market awareness and uptake:** Awareness of the VSME Standard is growing, with generally positive acceptance. Many users employ the VSME as a guiding framework for collecting sustainability information.
- **Reported benefits:** SMEs report improved access to finance, cost optimisation, and strategic advantages from using the VSME.
- **Identified challenges:** Respondents cited limited training, unclear methodologies, insufficient supporting tools, and the absence of a centralised digital repository for data usability.
- **Support needs and adoption levers:** There is strong demand for additional guidance on disclosures and sector-specific topics, as well as awareness-raising initiatives such as examples of completed VSME reports, training sessions, and best-practice cases. Interest was also expressed in free tools and a potential certification mechanism for VSME completion.
- **Digital enablers:** Continued development of digital solutions is seen as critical, including updates to the VSME Digital Template, expanded lists of GHG calculators, and tools for water stress, biodiversity, and geolocation.

Next steps

Based on these findings, EFRAG plans to develop further practical guidance, collect examples of completed VSME reports, enhance the VSME Digital Template, and map additional digital tools for SME sustainability reporting. A second VSME Market Acceptance Survey is scheduled for 2026.