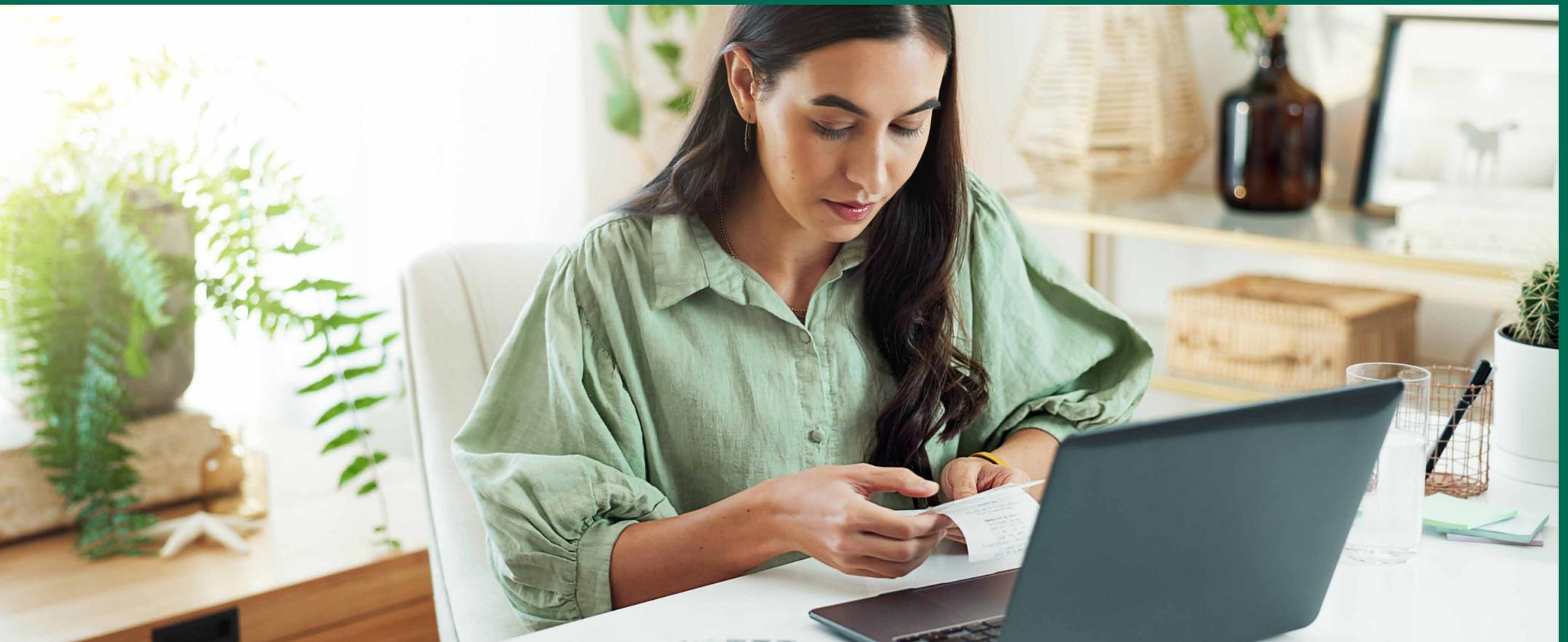


Whitepaper

# Simplifying Sustainability: How the VSME Empowers SMEs to Compete, Comply and Create Value



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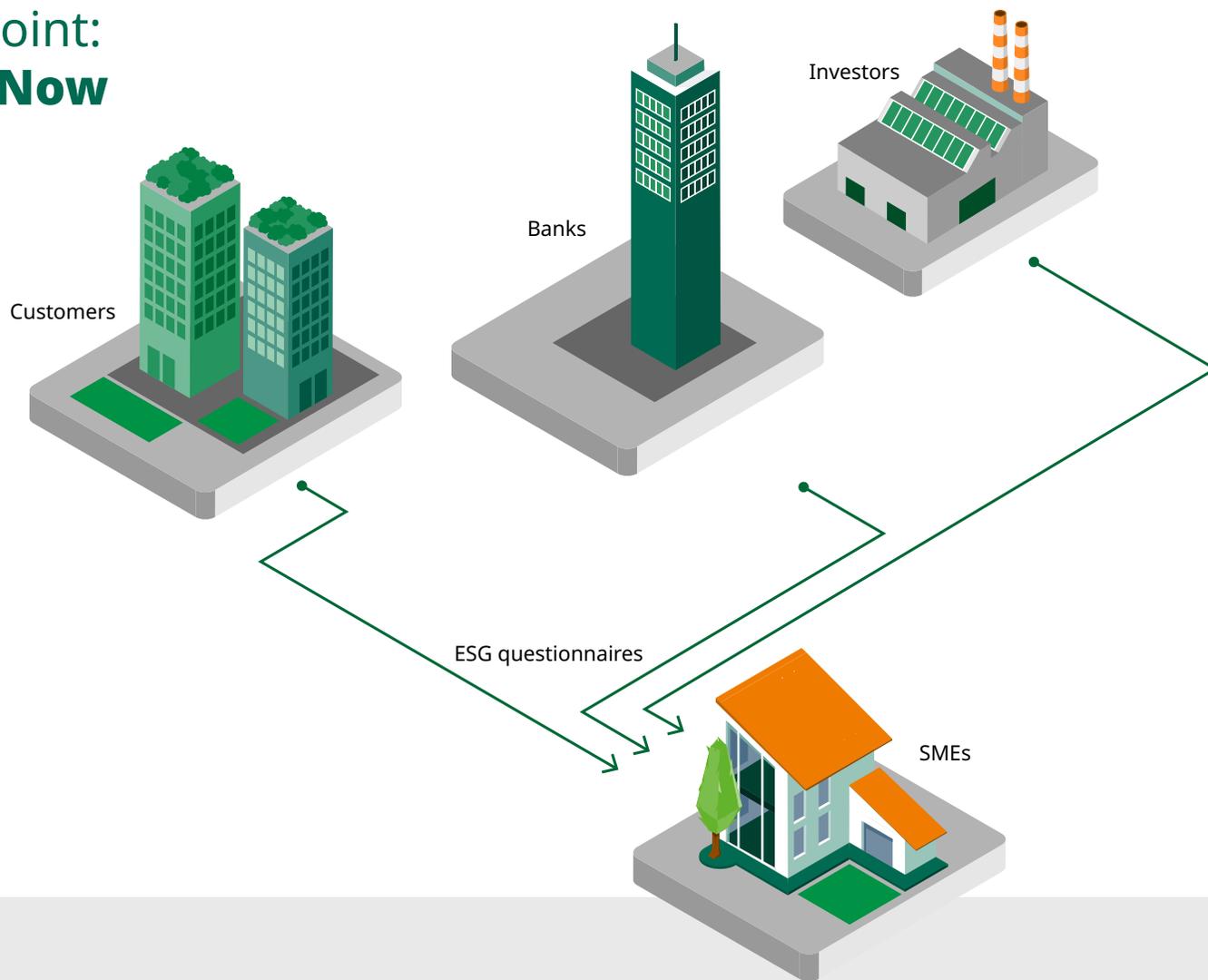
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# 1. An Economy at a Tipping Point: Why SMEs Need the VSME Now

Across Europe, small and medium-sized enterprises (SMEs) are reaching a decisive moment.

Customers, banks, and investors now expect reliable sustainability information from companies of every size. Even SMEs outside the direct scope of the Corporate Sustainability Reporting Directive (CSRD) feel the impact: requirements cascade through supply chains, and ESG questionnaires arrive more quickly than many teams can manage.

The Voluntary Sustainability Reporting Standard for non-listed SMEs (VSME), developed by EFRAG and endorsed by the European Commission in July 2025, changes this dynamic. It provides a unified, EU-aligned structure that allows SMEs to respond to stakeholder requests consistently and efficiently. In markets shaped by CSRD-driven disclosure, the VSME acts as a shield: it reduces reporting overload and defines a proportionate level of information that smaller suppliers can be expected to provide – while still allowing them to demonstrate accountability and remain visible and trusted partners in their value chains.



## From Complexity to Clarity: Why the VSME Matters Today

Europe’s sustainability landscape has become increasingly complex: CSRD, ESRS, GRI, DNK, supplier templates, and customer-specific questionnaires all create overlapping demands. For SMEs with limited capacity, navigating this environment often means wasted time, inconsistent data, and reactive, fragmented reporting.

The VSME replaces this fragmentation with a coherent, proportional framework designed specifically for smaller organizations. It reflects the logic of the ESRS but narrows the focus to information stakeholders are most likely to request. Companies report only on topics relevant to them, the number of data points is limited and practical to handle.

By defining one coherent structure for sustainability information, the VSME allows SMEs to reuse the same dataset across supplier assessments, customer questionnaires, and financing requests. The result: less duplication and a reporting process that becomes predictable rather than ad hoc.

## Why Action Matters Now

SMEs face multiple pressures that make structured sustainability reporting urgent:

# 1

### Overload

Requests for ESG data from customers, suppliers, and partners arrive in different formats and often with tight deadlines. Many SMEs lack the internal bandwidth to respond consistently, risking errors or missed opportunities.

# 2

### Value-chain pressure

Large companies with CSRD obligations increasingly demand ESG information from their suppliers. This trickles down through the value chain, creating additional reporting requirements even for smaller firms not directly in scope.

# 3

### Financing pressure

Banks and investors are integrating ESG criteria into credit and investment decisions. SMEs are able to provide structured, credible ESG data, respond faster and appear more reliable, strengthening their financing prospects.

# 4

### Limited internal expertise

Many SMEs struggle to identify what ESG data matters most, how to collect it and how to structure it efficiently. Without clear guidance, reporting becomes costly, inconsistent and error-prone, creating risk instead of value.

## The financial sector's expectations illustrate why structured ESG data matters

### Why Banks Will Care About Your ESG Data

- From 2026, the European Banking Authority (EBA) Guidelines will require banks to integrate ESG risks into lending decisions.
- Banks will ask for sustainability data not only from large clients but also from smaller suppliers supporting them.
- The VSME provides a standardized, EU-aligned dataset that helps satisfy these expectations.
- SMEs using the VSME reports can reduce back-and-forth communication, strengthen credit-worthiness, and accelerate financing discussions.



### Key Takeaways

By adopting the VSME early, SMEs gain a cost-effective, structured entry point into sustainability reporting. They can demonstrate credibility, respond consistently to stakeholder requests, and build a scalable path for continuous improvement. Early adopters benefit from smoother supplier audits, stronger tender performance, and faster access to capital. The VSME also provides a stable, EU-aligned foundation that allows SMEs to adapt easily as sustainability reporting requirements continue to evolve.

## 2. The Business Case: Five ROI Levers of Performance

For SMEs, sustainability reporting is no longer optional — it is a source of tangible business value. The Voluntary Sustainability Reporting Standard for SMEs (VSME) transforms what could be a compliance burden into a framework that drives efficiency, risk management, and market advantage. Its benefits can be understood through five performance levers.

### 1. Reporting Readiness & Future-Proofing

Structured reporting under the VSME helps SMEs move from reacting to proactively anticipating. By aligning with a single EU-endorsed standard, companies can respond quickly to evolving ESG requirements and avoid fragmented data collection or last-minute questionnaires from customers, suppliers, or regulators. This preparedness minimizes last-minute compliance costs, reduces errors, and ensures data consistency.

Early adoption also lowers future transition costs: if CSRD thresholds or sector-specific requirements expand, the VSME dataset already mirrors ESRS logic, allowing much of the information to be reused. Being prepared today is cheaper than catching up later — turning reporting into a forward-looking capability rather than a reactive burden.





## 2. Strategic Decision-Making & Operational Efficiency

Reliable ESG data is not only for reporting — it serves as practical, actionable management information. The VSME process helps SMEs identify inefficiencies, high-cost operations, and previously hidden areas of waste. By tracking energy, water, materials, and other ESG-relevant flows against output, companies can implement tangible improvements such as lower energy bills, optimized logistics, and reduced resource consumption. Consistent environmental and social metrics also enable better decisions on investments, process design, and supplier selection. The result is greater efficiency, cost control, and data-driven performance improvement — benefits that extend well beyond the reporting exercise.

## 3. Supply Chain & Market Advantage

Supply chains are evolving into ecosystems of shared sustainability information. Large customers subject to CSRD now require ESG data from their suppliers to complete their own reporting. SMEs that can provide structured, VSME-based information gain a clear advantage: they are easier to onboard and seen as reliable, transparent partners. A single structured VSME dataset can satisfy multiple customer requests at once, reducing administrative effort and improving success rates in tenders as sustainability criteria gain measurable weight.

Clear ESG credentials in a recognized European format help SMEs stand out, strengthen preferred-supplier status, and signal strong professionalism and trustworthiness to stakeholders. Through the VSME, compliance becomes a source of market advantage.

## 4. Risk Mitigation & Resilience

Structured sustainability data under the VSME acts as an early-warning system. It reveals regulatory, reputational, and operational risks before they materialize, including resource scarcity, climate disruptions, and compliance gaps within supply chains. Regular data collection helps management prioritize actions, allocate budgets efficiently, and demonstrate proactive control. What may first appear as reporting paperwork becomes a tool for continuity planning and crisis prevention, turning sustainability data into a measurable resilience asset.

## 5. ESG Credibility & Stakeholder Trust

Using an EU-endorsed standard like the VSME signals reliability to all stakeholders. Banks and investors see structured, decision-ready data. Customers gain confidence in suppliers' environmental and social performance. Employees recognize the company's responsibility and long-term thinking.

The VSME reporting strengthens external credibility and internal accountability, fostering a culture of consistency and continuous improvement — enhancing transparency, trust, and competitiveness without unnecessary administrative burden.

### Key Takeaways

The VSME turns sustainability reporting from a compliance task into a driver of measurable business performance. Through five ROI levers — readiness, efficiency, market access, resilience, and credibility — structured ESG data delivers returns that outweigh the reporting effort.

SMEs save time, reduce risk, and strengthen their position with customers, banks, and employees. Early adoption positions them for long-term competitiveness, proving that transparent reporting is both a strategic investment and a practical tool for everyday business decisions.

## 3. From First Steps to Proof of Impact

### Who the VSME Applies To

The VSME is designed for non-listed micro, small, and medium-sized enterprises that fall outside the CSRD but still face rising ESG information demands from customers, banks, and supply chain partners. It provides a proportional alternative to full ESRS reporting — an EU-recognized framework that matches SME resources while meeting stakeholder expectations.

EU enterprise size definitions (Directive 2013/34/EU):

- Micro: <10 employees and ≤ €700k turnover or ≤ €350k balance sheet
- Small: <50 employees and ≤ €10m turnover or balance sheet
- Medium: <250 employees and ≤ €40m turnover or ≤ €20m balance sheet



These thresholds capture the companies most exposed to ESG requests without the internal structures needed to respond efficiently. Larger private enterprises may also use the VSME as a simplified entry point to align with ESRS concepts before CSRD obligations apply. In short, the VSME helps SMEs deliver credible sustainability information without the burden of full-scale reporting.

### Understanding the Framework and Modules

The VSME is built around three ESG pillars — Environmental, Social, and Governance — and three reporting modules that scale with company maturity and stakeholder needs. This modular architecture enables SMEs to start with essentials and expand over time.

- **Basic (B1–B11)**  
30 data points covering governance, emissions, resource use, workforce, and ethics. Designed as a practical first step for SMEs beginning sustainability reporting and serving as the minimum disclosure level for all the VSME reporters.
- **Comprehensive (C1–C9)**  
40 indicators addressing business model, climate targets, risk management, and deeper social and governance disclosures. Intended for companies facing higher transparency or customer expectations.
- **Additional Information (Optional)**  
Sector-specific indicators or alignment with frameworks such as SBTi, CDP, or EcoVadis, depending on customer, financing, or rating requirements.

Some disclosures apply only, when they are relevant to a company's activities, ensuring proportionality. Each level builds on the previous one and maintains coherence with ESRS principles. A separate materiality assessment is not required. This modular structure defines what SMEs report; the VSME also simplifies how reporting is carried out.

### Digital by Design

The VSME is ready to use today. EFRAG provides a free Excel template and an XBRL taxonomy for machine-readable output. SMEs can produce professional sustainability reports without additional software or licensing costs.

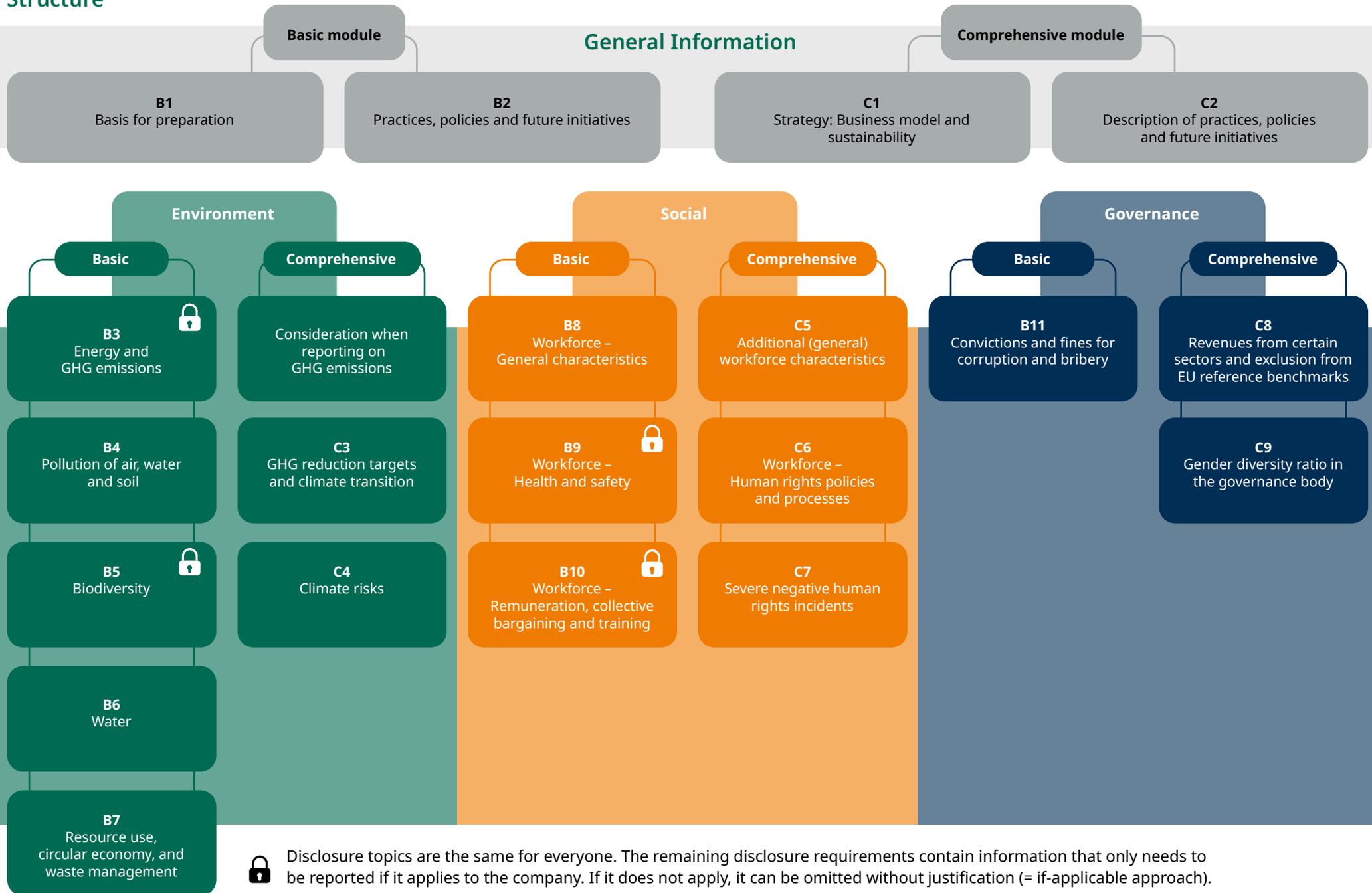
### Stepping Stone to CSRD and ESRS

Although voluntary, the VSME mirrors the logic of the European Sustainability Reporting Standards (ESRS). It covers the same ESG topics through a lighter, proportionate disclosure set. Companies that adopt the VSME now minimize future transition costs, as datasets, staff skills, and reporting habits are already aligned with EU expectations.

### Key Takeaways

The VSME gives SMEs a scalable, proportionate path to sustainability reporting. One structured data-set strengthens trust, reduces effort, and creates actionable insights across customers, banks, and internal teams – demonstrating that transparency can directly support performance, resilience, and growth.

## Structure



## 4. From Reporting to Results: KPIs & Strategic Value

You've completed your VSME report – now what? For SMEs, this is not the end, but the beginning of a continuous improvement cycle. The structured ESG data collected under the VSME is more than compliance: it provides actionable insights that can drive operational efficiency, cost savings, and strategic decisions. In practice, many SMEs clarify their sustainability priorities through the reporting process itself, using VSME to define goals, KPIs, and improvement areas.

### Turning ESG Data into KPIs

Every data point in the VSME report can serve as a key performance indicator (KPI), helping companies track progress and link sustainability to tangible business outcomes. See the table below for typical examples.

Using structured ESG data across reporting and operational decisions improves internal alignment and gives stakeholders a consistent basis for evaluation.

### From Data to Decisions

Structured ESG metrics transform transparency into actionable direction. Reliable, repeatable data allows SMEs to identify efficiency gains, monitor workforce trends, and assess supply chain risks – turning reporting into a strategic management tool. This information supports investment decisions, operational improvements, HR strategies, and customer-facing initiatives. In essence, reporting readiness becomes business readiness.

To maximize the value of VSME data, companies should:

- Assign ownership: clarify who monitors each KPI internally and implement processes for data collection
- Integrate with management: embed ESG metrics into dashboards, planning, and budgeting.
- Track trends: measure progress over time to guide decision-making.
- Communicate with stakeholders: share relevant insights with customers, banks, or rating agencies.



Even modest effort can yield measurable benefits when ESG data is actively used for performance monitoring and decision-making.

ESG Dimension	KPI / Data Point	Business Impact
<b>Environment</b>	Energy consumption (kWh/€ turnover)	Lower operating costs, reduced carbon footprint
	Waste per production unit	Higher process efficiency
	Recycling rate	Reduced use of primary resources
<b>Social</b>	Employee turnover (%)	Higher retention, lower recruitment costs
	Training hours per employee	Improved productivity, stronger safety culture
	Diversity in executive teams	Stronger innovation, better decision-making
	Work-related accidents	Fewer sick days, improved workforce well-being
	Gender-pay-gap	Higher employee satisfaction and perceived fairness
<b>Governance</b>	Supplier ESG compliance rate (%)	Reduced supply chain risk, improved audit outcomes
	ESG clauses in contracts	Stronger client confidence

### Key Takeaways

VSME reporting delivers both compliance and business value. Structured ESG data enables SMEs to identify efficiency gains, manage risks, and strengthen stakeholder trust. By translating data into actionable KPIs, companies turn reporting into a strategic asset that informs operational improvement, financing, and market positioning. The VSME report is not an endpoint – it is the foundation for continuous performance management and long-term business growth.

## 5. DEKRA Solutions for SMEs

### From Planning to Doing

The VSME is not an extra task — it's a structured way to turn ESG data into actionable business insight. The first step is simple: start your reporting with the Basic Module and build from there. DEKRA's guidance helps SMEs navigate templates, clarify requirements, and validate data, ensuring the process is manageable and delivers real insight from day one. For teams building in-house expertise, DEKRA's [VSME Practitioner Training](#) deepens skills for data management, reporting, and continuous improvement.

### Practical Steps for SMEs

- Begin with DEKRA's guided VSME template, tailored to SME capacities and designed for efficiency.
- Focus on the Basic Module: gather essential ESG metrics across governance, environment, and social topics.
- Consolidate and validate data in a single dataset for multiple uses — supplier requests, financing, ESG ratings, or internal management.
- Use insights from the first report to plan next steps: expand to Comprehensive or Additional Information modules as maturity or stakeholder expectations grow.

### Why Start Now



**Early adoption reduces future transition costs as ESRS requirements expand.**



**Structured guidance streamlines the process: SMEs work from one credible dataset, respond faster to requests, and avoid reinventing the wheel for every customer or financial inquiry.**



**A first report, created with DEKRA support, signals credibility and readiness to customers, banks, and investors.**

Sustainability demands will continue to accelerate. Large companies depend on supplier ESG information for their own CSRD disclosure, and banks are increasingly integrating sustainability factors into credit decisions. Future regulatory adjustments, including potential Omnibus updates, may refine technical details but will not reduce expectations. SMEs equipped with structured, credible ESG data remain competitive, preferred, and ready for new market requirements.



### Key Takeaways

Taking the first step with DEKRA's VSME solutions transforms sustainability reporting from a compliance task into a practical, strategic asset. Small initial actions – collecting data, validating indicators, producing a first report – unlock measurable benefits: efficiency, risk management, credibility, and long-term competitiveness.

Do you want to learn more about the VSME standard?

**Contact our experts today!**



### References & Resources

- [EFRAG Knowledge Hub - VSME Ecosystem \(registration required\)](#)  
Central access point for VSME standards, templates, and supporting materials.

- [EFRAG - SMEs & Sustainability Reporting](#)  
Umbrella page for all SME-related sustainability reporting activities.
- [European Commission \(30 July 2025\)](#)  
Voluntary sustainability reporting standard to ease burden on SMEs.

