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VSME (EFRAG) Module 1 Quiz

🧠 Quick Check – 5 Questions:

1. Is the VSME Standard legally binding?
2. Who developed it, and for what purpose?
3. What are the two reporting modules under VSME?
4. Name two benefits for an SME using the standard.
5. How does the VSME connect to the CSRD and ESRS?

🧠 Quiz Answers:

1. Is the VSME Standard legally binding?

❌ No, the VSME Standard is not legally binding. It is a voluntary reporting framework, adopted by the European Commission as a Recommendation, not as law.

2. Who developed the VSME and why?

The European Financial Reporting Advisory Group (EFRAG) developed the VSME to help non-listed micro-, small-, and medium-sized enterprises (SMEs) report on sustainability in a way that is practical, proportionate, and aligned with EU goals, especially in response to growing data requests from banks and large clients.

Quiz Answers:

3. What are the two modules of the VSME?

- Basic Module: For all SMEs; includes 11 essential ESG disclosures
- Comprehensive Module: Optional; adds 9 additional disclosures for more advanced reporting

4. Name two benefits of using the VSME for an SME.

- Improves access to finance by meeting investor and bank ESG data needs
- Builds trust and compatibility with large clients' supply chain requirements

Quiz Answers:

5. How is the VSME linked to the CSRD?

While the VSME is voluntary and for non-listed SMEs, it is fully aligned with the ESRS (European Sustainability Reporting Standards) used under the CSRD (Corporate Sustainability Reporting Directive).

This means data collected via the VSME can be reused by CSRD-reporting companies, reducing duplication and improving supply chain transparency.

Exercise :

Write a short 200-word explanation you could use to convince an SME client (who has 80 employees and is being asked for ESG info by a large client) to voluntarily report using the VSME.

📝 Exercise Answer:

As a growing company with 80 employees, you're increasingly being asked for ESG information by your larger clients; especially those subject to CSRD. They're under pressure to show sustainability performance across their supply chain, which includes you.

Rather than scrambling to answer ad hoc ESG questionnaires that vary from one client to another, the **VSME Standard** gives you a **single, EU-recognized framework** to communicate your sustainability practices in a structured, proportionate, and simple way.

Developed by **EFRAG** and endorsed by the **European Commission**, the VSME allows you to **select between a Basic and Comprehensive approach**, depending on your needs and capacity. No formal materiality analysis is needed. The tools are free, and templates are already available in Excel; you just report what's relevant.

Using the VSME will not only satisfy current requests but also **position your company as a credible, responsible supplier**, boosting your visibility in green procurement, banking, and future funding. It's not about compliance; it's about **future-proofing your business and gaining ESG confidence** now.

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