

# Voluntary sustainability reporting standards for use by smaller companies

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EU proposes voluntary sustainability reporting standards for companies not required to report on corporate sustainability

[Draft](#) Commission Delegated Regulation 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 [*scroll down the EU webpage to download the draft*]

[Draft](#) Annexes [*scroll down the EU webpage to download the draft*]

## Update

The Corporate Sustainability Reporting Directive [2022/2464](#) (CSRD) requires the largest companies operating in the European Union (EU) – including some non-EU companies – to publish reports on the sustainability of their business. This reporting obligation does not apply to EU companies with fewer than 1,000 employees, or to non-EU companies below certain turnover thresholds in the EU (€450 million, or €200 million for an EU branch or subsidiary).

The European Commission now proposes voluntary sustainability reporting standards for those companies that are not required to report under the CSRD. This standardised reporting framework aims to provide a simple way for smaller companies to share information about the sustainability of their business if they choose to do so.

These standards also clarify what information larger companies can legitimately request from their suppliers to meet their reporting obligations. Larger companies cannot require smaller business partners with fewer than 1,000 employees to provide information beyond what is included in these voluntary standards.

## What is changing?

The European Commission proposes voluntary sustainability reporting standards for companies that are not required to report under the Accounting Directive (see [Corporate Sustainability Reporting Directive \(CSRD\)](#)). The CSRD requires the largest companies operating in the EU – including some non-EU companies – to publish reports on the sustainability of their business. This reporting obligation does not apply to EU companies with fewer than 1,000 employees, or to non-EU companies below certain turnover thresholds in the EU (see Background).

The proposed voluntary sustainability reporting standards provide a simple reporting framework that smaller companies can use if they choose to share information about the sustainability of their business.

These proposed standards also support the implementation of the “value chain cap” introduced by the 2025 revision of corporate reporting rules (see [Corporate Sustainability Reporting Directive \(CSRD\)](#)). The value chain cap means that smaller companies (“protected undertakings” with an average of fewer than 1,000 employees) are not obliged to provide information requested by reporting companies beyond that set out in the voluntary sustainability reporting standards.

## Why?

The proposed voluntary sustainability reporting standards aim to provide smaller companies with a simple reporting framework to support information sharing about the sustainability of their business. By voluntarily sharing this information, companies are expected to be able to better monitor their sustainability performance, and to improve their management practices and reputation.

The value chain cap introduced by the revised CSRD responds to concerns that information demands on smaller companies, particularly small and medium-sized enterprises, could be disproportionate to the CSRD objectives. Reporting companies must clearly identify when requests for information exceed those set in the voluntary sustainability reporting standards. “Protected undertakings” can refuse to provide that information ([Accounting Directive 2013/34/EU](#), Art. 19a(3)(i)(c)).

## Timeline

The voluntary sustainability reporting standards are expected to be adopted in the second quarter of 2026.

The value chain cap for companies with fewer than 1,000 employees will apply 3 days after the standards are adopted.

## What are the major implications for exporting countries?

Most operators in low- and middle-income countries do not have to issue sustainability reports on their activities because they will not meet the threshold of a turnover exceeding €450 million, or €200 million within the EU.

However, companies in the agri-food chain that are large enough to report on sustainability will need information from suppliers to fulfil these obligations.

This means that suppliers in non-EU countries may be requested to provide information relating to the environmental and social impacts of their food production and processing.

The new value chain cap could potentially reduce the CSRD reporting burden on small companies supplying to reporting companies. However, suppliers may also be required to provide information going beyond the voluntary sustainability reporting standards, for example to meet the requirements of private standards and certification schemes. This proposal would not limit the information that can be required under certification schemes.

## Recommended Actions

The EU's [Have your say](#) consultation on this proposal closed on 3 June 2026.

## Background

Directive [2013/34/EU](#) sets reporting obligations for large companies. It initially required only financial reporting, but the Corporate Sustainability Reporting Directive [2022/2464](#) (CSRD) introduced non-financial reporting requirements on sustainability (Directive [2013/34/EU](#), Arts. 19a and 29a).

The following types of large companies operating in the EU must publish reports on the sustainability impacts of their business (Accounting Directive [2013/34/EU](#)):

- EU companies with a net turnover of €450 million and an average number of 1,000 employees during the financial year (Art. 29a)
- non-EU companies with a net turnover in the EU of more than €450 million in each of the last two consecutive financial years (Art. 40a)
- non-EU companies that have a branch or subsidiary in the EU with a net turnover of more than €200 million in the preceding financial year (Art. 40a).

The companies concerned must report on their impacts on people and the environment (external); and how these impacts create financial risks and opportunities for the company (internal). This is known as “double materiality” reporting. Reporting must be based on the European Sustainability Reporting Standards (ESRS; Regulation [2023/2772](#)), which ensure that companies provide reliable and consistent data that allows stakeholders to compare their sustainability performance.

In 2026, significant changes were made to the CSRD, reducing the number of companies that must report, and limiting the information that large companies may request from smaller companies (Directive [2026/470](#)). In 2025, certain reporting requirements were delayed (Directive [2025/794](#)). These changes aimed to reduce the administrative burden and potential negative economic impacts of the CSRD for companies. This is one of a series of proposals ([Simplification Omnibus Packages](#)) aimed at stimulating EU growth and competitiveness while reducing administrative burdens.

The proposed standards are based on the voluntary sustainability reporting standard for small and medium-sized undertakings (VSME; [EFRAG 2024](#)) which was endorsed by the European Commission in 2025 (Commission Recommendation [2025/1710](#)).

## Resources

EFRAG (2024) [Voluntary Sustainability Reporting Standard for non-listed SMEs \(VSME\)](#). Brussels: European Financial Reporting Advisory Group.

European Commission (2025) [Corporate sustainability reporting](#)

European Commission (2026a) [Commission seeks feedback on revised sustainability reporting standards](#). News Article, 6 May.

European Commission (2026b) [Implementing and delegated acts - CSRD](#)

Directive (EU) [2026/470](#) as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements

Commission Recommendation (EU) [2025/1710](#) of 30 July 2025 on a voluntary sustainability reporting standard for small and medium-sized undertakings

Directive (EU) [2022/2464](#) as regards corporate sustainability reporting [version as amended by Directive 2026/470]

Directive [2013/34/EU](#) on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings [version as amended by Directive 2026/470]

## Sources

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