Voluntary sustainability reporting standards for use by smaller companies

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

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

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 businesses. 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).

In September 2026, the European Commission adopted voluntary sustainability reporting standards for those companies that are not required to report under the CSRD (Regulation 2026/1560). 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 covered by the CSRD can legitimately request from their suppliers to meet their reporting obligations. Larger reporting 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?

In September 2026, the European Commission adopted Regulation 2026/1560 which sets voluntary sustainability reporting standards for companies that are not required to report under the Corporate Sustainability Reporting Directive (CSRD). The CSRD requires only 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 (see Background).

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These 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 standards also support the "value chain cap" under the CSRD which means that smaller companies with an average of fewer than 1,000 employees ("protected undertakings") are not obliged to provide information requested by large buying companies beyond that set out in the voluntary sustainability reporting standards.

Why?

The voluntary sustainability reporting standards aim to provide smaller companies with a simple reporting framework to support information sharing on 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.

In addition to this, under the CSRD itself, the value chain cap was introduced in response 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 enter into force on **24 September 2026** and will apply from the financial year beginning on or after 1 January 2027.

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 covered by the CSRD will need to collect information from their suppliers to fulfil the reporting obligations. This means that suppliers in non-EU countries may be asked by their buyers to provide information relating to the environmental and social impacts of their food production and processing activities.

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The new value chain cap aims to reduce the CSRD reporting burden on these small suppliers. However, it is important to note that suppliers may still have to provide information to their buyers that goes beyond the voluntary sustainability reporting standards, for example to meet private standards and certification. The value chain cap does not limit the information that can be required under private standards.

Recommended Actions

The EU's Have your say consultation on this proposal closed on 3 June 2026.

Background

Directive 2013/34/EU (the "Accounting Directive") 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 ongoing fiscal 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 amended by Regulation 2026/1563), which ensure that companies provide reliable and consistent data that allows stakeholders to compare their sustainability performance.

In 2025, certain reporting requirements were delayed (Directive 2025/794). 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). These changes aim to reduce the administrative burden and potential negative economic impacts of the CSRD for companies. This is one of a series of changes (Simplification Omnibus Packages) aimed at stimulating EU growth and competitiveness while reducing

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administrative burdens.

These voluntary sustainability reporting standards are based on the Voluntary Sustainability Reporting Standard for non-listed SMEs (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 (2026a) Corporate sustainability reporting.

European Commission (2026b) Commission seeks feedback on revised sustainability reporting standards. News Article, 6 May.

European Commission (2026c) 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] (“Accounting Directive”).

Sources

Commission Delegated Regulation (EU) 2026/1560 establishing sustainability reporting standards for voluntary use by undertakings protected by the value chain cap

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