

Recommendation on the choice of reporting standard by large undertakings reporting on a voluntary basis

19 March 2026

The organisations that are signatories to this position recommend that large undertakings and groups within the meaning of the Act on Accounting that are not subject to reporting obligations under the CSRD and that are in the process of deciding on the voluntary preparation of a sustainability report starting from the financial year 2026 choose the simplified ESRS as the standard in accordance with which they will prepare their reports.

Context of the recommendation

1. The amendments to the CSRD agreed in 2025 have significantly narrowed the group of undertakings subject to sustainability reporting obligations. All undertakings that do not simultaneously meet both criteria – more than 1,000 employees and EUR 450 million in revenue – may decide to report on a voluntary basis.
2. The European Commission issued Recommendation (2025/1710), in which it encourages micro, small and medium-sized enterprises to use the VSME standard in voluntary reporting. This standard is based on a draft prepared in 2024 by EFRAG. The VSME was designed with micro, small and medium-sized enterprises in mind.
3. Following the legislative agreements reached in 2025, there is a significant group of large undertakings and groups that will not be subject to reporting obligations. Those undertakings and groups that decide to prepare reports on a voluntary basis face a decision regarding the choice of reporting standards.
4. The agreed draft amendments to the CSRD provide that the European Commission shall adopt a delegated act setting out voluntary reporting standards. These standards are to be based on the VSME standard.
5. In 2025, EFRAG carried out a process of revision of the ESRS, as a result of which they were significantly simplified. On the basis of the final drafts submitted by EFRAG, the European Commission plans to issue in June 2026 a delegated regulation introducing the simplified standards.

Purpose of the recommendation

6. Many large undertakings and groups that are not subject to reporting obligations will be deciding whether to voluntarily prepare sustainability reports starting from the financial year 2026. One element of this decision will be the choice of the standard in accordance with which the reports would be prepared. The purpose of this recommendation is to indicate what the signatories consider to be the optimal choice of standard.

Rationale for the recommendation

7. The signatories recommend the simplified ESRS for every large undertaking and group that decides to report voluntarily on sustainability, for the following reasons:
 - a. The simplified ESRS contain a reduced number of data points for reporting, are written in a more transparent manner, and the layout of individual sections has been improved to enhance their usability.
 - b. The simplified ESRS were developed with large undertakings in mind and were subjected by EFRAG to an extensive public consultation process and are the result of a consensus reached by representatives of undertakings, financial institutions, other stakeholders and audit firms, and as such they meet the expectations and information requirements regarding ESG data, including those related to the sustainable finance framework.
 - c. The simplified ESRS are based on the double materiality principle and the fair presentation principle, so that reports prepared in accordance with them should provide a true and fair view of the undertaking in material sustainability matters.
 - d. The simplified ESRS maintain consistency with the two most widely used sustainability reporting frameworks in the world: the IFRS S1 and S2 standards and the GRI standards. As a result, an undertaking applying the

ESRS can satisfy in a single report the information needs of recipients who are interested in the presentation of both material risks and opportunities, as well as impacts.

- e. The simplified ESRS, by virtue of their origin, are to the greatest extent aligned and consistent with European Union legislation. As a result, their application by undertakings operating in the EU is simpler than in the case of other international standards. Additionally, they will take into account the needs of the financial sector arising from EU regulations.
 - f. Where stakeholders expect data credibility assurance, reports prepared in accordance with the ESRS may be subject to assurance under the systematic approach defined in the national assurance standard KSUA 3002PL, and ultimately under the rules developed by the European Commission.
8. The signatories are of the view that the VSME standard is the most appropriate choice, but for micro, small and medium-sized enterprises that decide to report voluntarily on sustainability, for the following reasons:
- a. The VSME standard contains a small number of simple disclosures designed in such a way that an enterprise can comply with them by relying entirely on the data and information available to it.
 - b. In the VSME standard, disclosures have been reduced to a minimum so as to meet only the minimum information needs of the enterprise's business partners, in particular financial institutions.
9. The signatories are of the view that the VSME standard is inappropriate for reporting by large undertakings and groups for the following reasons:
- a. The VSME was developed for micro, small and medium-sized undertakings, not for large enterprises.
 - b. The European Commission has not committed to date – despite inquiries from many stakeholders – to supplementing the VSME standard, e.g. with a component that would take into account large undertakings and groups and the information needs they address in practice.
 - c. The provisions of the amended CSRD are intended to protect against the demand for excessive information (value chain information cap) only those undertakings and groups that do not exceed 1,000 employees, which means that some large undertakings and groups will not be covered by this protection and will therefore be exposed to the necessity of preparing, within the value chain, information and indicator data arising from the requirements of the simplified ESRS rather than from a voluntary standard based on the VSME.
 - d. A report prepared in accordance with the VSME does not provide a true and fair view of the undertaking, as the VSME does not require even a simplified materiality assessment to be carried out. Consequently, a report compliant with the VSME may omit issues that are material for a given undertaking.
 - e. Particularly in the case of listed companies, the demand for ESG data from investors will grow, and the VSME standard may not satisfy these expectations. Above all, the VSME standard allows only a very limited understanding of the undertaking's management of sustainability matters.
 - f. The VSME standard does not currently address issues related to the environmental taxonomy. The Platform on Sustainable Finance is to develop a recommendation on how taxonomy reporting obligations should apply proportionately to micro, small and medium-sized undertakings. The outcome of this work may not be satisfactory for the financial sector, in particular for investors. The current obligations of the financial sector are linked to full taxonomy reporting within reports prepared in accordance with the CSRD.
10. We recommend that sustainability reporting be prepared on the basis of the simplified ESRS, while the ESRS in their original wording (the set of standards issued by the European Commission in 2023) may serve an auxiliary function. Following their official replacement by the simplified ESRS, they may constitute a source of good practices and additional clarifications, thereby enabling large undertakings and groups to voluntarily deepen and enrich the content of their sustainability reporting beyond the requirements arising from the simplified ESRS.
11. This recommendation has been adopted by the Polish Association of Listed Companies (Stowarzyszenie Emitentów Giełdowych), the Polish Institute for Human Rights and Business (Polski Instytut Praw Człowieka i Biznesu), the Chamber of Fund and Asset Management (Izba Zarządzających Funduszami i Aktywami), the Sustainable Investment Forum Poland (POLSIF), the Responsible Business Forum (Forum Odpowiedzialnego Biznesu) and the Polish Bank Association (Związek Banków Polskich).