BDO

30 June 2026 Sustainability Reporting Update

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CONTENTS

Background

This publication provides a 'snapshot' of sustainability reporting developments with a focus on the updates related to the International Sustainability Standards Board's (ISSB™) International Financial Reporting Standards (IFRS®) Sustainability Disclosure Standards - IFRS S1 General Requirements for Disclosure of Sustainability- related Financial Information (IFRS S1) and IFRS S2 Climate-related Disclosures (IFRS S2) (ISSB Standards) and the European Sustainability Reporting Standards (ESRS) adopted by the European Commission (EC) on 31 July 2023 as well as other organisations.

BDO issues periodic International Sustainability Reporting (ISR) Bulletins as sustainability standards are evolving quickly.

BDO also issues a separate publication on jurisdictional updates on sustainability reporting developments for select jurisdictions.

Although it is comprehensive, this summary is not exhaustive and does not include all standard setting activities of the International Sustainability Standards Board (ISSB) and other organisations.

EXECUTIVE SUMMARY

The first half of 2026 marked significant change in global sustainability reporting. More specifically, on 3 July 2026, the EC adopted revised ESRS and a new Voluntary Standard (VS) for non-SME companies outside the scope of the CSRD as part of its Omnibus I simplification package, while European Financial Reporting Advisory Group (EFRAG) advanced its work on the draft ESRS for Third Country Undertakings (ESRS-TC) through stakeholder field testing and an upcoming public consultation.

The ISSB also decided to develop a non-mandatory IFRS Practice Statement on nature-related disclosures, with an exposure draft expected in October 2026, to complement IFRS S1 and IFRS S2 and support companies in providing material information on nature-related risks and opportunities.

Major events in sustainability reporting during Q1 2026 and Q2 2026

TISFD launches consultation on draft framework

The Taskforce on Inequality and Social related Financial Disclosures (TISFD) has published a draft disclosure framework, Beta Version 0.1, for public consultation, closed on 31 July 2026.

The framework aims to help businesses and financial institutions identify and disclose people related impacts, dependencies, risks and opportunities. The framework is intended to complement existing sustainability and financial reporting standards while addressing gaps in current disclosures.

Key features include:

- Alignment with existing frameworks, including the standards of the ISSB and the GRI, as well as the ESRSs to support harmonisation
- A building blocks approach, usable standalone or alongside other standards
- Emphasis on interconnections across people, climate and nature and support connection with climate and nature frameworks
- Focus on practical, decision useful and relevant disclosures for market users.

IOSCO issues final recommendations on sustainability-related disclosure in annual reports

The International Organization of Securities Commissions (IOSCO) has issued its final recommendations for secondary market disclosure, accompanied by an addendum with recommendation on sustainability-related market disclosure applying general principles of materiality. The recommendation includes information on the topics to be included, considerations on connectivity, forward-looking information and assurance.

IAASB publishes FAQs on materiality in sustainability assurance engagements

The International Auditing and Assurance Standards Board (IAASB) has released a new Frequently Asked Questions (FAQ) document to assist practitioners in implementing International Standard on Sustainability Assurance (ISSA) 5000 *General Requirements for Sustainability Assurance Engagements*. The FAQs address the application of materiality in sustainability assurance engagements and are designed to promote a consistent interpretation and effective application of this concept.

TNFD seeks feedback on enhancing nature-related risk assessment guidance

The Taskforce on Nature-related Financial Disclosures (TNFD) has published a discussion paper on nature-related risk assessment methods and practices. The paper explores potential refinements to existing TNFD guidance to support more consistent, comparable and decision-useful risk assessments and disclosures. It will form the basis of a targeted consultation with selected stakeholders on possible updates to TNFD guidance relating to risk assessment and scenario analysis. Comment period closed on 31 July 2026.

IFAC report highlights progress in sustainability reporting and assurance

IFAC, together with the American Institute of CPAs (AICPA) and the Chartered Institute of Management Accountants (CIMA), has released the sixth edition of its annual review of sustainability reporting and assurance practices across global companies in G20 jurisdictions. The report, *The State of Play: Sustainability Disclosure and Assurance (Six-Year Trends and Analysis, 2019–2024)*, finds that sustainability reporting globally is becoming increasingly structured, standardised and integrated. However, it notes that the transition remains ongoing and could face challenges from changing geopolitical and regulatory priorities in some major economies.

GRI

IFRS Foundation and GRI issue joint statement on achieving efficiency in sustainability reporting

The IFRS Foundation and the GRI have reaffirmed their commitment to delivering a complementary global sustainability reporting system, issuing a joint statement to clarify how their respective standards can be used together. The statement explains how outputs from the GRI's Global Sustainability Standards Board (GSSB) and the IFRS Foundation's ISSB can be combined to meet the needs of both investors and a broader range of stakeholders, while avoiding unnecessary duplication.

The statement highlights areas of alignment in disclosures and emphasises that GRI and ISSB standards serve distinct but complementary purposes. It also outlines ongoing collaboration initiatives aimed at improving efficiency for preparers applying both frameworks.

GRI remains the leading sustainability reporting standard

GRI has published The State of Sustainability Reporting: Global Trends in the GRI Standards 2025, based on disclosures from nearly 15,000 listed companies across 132 jurisdictions. The report finds that GRI reporters account for 62% of global market capitalisation, making GRI the most widely used sustainability reporting standard.

GRI review highlights gaps in pollution data and advances biodiversity reporting

The GRI has released a report reviewing how 1,000 publicly listed companies in high-emitting sectors disclose information on pollution. While the majority of companies acknowledge air pollution in their reporting, the analysis finds that measurable emissions data and information on individual pollutants are often inconsistent or missing. The report also notes signs of improvement, with some companies expanding the range of pollutants they monitor and disclose over time.

In addition, GRI has published a new guide to support companies in strengthening their biodiversity reporting. Decoding biodiversity impacts: A practical guide to corporate reporting with the GRI Standards brings together expert insights on applying GRI 101: *Biodiversity* and points readers to relevant tools, resources and support. The guide also features four case studies from GRI community members.

GRI publishes three exposure drafts on pollution standards

The GRI has published the following three exposure drafts:

- *GRI Air Pollution*;
- *GRI Soil Pollution*; and
- *GRI Critical Incidents*.

These exposure drafts propose new standards with broader disclosure requirements than the existing standards.

The consultation closed on 8 June 2026. GRI has not yet announced a publication date for the final standards and is currently reviewing stakeholder feedback received during the consultation period.

GRI updates climate and energy mapping to CDP 2026 questionnaire

The GRI has updated mapping between GRI 102 *Climate Change*, GRI 103 *Energy Standards* and CDP's 2026 corporate questionnaire. The revised mapping highlights alignment between disclosures, enabling organisations to reuse underlying data more effectively, reduce reporting duplication, and enhance efficiency and comparability. The revised mapping is supported by additional guidance, training and services as part of GRI and CDP's ongoing collaboration.

GHG Protocol

GHG Protocol issues update on Scope 3 standard revisions

The GHG Protocol has released a progress update on the ongoing revision of its Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3 Standard, 2011). The update outlines changes related to data quality and associated topics, boundary setting, and the classification and reporting of investments.

GHG Protocol and ISO launch joint initiative on product-level GHG accounting

The GHG Protocol and the International Organization for Standardization (ISO) have announced the creation of a joint working group to develop a product-level GHG accounting standard. Building on their existing frameworks, the initiative aims to establish a globally consistent methodology to address the rising demand for granular emissions data related to value chains.

GHG Protocol issues Land Sector Guidance and Forest Carbon RFI

The GHG Protocol has released new guidance to support implementation of its Land Sector and Removals Standard, providing practical direction on accounting for and reporting GHG emissions and CO_2 removals from agricultural land use and emerging carbon removal technologies.

In addition, the GHG Protocol has launched a Request for Information (RFI) on forest carbon accounting. The RFI seeks stakeholder feedback on proposals developed by its technical working group and will help inform future consideration of forest carbon accounting within the Land Sector and Removals Standard. The consultation is open until 1 February 2027.

ESMA

ESMA guidelines on enforcement of sustainability information

European Securities and Markets Authority (ESMA) released guidelines on enforcement of sustainability information. The document shows how each National Competent Authority (NCA) is applying ESMA's guidelines on enforcement of sustainability information (GLESI). In particular, it explains whether each regulator:

- Complies with the GLESI,
- Intends to comply (often by a future date), or
- Does not comply, and
- Why they do not comply.

This is not a guide for companies to follow directly. Instead, it is about how regulators supervise and enforce sustainability reporting.

The initial years of ESRS application involve a learning curve for all stakeholders, requiring time to achieve a shared understanding of the new requirements. This is compounded by uneven the Corporate Sustainability Reporting Directive (CSRD) transposition and by a set of proposed changes released by the EC to simplify sustainability and due diligence reporting ('Omnibus I'). As ESMA noted in June 2025, enforcement under the GLESI should therefore be proportionate and realistic during this period. The GLESI include built in flexibilities that allow NCAs to adapt their supervisory approach to current circumstances, including the maturity of issuers and the disclosure areas reviewed.

ESMA launches consultation to simplify EU Taxonomy disclosures

ESMA has launched a consultation on proposed changes to the EU Taxonomy disclosure framework aimed at reducing reporting burdens while maintaining decision-useful information for investors. The consultation forms part of the European Commission's (EC) broader review of Taxonomy reporting and follows recent simplification initiatives under the Omnibus package.

The proposal includes simplifying disclosure requirements for non-financial undertakings and asset managers, particularly the operational expenditure (OpEx) KPI, and exploring a practical approach to group-level reporting for mixed groups, based on the parent undertaking's reporting model.

The consultation closes on 12 August 2026, with final advice due to the EC by the end of October 2026.

Accountancy Europe

Accountancy Europe publishes 'Omnibus explained: key changes to the CSRD and CSDDD'

Accountancy Europe has published two factsheets, which set out a summary of changes that have been made to the CSRD and the Corporate Sustainability Due Diligence Directive (CSDDD) as a result of the Omnibus I.

Accountancy Europe launches sustainability hub for SMEs

Accountancy Europe has launched a hub bringing together key resources to help small and medium sized entities and their accountants respond to sustainability requests and enhance sustainability reporting. The hub provides access to relevant EFRAG materials alongside Accountancy Europe's own resources, including a 5-step guide to starting a sustainable transition for SMEs, a 3-step sustainability self assessment, and guidance on SME sustainability risk management.

IFRS Foundation developments

ISSB issues Jurisdictional Readiness Assessment Guide and tool

The ISSB has issued a Jurisdictional Readiness Assessment Guide and associated tool to support the adoption or other use of ISSB Standards. The guide outlines three key dimensions of readiness: ecosystem readiness, preparer readiness, and broader support system readiness.

IFRS Foundation publishes TIG Q&A on IFRS S1 and S2 implementation

The IFRS Foundation launched a new webpage publishing responses to implementation questions submitted to the Transition Implementation Group on IFRS S1 and IFRS S2 (TIG). These responses address questions that can be resolved by applying the existing wording of the standards and therefore did not require a dedicated TIG discussion paper. The webpage will be updated on an ongoing basis as further questions of this nature are received and reported to the TIG.

ISSB launches Global Training Partner Programme

The ISSB has introduced a global Training Partner Programme that allows approved organisations to deliver official training on the ISSB standards using IFRS Foundation materials. Following the appointment of an initial cohort of partners, the IFRS Foundation is inviting further applications from organisations worldwide.

ISSB podcasts and webinars

ISSB podcasts on recent ISSB developments

The ISSB has released a series of podcasts. These podcasts provide insights into recent meetings, developments, and initiatives. Some of these podcasts are listed below:

- **January 2026 podcast**: The discussion included recent progress in global adoption of ISSB Standards, ongoing support for implementing IFRS S1 and IFRS S2, and the ISSB's standard-setting work on nature-related risks and opportunities.
- **February 2026 podcast**: The discussion included key recent developments from the ISSB, including the release of the Jurisdictional Readiness Assessment Guide and tool, new consultations on jurisdictional sustainability-related disclosure requirements, insights from the recent ISSB Investor Advisory Group meeting, and highlights from the February 2026 ISSB meeting.
- **March 2026 podcast**: The discussion included the exposure draft on proposed amendments to the Sustainability Accounting Standards Board (SASB) Standards, a new webcast on climate resilience and climate-related scenario analysis in accordance with IFRS S2, outcomes from the recent Sustainability Standards Advisory Forum (SSAF) meeting, and key highlights from the March 2026 ISSB meeting.
- **April 2026 podcast**: The discussion included reflection on recent engagement with multilateral development banks, the IFRS Advisory Council and insurance sector stakeholders, and share updates on key developments, including the proposed direction for nature-related disclosures, discussions of the TIG on IFRS S1 and IFRS S2, and the consultation on proposed amendments to three SASB Standards.

- **May 2026 podcast**: The discussion included recent engagements in China, Australia and Switzerland and on the key outcomes from the ISSB meeting. These include progress on disclosure requirements for nature-related scenario analysis, identifying nature-related risks and opportunities, and a review of feedback from consultation on proposed amendments to nine SASB Standards.
- **June 2026 podcast**: The podcast covers ISSB's proposed approach to nature-related disclosures, insights from recent engagements, and an update on the global use of ISSB standards.

ISSB publishes webcast on climate resilience and climate-related scenario analysis

The ISSB released a webcast '*Climate resilience and climate-related scenario analysis requirements in IFRS S2*'. The webcast covers IFRS S2 requirements on climate resilience disclosure and the use of climate-related scenario analysis. It also covers the proportionality mechanisms that allow entities to select scenario analysis approaches that are appropriate to their specific circumstances.

ISSB webinar 'Integrated reporting and the implementation of the ISSB Standards: insights from early adopters'

The ISSB has released the recording of its 13th '*Perspectives on sustainability disclosure*' webinar, focusing on how integrated reporters are implementing the ISSB standards. The session shares real-world examples from early adopters, highlighting practical approaches, benefits, and challenges of applying the ISSB Standards alongside the Integrated Reporting Framework. The webinar forms part of the ISSB's ongoing series supporting preparers and market participants through expert-led discussions.

New ISSB Implementation Insights podcast released

The ISSB has released the Q2 2026 edition of 'ISSB Implementation Insights' podcast discussing:

- Recent resources available to support implementation of the ISSB Standards.
- Disclosure requirements for biogenic emissions.
- The work of the GHG Protocol.

IFRS Foundation Projects and Work Plan

PROJECT	SUMMARY	MORE INFORMATION
Nature-related Disclosures	The ISSB decided to advance its Nature-related Disclosures project from research into standard-setting. This next phase will develop new disclosure requirements to give investors better information on nature-related risks and opportunities. These will complement the existing IFRS S1 and IFRS S2. The ISSB decided to develop an IFRS Practice Statement on nature-related disclosures to be issued as an exposure draft for consultation in October 2026. The Practice Statement would provide non-mandatory guidance that complements IFRS S1 and IFRS S2 without amending their requirements, to provide material information about all sustainability-related risks and opportunities, including nature-related risks and opportunities that could reasonably be expected to impact a company's prospects. At its 24-25 June 2026 meeting, the ISSB advanced development of its proposed IFRS Practice Statement on nature-related disclosures by tentatively deciding to use the term 'environmental resources' instead of 'environmental assets', defining 'nature-related transition risks' and 'nature-related physical risks', permitting consideration of TNFD disclosure metrics where consistent with IFRS Sustainability Disclosure Standards or the Practice Statement, and retaining references to the CDSB Framework Application Guidance. The ISSB also agreed that the Practice Statement would be available for application upon issuance, provide first-time application relief from comparative disclosures, require an explicit statement of compliance with IFRS Sustainability Disclosure Standards and the Practice Statement when all requirements are met, prohibit claims of compliance with IFRS Sustainability Disclosure Standards and the Practice Statement without full adherence, and include exemptions aligned with IFRS S1. The expected date for release of the Exposure Draft of the Practice Statement is Q4 2026.	IASB project page on Nature-related Disclosures
Human Capital	As part of its 2024-2026 work plan, the ISSB is researching potential disclosure requirements on risks and opportunities related to human capital covering a company's own workforce and value-chain workers. Topics under consideration include workforce size and composition, compensation, engagement, turnover, training and development, working conditions and health, safety and wellbeing, etc. This research will inform the ISSB whether to develop new disclosure requirements in these areas. In December 2025, the ISSB carried out a review of the progress on the project, focusing on whether standard-setting is necessary and practical. The ISSB is scheduled to decide on the project direction in the fourth quarter of 2026.	IASB project page on Human Capital

PROJECT	SUMMARY	MORE INFORMATION
Enhancing the SASB standards	In March 2026, the ISSB published the Exposure Draft proposing amendments to three SASB Standards and the Industry-based Guidance on Implementing IFRS S2, and related Basis for Conclusions, complementing its July 2025 Exposure Draft Proposed Amendments to the SASB Standards. This Exposure Draft proposes amendments to the remaining three SASB Standards prioritised by the ISSB, *Agricultural Products, Meat, Poultry & Dairy, and Electric Utilities & Power Generators*, aiming to align SASB language and concepts with ISSB Standards, improve the international applicability and decision-usefulness of disclosures, support interoperability with other standards while keeping investor needs central, and maintain consistency between SASB climate-related requirements and the ISSB's IFRS S2 Industry-based Guidance. Together, these two exposure drafts propose amendments to 12 SASB Standards identified as priorities under the ISSB's project to enhance the SASB Standards. The ISSB plans to review stakeholder feedback after the comment period closed on 24 July 2026. Amendments to SASB Standards and IFRS S2 Industry-based Guidance are expected in the first half of 2027.	IASB project page on enhancing the SASB Standards—Phase 1 IASB project page on Amendments to the IFRS S2 Industry-based Guidance—Phase 1 ED Proposed Amendments to the SASB Standards and IFRS S2 Industry-based Guidance and related Basis for Conclusions
IFRS Sustainability Disclosure Taxonomy Update—Amendments to GHG Emissions Disclosures	The ISSB has commenced work on updating the IFRS Sustainability Disclosure Taxonomy to reflect the *Amendments to GHG Emissions Disclosures* issued in December 2025, with a proposed update expected in the second half of 2026.	IASB project page on IFRS Sustainability Disclosure Taxonomy Update—Amendments to GHG Emissions Disclosures Amendments to GHG Emissions Disclosures — Amendments to IFRS S2 Consequential Amendments to Align with Amendments to GHG Emissions Disclosures — Amendments to the SASB standards BDO article

EFRAG

EFRAG webinar on 'Circular Economy Reporting in Focus: The Draft Simplified ESRS E5'

EFRAG conducted an online webinar on 3 February 2026 titled '*Circular Economy Reporting in Focus: The Draft Simplified ESRS E5*', which is available on demand.

The webinar presented the draft simplified ESRS E5 *Resource Use and Circular Economy* (ESRS E5), placing it in the context of the wider regulatory and sustainability reporting landscape. The webinar session focused on the purpose of ESRS E5 and shared key insights from its first year of implementation.

Participants could benefit from a detailed comparison between the ESRS E5 adopted in 2023 and the draft simplified ESRS E5. The webinar session also explored how ESRS E5 aligns with other circular economy standards.

EFRAG issues summary report of conference on draft simplified ESRS

EFRAG has published a summary report from its 4 December 2025 conference on the draft simplified ESRSs. The summary report outlines the main features of the revised draft ESRSs, EFRAG's technical advice to the EC, the launch of the ESRS Knowledge Hub, and key messages from senior speakers.

EFRAG launches interactive draft simplified ESRS on Knowledge Hub

EFRAG has launched an interactive version of its Technical Advice on the Draft Simplified ESRSs on the Knowledge Hub, providing a practical way to explore the proposed changes to the sustainability reporting standards.

The platform enables users to navigate the full technical advice submitted to the EC in the year 2025, trace links between the draft simplified disclosures and the 2023 ESRS Set 1, and review a log of amendments.

EFRAG plans to publish the final simplified ESRS in the same interactive format adopted by the EC as Delegated Act. Access is to the platform is available upon registration to the Knowledge Hub.

EFRAG publishes 2026 ESRS reporting benchmark report

EFRAG has released its *2026 State of Play Report*, analysing 905 assured financial year 2025 sustainability statements prepared in accordance with the ESRS.

ESRS reporting practices remain largely consistent in the second year of application, with Climate Change (E1), Own Workforce (S1), and Business Conduct (G1) continuing to be the most commonly identified material topics.

Most companies (82%) updated their Double Materiality Assessments, and almost two-thirds adopted a hybrid assessment approach.

Climate reporting is advancing, with more companies disclosing Climate Transition Plans (69%, up from 55%) and setting 1.5°C-aligned decarbonisation targets (57%).

Sustainability is becoming increasingly embedded in corporate strategy, although companies typically set measurable targets for only about half of their identified material topics. Nearly two-thirds link sustainability performance to executive remuneration.

Reporting quality continues to mature, with sustainability statements becoming shorter and more focused.

Social and governance disclosures are also strengthening, including widespread reporting on human rights policies, gender pay gaps, and the use of ESG criteria in supplier selection.

Omnibus

In February 2025, the EC released 'Omnibus I', including simplifying ESRS issued in December 2023. The proposals include changes to the scope and timing of adoption of the CSRD, EU Taxonomy Regulation and the CSDDD. These proposals would significantly affect the scope and extent of sustainability reporting requirements in the EU.

On 26 February 2026, the EU published the final Omnibus changes in the EU Official Journal. The directive amends the audit directive, accounting directive, CSRD, and CSDDD. Its publication follows approval of the provisional text by the European Parliament (EP) in December 2025 and approval by the Council of the European Union (EU) on 24 February 2026. The directive entered into force on the 20th day after its publication, on 18 March 2026.

BDO held a webcast '*3 February 2026 IFRA webcast 'Sustainability reporting after the Omnibus I – key takeaways*' on the effects of the EU Omnibus changes following the EP's approval of a provisional agreement to simplify and reduce the scope of sustainability reporting and due diligence obligations for companies, which marks the conclusion of the 'Omnibus I' package, introduced by the EC in February 2025 to streamline these requirements. The webcast focused on the key takeaways in relation to the CSRD as this is an area of significant interest to BDO firms, with a focus on the effects of the scoping changes (i.e. turnover and employee thresholds). It explored what is changing, what is not changing, and what information remains uncertain.

EC's public consultations on revised ESRS and on voluntary standard for sustainability reporting

On 6 May 2026, the EC issued a draft delegated act on the revised ESRS and launched consultations on both the revised ESRS and a voluntary sustainability reporting standard to simplify EU reporting requirements.

BDO published a web article with further details on the main changes, next steps and for the text of the revised ESRS and a voluntary sustainability reporting standard:

EC launches public consultations on revised ESRS and on voluntary standard for sustainability reporting

On 3 June 2026, the EC has released the comment letters received in response to its consultations on revised ESRS and on a sustainability reporting standard for voluntary use. This includes comment letters from the GRI, the TNFD and Accountancy Europe.

EC adopts delegated acts on revised ESRSs and on voluntary standard for sustainability reporting

On 3 July 2026, the EC adopted revised ESRS and a new voluntary sustainability reporting standard for smaller companies outside the scope of the CSRD as part of its Omnibus I package to simplify EU reporting requirements.

BDO published a web article with details on the main changes, next steps and for the text of the revised ESRS and the voluntary sustainability reporting standard:

European Commission adopts delegated acts on revised ESRSs and on voluntary standard for sustainability reporting

ESRS-40a

EFRAG consults on ESRS for Certain Non-EU Undertakings in Accordance with Article 40a of the Accounting Directive

On 23 July 2026, EFRAG has published an exposure draft of the 'ESRS for Certain Non-EU Undertakings in Accordance with Article 40a of the Accounting Directive' ('ESRS-40a'), which is open for feedback until 31 October 2026.

The proposed standards are intended for non-EU groups with significant operations in the EU, specifically for EU subsidiaries or branches with a non-EU parent where the net turnover of the subsidiary or branch exceeds EUR 200m in the preceding fiscal year and where the non-EU group revenue exceeds EUR 450m in the EU in each of the last two years.

The proposed standards would apply on a mandatory basis to financial years beginning on or after 1 January 2028.

The draft ESRS-40a was developed in response to Article 40a of the Accounting Directive, which requires sustainability reporting by certain EU subsidiaries and branches of non-EU parent companies.

While draft ESRS-40a retains the same 12-standards structure as the revised ESRS adopted by the EC in July 2026, it introduces several differences. Notably, it focuses on reporting impacts rather than risks, opportunities, resilience and dependencies, allows non-climate disclosures to be limited to EU-related impacts only, and does not include EU Taxonomy-related disclosures.

EFRAG will use feedback on the exposure draft to develop its final technical advice to the EC.

Supporting materials, including a comparison with the full ESRS, a log of amendments, webinar recordings and FAQs, are available on EFRAG's website at the link and Basis for Conclusions is available at the link.

Accountancy Europe calls for clarity and equivalence in ESRS-40a

Accountancy Europe has submitted a letter to EFRAG outlining preliminary observations on the forthcoming ESRS-40a. It highlights uncertainties in the CSRD that are still being transposed across EU Member States and may affect the development of the standard. The letter also challenges the proposed approach whereby climate-related impacts would be reported globally, while other sustainability impacts would be limited to those linked to products and services sold in the EU. In addition, Accountancy Europe proposes the EC to consider equivalence mechanisms to prevent double reporting, reduce costs, maintain the competitiveness of EU businesses, and ensure that non-EU entities within the scope of the CSRD's extraterritorial regime would remain subject to its requirements.

EFRAG webinar on draft ESRS-TC

EFRAG has released a webinar on the draft ESRS-40a on 22 July 2026. The sessions covered the legal context and reporting requirements in accordance with Article 40a of the CSRD, as well as the forthcoming exposure draft of the standard.

VSME standard

EFRAG releases new educational video on the VSME standard

On 4 February 2026, EFRAG has released a set of three educational videos designed to help small and medium-sized enterprises (SMEs) meet the disclosure requirements of the Voluntary Sustainability Reporting Standard (VSME) Comprehensive Module. These videos provide practical guidance on applying the three supporting guides published in December 2025 and preparing disclosures for C2, C3 and C7.

EFRAG invites stakeholders to engage on Voluntary Sustainability Reporting for non-SME companies outside the scope of the CSRD

EFRAG has launched a call for expressions of interest to engage with companies and stakeholders on the application of a forthcoming VS for non-SME companies outside the scope of the CSRD. The initiative targeted EU companies with fewer than 1,000 employees or annual turnover below EUR 450m, as well as auditors, investors, lenders and other users of sustainability information. Engagement activities included webinars, surveys, events and interviews.

The VS, expected later in 2026 as a Delegated Act, will be based on the VSME standard released in December 2024 and endorsed by the EC in July 2025, and reflects the reduced CSRD scope following the Omnibus I package.

Application period for expressions of interest closed on 20 April 2026.

EFRAG Knowledge Hub: new VSME educational video

On 24 April 2026, EFRAG has released a new educational video to help SMEs navigate the VSME section of the Knowledge Hub, now available in 16 EU languages. The VSME section brings together all relevant materials in one place, including the full VSME text (July 2025), digital templates, supporting guides, mappings on digital tools, and links to external practical resources such as GHG calculators and XBRL elements.

SME forum session with EC on the Draft Sustainability Reporting Standard for Voluntary Use

The EC hosted an online SME forum informative session on 20 May 2026 and presented its draft sustainability reporting standard for voluntary use, published on 6 May 2026. The session aimed to provide an overview of the draft standard, which was open to public consultation until 3 June 2026.

EFRAG expands VSME Digital Template

EFRAG has updated the VSME Digital Template by adding Dutch and Irish translations and launching a free Data Migration tool that enables users to seamlessly transfer data from older template versions. The update improves accessibility, reduces migration errors, and supports SMEs in adopting the latest VSME functionalities.

EFRAG publishes updated VSME sustainability reporting tool and platform mappings

EFRAG has released the second edition of its mappings of digital tools, platforms and initiatives supporting SME sustainability reporting as part of the VSME Ecosystem.

The reports provide an overview of 58 digital tools, including the GHG Protocol calculators and geolocation tools, providing a comparative analysis of shortlisted GHG calculators that met pre-defined criteria, as well as 108 platforms and initiatives for SME sustainability reporting, providing comparison of the characteristics of those shortlisted platforms and initiatives that met pre-defined criteria and completed a self-assessment grid to test VSME alignment.

EFRAG notes that the information has not been independently verified and inclusion does not constitute endorsement.

EFRAG shares SME experiences with first-time VSME reporting

EFRAG has also published nine testimonial videos showcasing how SMEs across Europe used the VSME to prepare sustainability reports for the first time. The videos highlight key challenges and lessons learned, with insights from entities operating in sectors such as retail, manufacturing, IT consulting and professional services, and data processing, across several EU Member States.

US SEC and state legislation

California Climate Legislation

In February 2026, the California Air Resources Board (CARB) adopted the initial regulation implementing the state's climate disclosure laws SB 253 and SB 261, which established a first-year SB 253 compliance deadline of 10 August 2026.

In late June, CARB announced it is proposing to extend the initial SB 253 deadline by three months to 10 November 2026, and will revise the initial regulation to clarify certain requirements. Once formally proposed, these updates will be subject to a 15-day public comment period.

SB 253 and SB 261 have been challenged in federal court with an appeal currently pending before the U.S. Court of Appeals for the Ninth Circuit. In November 2025, the court issued an injunction staying enforcement of SB 261, the state's climate-related financial risk reporting rule, pending resolution of the appeal. The injunction does not currently extend to SB 253. In January 2026, the court conducted a hearing but did not issue a ruling or a timeline for its decision.

Companies subject to SB 253 should continue preparing for Scope 1 and Scope 2 emissions reporting while monitoring forthcoming regulatory updates.

SEC Climate Disclosure Rules

In May 2026, the U.S. Securities and Exchange Commission (SEC) proposed to rescind its climate-related disclosure rules after concluding they exceed the scope of its statutory authority. The proposal is open for public comment through 3 August 2026. The proposal would officially eliminate mandatory federal requirements for climate risk disclosures and Scope 1 and Scope 2 GHG emissions reporting for public companies.

While the SEC is moving away from prescriptive climate disclosure rules, public companies remain subject to the SEC's 2010 Climate Change Disclosure Guidance, which requires climate related disclosures when material. Climate disclosure regulations remain in effect in California and in global jurisdictions.

See a summary of the final climate rules that were adopted in March 2024 and the legal activity that has followed.

Timeline for implementation of sustainability reporting

As currently proposed, set out below is a summary of the effective date of the various proposals:

PROPOSED REQUIREMENTS	2024	2025	2026	2027	2028
IFRS Sustainability Disclosure Standards*	IFRS S1 and IFRS S2				
ESRS	Entities currently within the scope of the Non-Financial Reporting Directive (NFRD)			Entities with >1,000 employees in average and >450mEUR in net turnover	
US state legislation - California			SB-253 & SB- 261		

* The ISSB issued IFRS Sustainability Disclosure Standards in June 2023. Local standard setters, regulators and governments will need to decide whether to endorse or otherwise require IFRS Sustainability Disclosure Standards for use in their own jurisdictions. Consequently, IFRS Sustainability Disclosure Standards could become effective in different reporting periods around the world.

** The table above reflects the effect of the CSRD scope in the Delegated Act published in the Official Journal of the EU on 26 February 2026.

Sustainability reporting resources

International Sustainability Reporting Bulletin 2026/06 30 June 2026 Sustainability Reporting Jurisdictional Update

BDO has published International Sustainability Reporting Bulletin 2026/06 30 June 2026 Sustainability Reporting Jurisdictional Update. This publication provides a 'snapshot' of sustainability reporting developments for selected jurisdictions, including those being developed for use by entities in the EU and the US.

BDO published Sustainability reporting after Omnibus I - Key takeaways

Sustainability reporting after Omnibus I - Key takeaways provides an overview of sustainability reporting developments with a focus on the effects of the first Omnibus package which was approved by the EP in December 2025, with the aim of simplifying and streamlining reporting requirements of the CSRD, the EU Taxonomy regulation, and CSDDD while maintaining transparency and compliance that is consistent with the European Green Deal.

BDO published EU Reporting: Corporate Sustainability Reporting Directive – Summary of Scope and Requirements

2024 was the first year in which companies were required to report in accordance with the EU's CSRD, which replaces the NFRD. *EU Reporting: Corporate Sustainability Reporting Directive – Summary of Scope and Requirements* sets out an overview of key changes that have been introduced by the CSRD in comparison to the NFRD, together with a more detailed explanation of the very significantly expanded scope, the timing of adoption by different entities, and a high-level summary of what companies need to prepare for. It also includes an overview of the first batch of general sector-agnostic ESRS, and how (and the extent to which) the CSRD links these to IFRS Sustainability Disclosure Standards published by the ISSB at the IFRS Foundation.

BDO published Corporate Sustainability Reporting Directive ('CSRD' for Non-EU Companies)

Corporate Sustainability Reporting Directive ('CSRD' for Non-EU Companies) provides an executive summary of the CSRD, what is required by the CSRD, which non-EU entities are in scope of the CSRD and when as well as provides references to further resources available, making it a useful resource for those familiarising themselves with these new standards.

Illustrative Sustainability Report - IFRS Sustainability Disclosure Standards

BDO has published its inaugural illustrative sustainability report prepared in accordance with IFRS Sustainability Disclosure Standards for the year-ended 31 December 2025. This publication illustrates how IFRS Sustainability Disclosure Standards may be applied to a medium-sized enterprise and focuses on climate-related risks and opportunities.

Sustainability At a Glance - IFRS Sustainability Disclosure Standards

IFRS S1 and IFRS S2 set a 'global baseline' for disclosure of sustainability-related financial information and are expected to be endorsed and/or adapted by many jurisdictions worldwide. *Sustainability At a Glance - IFRS Sustainability Disclosure Standards* summarises IFRS S1 and IFRS S2 into a few pages, making it a useful resource for those familiarising themselves with these new standards.

Sustainability At a Glance - European Sustainability Reporting Standards

BDO has published *Sustainability At a Glance - European Sustainability Reporting Standards (ESRS)*. Sustainability At a Glance - European Sustainability Reporting Standards (ESRS) has been compiled to assist in gaining a high-level overview of the ESRS and summarises the disclosure requirements of each topical ESRS including certain definitions.

Sustainability At a Glance – The Greenhouse Gas Protocol

Sustainability At a Glance – The Greenhouse Gas Protocol summarises measuring Scope 1, Scope 2 and Scope 3 emissions into a few pages, making it a useful resource for those familiarising themselves with this protocol.

For further information and guidance on sustainability, please refer to BDO's Global Sustainability Reporting Micro-site.

For further information on the US SEC and state legislation, please refer to BDO US's Sustainability and ESG site.

www.bdo.global

FOR MORE INFORMATION:

Sustainability Reporting Policy Committee