

CIRCULAR 09/2026

16/03/2026



RELEVANT
BUSINESS MATTERS

Directive (EU) 2026/470 and Exposure Draft of the International Valuation Standards (IVS)

VOLUNTARY SUSTAINABILITY REPORTING AND IT'S IMPACT ON BUSINESS VALUATIONS

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Introduction

With **Directive (EU) 2026/470** of 26 February 2026, the European legislator has once again intervened in the corporate sustainability framework, amending, amongst other things, the rules on corporate sustainability reporting. The Directive forms part of the process of simplifying disclosure requirements and reviewing the scope of sustainability reporting, whilst at the same time confirming the growing importance of a structured and proportionate system of ESG information.

In this context, the issue of **voluntary reporting** takes on particular significance. The reduction in the scope of mandatory reporting does not, in fact, imply a reduction in the economic relevance of sustainability information. On the contrary, for many companies, ESG disclosure continues to represent a useful tool for dialogue with banks, investors, customers, business partners and other stakeholders, even in the absence of a specific legal obligation. This approach is also consistent with the stance already set out in the previous RLVT circular on the subject, which emphasised that sustainability should not be viewed merely as a regulatory constraint, but also as a factor in risk management, competitiveness and value creation.

The principles of voluntary reporting by 19 July 2026

One of the most significant provisions introduced by the new regulations is contained in **Article 29-quater bis**, which deals with **the principles of voluntary sustainability reporting**.

The provision stipulates that, in order to facilitate the voluntary disclosure of sustainability information by companies which, at the balance sheet date, **do not exceed an average of 1,000 employees over the previous financial year**, the **European Commission** is empowered to establish, by means of **delegated acts**, the relevant principles for voluntary reporting **by 19 July 2026**. The stated aim is not only to promote proportionate disclosure, but also to **limit the information that may be requested from such companies in the value chain**.

This is a particularly important point. The Directive does not, in fact, merely 'reduce obligations', but creates a potential regulatory framework for **standardised voluntary reporting**, designed to enable companies below the threshold to respond in a more structured manner to the market's information requests. In other words, the European legislator appears to wish to alleviate the formal burden of mandatory compliance, without, however, denying the growing substantive value of ESG information.

What is the IVS 2028 Exposure Draft and why is it relevant

In parallel with the European framework, the Exposure Draft of the International Valuation Standards – IVS (effective 31 January 2028) also merits attention.

This is a **draft open for public consultation** containing proposed amendments to the next edition

of the **International Valuation Standards**, published by the **International Valuation Standards Council (IVSC)**. The IVSC defines the IVS as principles-based international valuation standards, aimed at strengthening **confidence, comparability and reducing valuation risk** in valuation processes. In the consultation documentation, the IVSC explains that the IVS are reviewed every three years and that the Exposure Draft published in 2026 is intended to form the basis of the new edition, scheduled for publication on **31 January 2027** with effect from **31 January 2028**; the consultation was open from **31 January 2026 to 30 April 2026**.

The document is significant because, although it is not a source of European legislation, it reflects the evolution of **international best practice in the field of valuation**. In particular, the proposed updates include the integration of **sustainability considerations** into the Appendix of **IVS 104 Data and Inputs**, indicating that ESG issues are no longer confined to reporting but are increasingly becoming part of the valuation methodology.

The link between voluntary reporting and company valuations

Perhaps the most interesting point, from an application perspective, is precisely this: the fact that reporting is less mandatory does not eliminate the valuation relevance of ESG factors.

The IVS Exposure Draft states that the impact of **significant sustainability considerations and ESG factors should be taken into account when determining the value of an entity, an asset or a liability**. The IVSC framework itself clarifies that sustainability considerations are incorporated into the standards precisely to respond to market changes, the greater availability of data and the growing demand from investors, financial institutions and regulators for greater clarity on the valuation process and the management of valuation risk.

This leads to a fundamental consideration: even if a company is not legally required to publish a sustainability report, this does not mean that the relevant factors become irrelevant. On the contrary, where they are **significant, measurable and reasonably assessable**, it is increasingly likely that they will be taken into account in company valuations, impairment assessments, extraordinary transactions, access to credit or discussions with investors and lenders.

The ESG factors referred to by the IVS

The Appendix to **IVS 104 Data and Inputs** refers to a series of **Environmental, Social and Governance** factors that may be relevant for valuation purposes. These are, for the most part, issues that are normally already included in sustainability reports, both within European frameworks and in the main voluntary market standards. GRI, ESRS and VSME explicitly cover areas such as climate change, pollution, water and marine resources, biodiversity, resource use and the circular economy, own workforce, workers in the value chain, affected communities, consumers/end-users and business conduct.

Summary table - link between ESG factors subject to assessment and reporting

	Examples of factors referred to in Appendix IVS	How they typically appear in sustainability reports
Environmental	air and water pollution; biodiversity; climate change; carbon and other gas emissions; deforestation; natural events; scarcity or efficient use of energy, water and raw materials; waste management	disclosure on emissions, energy consumption, water use, environmental impacts, climate risks, environmental policies, resource use and the circular economy
Social	community relations; customer satisfaction; data protection and privacy; human capital development; employee engagement; gender and racial equality; health and wellbeing; human rights; working conditions and environment	disclosure on workforce, safety, training, diversity, human rights, community relations, workers in the value chain, consumers and end users
Governance	board structure and board diversity; audit committee; corruption and bribery; corporate governance; executive remuneration; succession planning; political lobbying; transparency; whistleblowing schemes	disclosure on governance, corporate conduct, anti-corruption, control systems, remuneration, composition of governing bodies, reporting channels and business conduct

This table highlights a key point: the factors that IVSs are beginning to identify as potentially relevant in assessments largely coincide with the topics that are normally already collected and organised in sustainability reports. For this reason, voluntary reporting can take on a role beyond that of mere information provision: it can also become a useful documentary basis for assessment processes.

Our considerations

In our view, the picture that emerges is clear.

On the one hand, Directive (EU) 2026/470 confirms the EU’s intention to **simplify** reporting obligations, providing for a voluntary disclosure framework for companies below the threshold, supported by specific principles that the Commission must adopt by 19 July 2026. On the other hand, the evolution of international assessment standards signals just as clearly that ESG factors are set to retain, and likely increase, their economic relevance.

From this perspective, the issue is not merely whether sustainability reporting is mandatory for a given company, but whether the company is able to **provide reliable, consistent and usable ESG information** when the market demands it: in its dealings with the banking system, in discussions with investors or strategic clients, in risk management, in extraordinary transactions and in corporate valuation processes. Such an approach is, moreover, consistent with the line already adopted by RLVT in its previous circular, which highlighted that ESG issues cannot be viewed merely as a compliance requirement, but as a factor relating to risk, transparency and value creation.

For this reason, **voluntary reporting** should not be viewed as a mere communication exercise. In many cases, it can serve as a useful tool for organising internal data, making the company's positioning more transparent, and preparing a set of information suitable for supporting future discussions increasingly focused on assessing the company's resilience, governance and economic sustainability in the medium to long term.

We remain available to support companies in assessing the impact of the new regulations, in developing **voluntary reporting** frameworks, and in integrating ESG factors into planning, control and evaluation processes.

The firm remains available for any further clarification.

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