CSRD and ESRS: the complete practitioner course

A full practitioner course on the EU's Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards after the 2026 Omnibus and the revised ESRS: scope and timing, the architecture of the standards, double materiality in depth, the general and topical disclosures, the value-chain cap, assurance, tagging and the EU Taxonomy, and how Indian groups prepare — with worked examples, exercises with model answers, a case study and a final exam with a certificate.

Facts checked November 2026. Read online, take the exam and get a certificate: intellitick.com/learn/csrd-esrs/

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Lesson 1 · Module 1 — The law

What the CSRD is, and how the rules fit together

In this lesson you will learn to

- Explain what the CSRD requires and where the sustainability statement sits
- Describe the legal pieces — the directive, national laws, the ESRS delegated acts and the 2025–26 Omnibus changes
- Explain why national transposition matters, with Germany as the example
- State the assurance requirement

The Corporate Sustainability Reporting Directive (CSRD) is the EU law that requires the largest companies to publish a sustainability statement in their management report, prepared under the European Sustainability Reporting Standards (ESRS) and checked by an assurance provider.

The pieces of the law

Piece	What it is	Why it matters to you
The CSRD	A directive amending the EU Accounting Directive; it replaced the Non-Financial Reporting Directive	Sets who reports, where, and with what assurance
National laws	Each member state transposes the directive into its own law	The obligation bites only through national law, with national choices (for example, who may give assurance)
The ESRS	Delegated regulations adopted by the European Commission, drafted by EFRAG	Directly applicable: they say *what* to report
The "stop-the-clock" directive (2025)	Postponed later reporting waves	Explains why many companies have not yet reported
The Omnibus directive, (EU) 2026/470	Narrowed the scope and simplified the rules; in force since March 2026	The current scope and timing [1](#ref-1)
The revised ESRS, Delegated Regulation (EU) 2026/1563	Simplified standards, published 21 September 2026	The current content [4](#ref-4)

Sources: the directive, the delegated regulation and Deloitte's summary [1](#ref-1) [4](#ref-4) [8](#ref-8).

National transposition matters. A directive does nothing until a member state writes it into law. Germany, for example, had not yet passed its CSRD law as of mid-November 2026, so its older non-financial reporting rules still applied there [6](#ref-6). Always check the law of the member state where the reporting entity sits.

The four features to remember

1. **In the management report.** The sustainability statement is a clearly identified section of the management report — not a separate glossy report.
2. **Double materiality.** A company reports both its impacts on people and the environment and the sustainability matters that affect its finances.
3. **Assurance.** The statement needs **limited assurance**; the Omnibus removed the earlier path to reasonable assurance [1](#ref-1) [3](#ref-3).
4. **Machine-readable.** The statement is to be tagged digitally, so that it can be read by software.

Exercise: Which rule applies?

A Netherlands subsidiary of an Indian group asks you three questions: (1) Which document tells us *what* to disclose? (2) Which document tells us *whether* we must report this year? (3) Who may give the assurance? Answer each.

Model answer

1. **The ESRS** — Delegated Regulation (EU) 2026/1563 for the revised set — which is directly applicable in every member state.
2. **Dutch law transposing the CSRD as amended by the Omnibus** — the directive sets the thresholds and dates, but the obligation applies through national law, including any national choices about transitional exemptions.
3. **Dutch law**, again: the CSRD lets member states decide whether the statutory auditor, another audit firm or an independent assurance services provider may give the limited assurance. Check what the Netherlands chose.

Lesson 2 · Module 1 — The law

Who reports after the Omnibus, and from when

In this lesson you will learn to

- ✓ Apply the thresholds to EU companies and groups
- ✓ Apply the rules for non-EU groups, including Indian groups with EU subsidiaries and branches
- ✓ Work out the first reporting year
- ✓ Explain the transitional options for companies that already reported

Since the Omnibus directive entered into force on 18 March 2026, the CSRD applies to EU companies and groups with more than 1,000 employees and more than €450 million in net turnover, and to large non-EU groups [1](#ref-1) [3](#ref-3).

Who the CSRD covers after the Omnibus

Directive (EU) 2026/470, in force since 18 March 2026

EU companies and groups

- More than 1,000 employees
- and more than €450m net turnover
- Not yet reporting: FY 2027, in 2028
- Already reporting since FY 2024: continue

Non-EU groups

- EU turnover above €450m
- and an EU subsidiary or branch above €200m
- First report: FY 2028, in 2029
- Through the EU subsidiary or branch

Value-chain cap: partners with 1,000 employees or fewer cannot be required to give more than the EU voluntary standard asks, for CSRD purposes. Listed SMEs are out of scope.

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The CSRD's scope after the Omnibus

	Before the Omnibus	After Directive (EU) 2026/470
EU companies	Large companies (two of: 250 employees, €50m turnover, €25m balance sheet) and listed SMEs	More than 1,000 employees **and** more than €450m net turnover
Listed SMEs	In scope	Removed

	Before the Omnibus	After Directive (EU) 2026/470
Non-EU groups	EU turnover above €150m	EU turnover above €450m, with an EU subsidiary or branch above €200m

Sources: the directive and Accountancy Europe's factsheet [1](#ref-1) [3](#ref-3).

When reports are due

- **Companies already reporting** on financial year 2024 continue, though member states may exempt those below the new thresholds for FY 2025 and FY 2026 [3](#ref-3).
- **Large EU companies not yet reporting** report on **FY 2027, in 2028** [3](#ref-3).
- **Non-EU groups** report on **FY 2028, in 2029**, through their EU subsidiary or branch [3](#ref-3).
- Member states have until **19 March 2027** to bring the Omnibus changes into national law [2](#ref-2).

Groups and subsidiaries

- A **parent** in scope reports on a **consolidated** basis for the group.
- A **subsidiary** that is itself in scope is generally exempt if it is included in a consolidated sustainability statement of its parent prepared under the ESRS (or an equivalent standard) — the exemption has conditions; check them.
- A **non-EU group** in scope reports through its EU subsidiary or branch, at group level; this is separate from any EU subsidiary's own obligation, which a group-level report does not satisfy [8](#ref-8).

Worked example

An Indian group has net turnover in the EU of €520 million. Its German subsidiary has turnover of €260 million and 700 employees; its French branch has €40 million.

- The German subsidiary is **not** in scope on its own: it has neither more than 1,000 employees nor more than €450 million turnover.

- The **group** is in scope as a non-EU group: EU turnover above €450 million, and an EU subsidiary above €200 million. It reports on **FY 2028, in 2029**, through the German subsidiary.

Exercise: In or out, and when?

For each company, decide whether it is in scope after the Omnibus and, if so, its first reporting year:

1. A Spanish listed company with 320 employees and €90 million turnover.
2. An Italian manufacturer with 2,400 employees and €610 million turnover that has never reported.
3. A Belgian company with 1,600 employees and €380 million turnover.
4. A Japanese group with €700 million EU turnover, whose largest EU subsidiary has €150 million turnover and an EU branch with €60 million.

Model answer

1. **Out.** Listed SMEs and companies below both thresholds were removed from scope.
2. **In.** Both thresholds exceeded; a company not yet reporting reports on **FY 2027, in 2028**.
3. **Out.** More than 1,000 employees, but turnover below €450 million — both must be exceeded.
4. **Out**, on these figures: EU turnover exceeds €450 million, but no EU subsidiary or branch exceeds €200 million. Check the figures every year — a subsidiary crossing €200 million would bring the group in.

Lesson 3 · Module 2 — The standards

The ESRS: architecture and what the revision changed

In this lesson you will learn to

- Describe the cross-cutting and topical standards
- Explain what the 2026 revision changed — datapoints, materiality, fair presentation, reliefs
- Work out which ESRS set applies to a given financial year
- Explain how datapoints, phase-ins and omissions work

The ESRS are a set of standards: two cross-cutting ones that apply to everyone, and topical ones that a company reports on when its materiality assessment finds the topic material.



The structure of the ESRS

- **Cross-cutting: ESRS 1** sets the general requirements — double materiality, the value chain, time horizons, estimates. **ESRS 2** sets the general disclosures every company makes — governance, strategy, how it identifies and manages material impacts, risks and opportunities.
- **Environment:** E1 climate change, E2 pollution, E3 water and marine resources, E4 biodiversity and ecosystems, E5 resource use and circular economy.
- **Social:** S1 own workforce, S2 workers in the value chain, S3 affected communities, S4 consumers and end-users.
- **Governance:** G1 business conduct.

The 2026 revision

The Commission adopted **revised ESRS** on 3 July 2026, published as Delegated Regulation (EU) 2026/1563 on 21 September 2026[4](#ref-4)[5](#ref-5). The architecture stays; the content is simplified[7](#ref-7)[8](#ref-8):

- **Fewer datapoints.** Mandatory datapoints fall by **more than 60%** and total datapoints by **more than 70%** compared with the 2023 set; over 100 voluntary "may disclose" provisions are removed[7](#ref-7)[8](#ref-8).
- **No sector standards.** Sector-specific ESRS will no longer be developed[8](#ref-8).
- **Simpler materiality.** A **top-down** approach is explicitly allowed: a company may conclude on materiality from its strategy and business model without assessing every impact, risk and opportunity, and assess specific ones only where the answer is not evident[8](#ref-8).
- **Fair presentation.** The statement as a whole must achieve fair presentation; an optional executive summary is allowed, and a company may depart from the prescribed structure with a reasoned explanation[8](#ref-8).
- **Reliefs.** Information may be based on what is reasonable and supportable and available without **undue cost or effort**; the transitional relief for **anticipated financial effects** is extended[8](#ref-8).
- **Interoperability.** The revised ESRS point to the ISSB standards (including SASB) and GRI as sources for entity-specific information[8](#ref-8).

Which set applies

The revised ESRS apply to financial years starting on or after **1 January 2027**. For a financial year starting in **2026**, a company may apply the revised ESRS, or the 2023 ESRS with the reliefs in the revised act, and says which[4](#ref-4)[8](#ref-8).

Datapoints and omissions

Each Disclosure Requirement is broken into **datapoints**. A company reports the datapoints of the standards that are material. A topic found not material is not reported (with the materiality assessment explaining why); phase-ins and the undue-cost-or-effort relief explain other omissions. Every omission needs its reason.

Exercise: Which set, and what changes for us?

A French company in scope has a calendar financial year. It reported FY 2024 under the 2023 ESRS. Its CFO asks: (1) which ESRS for FY 2026 and FY 2027? (2) what is the single biggest change in how we run the materiality assessment?

Model answer

1. **FY 2026** (a year starting in 2026): a choice — the revised ESRS in full, or the 2023 ESRS with the reliefs in the revised act; it must say which. **FY 2027**: the revised ESRS, which apply to years starting on or after 1 January 2027.
2. The **top-down approach**: the company may conclude that a topic is or is not material from its strategy and business model, and assess individual impacts, risks and opportunities only where the answer is not evident. The assessment still has to be documented and will be tested by the assurer.

Lesson 4 · Module 2 — The standards

Double materiality in depth

In this lesson you will learn to

- ✓ Identify impacts, risks and opportunities across the value chain
- ✓ Score impact materiality by severity and likelihood, and financial materiality by magnitude and likelihood
- ✓ Use the top-down approach where it fits, and a detailed assessment where it does not
- ✓ Set thresholds and document the assessment so that it survives assurance

Double materiality decides what a company reports under the ESRS. A sustainability matter is material if it is material from the impact perspective, the financial perspective, or both. [4] (#ref-4)



A double materiality matrix

The two perspectives

	Impact materiality ("inside-out")	Financial materiality ("outside-in")
Question	Does the company have, or could it have, a significant effect on people or the environment?	Does the matter create, or could it create, significant financial effects for the company?
Covers	Actual and potential, negative and positive impacts — in own operations and the value chain	Risks and opportunities affecting cash flows, performance, position, cost of capital or access to finance
Scored by	**Severity** — scale, scope and irremediable character (for negative impacts) — and **likelihood** for potential impacts	**Magnitude** of the financial effect and **likelihood**
Time horizons	Short (the reporting period), medium (up to five years), long (more than five years)	The same

The process

1. **Understand the context.** The business model, value chain, sites, products, and the affected stakeholders. Use the company's existing risk register, due diligence and stakeholder engagement.
2. **Decide top-down where the answer is evident.** Under the revised ESRS, a company may conclude on materiality from its strategy and business model without assessing every impact, risk and opportunity [8](#ref-8). Climate for an energy-intensive manufacturer, or own workforce for any employer, will usually be evidently material.
3. **Assess where it is not evident.** List the impacts, risks and opportunities (IROs) for the remaining topics, and score them.
4. **Score impact materiality.** For a negative impact: **scale** (how grave), **scope** (how widespread), **irremediable character** (how hard to remedy) and, for potential impacts, **likelihood**. For human rights impacts, severity takes precedence over likelihood.
5. **Score financial materiality.** The likely size of the effect on the company's finances, and its likelihood, over each time horizon.
6. **Set thresholds and decide.** A matter above either threshold is material, and the relevant topical standard applies. Thresholds are the company's judgement; document them.
7. **Approve and document.** Record the inputs, the scoring, the thresholds, the decisions and the reasons for every topic, material or not. Management approves; the board or its committee is informed. The assurer will test this assessment.

A scoring scale

A common approach scores each factor from 1 to 5 and combines them:

Score	Scale	Scope	Irremediable	Likelihood
1	Minimal	Very limited	Easily remedied	Remote
3	Significant	Regional or a segment of the value chain	Remediable with effort	Possible
5	Very severe (for example, loss of life)	Global or most of the value chain	Irreversible	Certain or occurring

Severity = the average (or the maximum) of scale, scope and irremediability; **impact score** = severity, adjusted for likelihood for potential impacts. A threshold of, say, 3.0 on a 5-point scale then separates material from not material. The method is yours; consistency and documentation are what matter.

Worked example

A textile manufacturer scores **water use** high on impact (it draws from a stressed river basin: scale 4, scope 3, irremediable 4, likelihood certain) and medium on financial effect (a drought could stop production). Both cross the thresholds, so E3 applies. Its **biodiversity** impact scores low on both, so E4 is reported as not material, with the reason.

Exercise: Score two topics

Use the scale above, take severity as the average of scale, scope and irremediability, multiply by likelihood ÷ 5 for potential impacts, and use a threshold of 3.0 for impact materiality and 3.0 for financial materiality (scored separately, 1–5).

1. **Water pollution** from a dye house's effluent — an actual impact: scale 4, scope 3, irremediable 4. Financial: fines and shutdown risk scored 3.
2. **Child labour in cotton farming** in the supply chain — a potential impact: scale 5, scope 3, irremediable 5, likelihood 2. Financial: reputational and customer risk scored 2.

Which topics and standards are material?

Model answer

1. **Water pollution:** severity = (4 + 3 + 4) ÷ 3 = **3.67**; actual impact, no likelihood adjustment → **material on impact**; financial 3 → also **material on financial**. **E2 pollution** applies (and E3 water, if water use itself is material).
2. **Child labour:** severity = (5 + 3 + 5) ÷ 3 = 4.33; likelihood-adjusted = 4.33 × 2 ÷ 5 = **1.73** → below the threshold on this arithmetic. **But** for human rights impacts, severity takes precedence over likelihood: a severity of 4.33 should make it **material**, and **S2 workers in the value chain** applies. This is a common error in mechanical scoring — the method must build in the human rights rule.

Lesson 5 · Module 2 — The standards

ESRS 2: governance, strategy and the management of IROs

In this lesson you will learn to

- ✓ Describe what ESRS 2 requires on governance, strategy and the management of impacts, risks and opportunities
- ✓ Present policies, actions, targets and metrics for a material topic
- ✓ Link sustainability information to the financial statements
- ✓ Avoid boilerplate that adds length but no information

ESRS 2 sets the disclosures every company makes, whatever its materiality assessment: how sustainability is governed, how it shapes strategy and the business model, how impacts, risks and opportunities are identified and managed, and — for each material topic — the policies, actions, targets and metrics.

The four reporting areas

Area	What it covers
Governance	The role of the board and management on sustainability; their expertise; information they receive; links to remuneration; risk management and internal controls over sustainability reporting
Strategy	The business model and value chain; stakeholder interests; the material impacts, risks and opportunities and how they interact with strategy and the business model
Impact, risk and opportunity management	How IROs are identified and assessed (the double materiality process); the list of disclosure requirements reported
Metrics and targets	For each material topic: the metrics and the targets, with how they are measured

Policies, actions, targets and metrics

For each material topic, the reader should find four things:

1. **Policies** — what the company has committed to, its scope, who is accountable, and which standards or initiatives it follows.
2. **Actions** — what it is doing, with resources, timelines and expected outcomes.
3. **Targets** — measurable, time-bound, with a base year and how progress is tracked; or a statement that there are none, and why.
4. **Metrics** — how performance is measured, with methods and assumptions, and whether they are validated by an external body other than the assurer.

In the revised ESRS, these "minimum disclosure requirements" are repositioned as general requirements, to emphasise that they apply to what is material[8 (#ref-8)].

Connectivity with the financial statements

Sustainability information must be consistent with the financial statements: the same boundary (the consolidated group), the same reporting period, and cross-references where amounts appear in both — for example, capital expenditure on decarbonisation, provisions for environmental restoration, or climate assumptions used in impairment tests.

Avoiding boilerplate

Fair presentation is now part of the objective of the ESRS[8 (#ref-8)]. A statement that repeats generic policy language for every topic is long and uninformative. Write specifically: name the site, the number, the decision, the date.

Exercise: Improve a disclosure

Draft text: "The Company is committed to the highest standards of health and safety. We have robust policies and continuously improve our performance. Safety is a key priority for the Board." Rewrite it to cover policy, action, target and metric for own-workforce safety.

Model answer

"**Policy.** Our Occupational Health and Safety Policy, approved by the Board in March 2025, covers all employees and on-site contractors at our 12 plants and is certified to ISO 45001 at nine of them. The Chief Operating Officer is accountable. **Actions.** In 2026 we installed machine guarding on 140 presses at the Pune and Chennai plants (€1.2 million) and trained 2,300 workers and contractors in lock-out, tag-out procedures. **Target.** Reduce the lost-time injury frequency rate (employees and contractors) to 0.5 per million hours by 2028, from 1.1 in 2024. **Metrics.** 2026: one fatality (a contractor at Chennai — see the incident review), 38 recordable injuries, LTIFR 0.8 per million hours worked, from time-and-attendance data including contractors."

Every sentence now carries a fact an assurer can test.

Lesson 6 · Module 3 — The topical standards

Climate (E1) and the other environmental standards

In this lesson you will learn to

- ✓ Explain what E1 asks on transition plans, targets, energy and greenhouse gases
- ✓ Prepare the GHG figures E1 needs from a GHG Protocol inventory
- ✓ Explain what E2 to E5 cover and when they apply
- ✓ Identify the data an Indian operation will be asked for

Climate change is material for most companies, and E1 is the most data-intensive standard. The other environmental standards — pollution, water, biodiversity, resource use — apply where the materiality assessment finds them material.

E1 — Climate change

E1 covers, in outline:

- **Transition plan for climate change mitigation** — whether the company has one, and how its targets, actions and investments fit together; if not, whether it will adopt one.
- **Policies, actions and targets** — including GHG reduction targets with base year and target year.
- **Energy** — consumption and mix, including the share from fossil, nuclear and renewable sources.
- **GHG emissions** — **gross Scope 1, Scope 2 (location-based and market-based) and Scope 3**, total emissions, and **GHG intensity per net revenue**, measured with the GHG Protocol [9] (#ref-9).
- **Removals and carbon credits** — reported separately from gross emissions.
- **Anticipated financial effects** of physical and transition risks — with extended transitional relief in the revised ESRS [8] (#ref-8).

The revised ESRS streamline the datapoints and clarify the guidance on GHG emissions [8] (#ref-8); take the exact list from the delegated regulation [4] (#ref-4).

Note

The GHG boundary under the ESRS follows the financial consolidation of the group, with emissions from operations the company controls operationally (such as joint operations or associates it operates) added. An inventory prepared on a

different boundary for another purpose must be reconciled, not reused unchanged.

E2 to E5 at a glance

Standard	Covers	Typical data
E2 Pollution	Pollution of air, water and soil; substances of concern and of very high concern; microplastics	Emissions of pollutants to air and water, from permits and monitoring
E3 Water and marine resources	Water consumption, especially in areas at water risk; marine resources	Withdrawal, discharge and consumption by site; sites in water-stressed areas
E4 Biodiversity and ecosystems	Impacts on biodiversity, land use, sites near sensitive areas	Sites in or near protected areas; land use change
E5 Resource use and circular economy	Resource inflows and outflows, waste, product design	Materials used, recycled content, waste by type and treatment

What an Indian operation will be asked for

An EU group reporting under the ESRS will ask its Indian subsidiaries — which are inside its consolidated boundary — for the same data the BRSR's Principle 6 collects: energy by source, Scope 1 and 2, water withdrawal and discharge, waste by category and treatment. The units and definitions differ in places (for example, energy in MWh rather than joules, and Scope 2 by both methods), so build the conversion once.

Exercise: Prepare the E1 GHG figures

An EU group's inventory for 2026: Scope 1 = 42,000 tCO_2e; Scope 2 location-based 61,000, market-based 38,000; Scope 3 = 6,10,000 tCO_2e; net revenue €1.8 billion. Calculate total GHG emissions (location-based and market-based) and GHG intensity per million euros of net revenue.

Model answer

- **Total, location-based:** 42,000 + 61,000 + 6,10,000 = **7,13,000 tCO_2e**.
- **Total, market-based:** 42,000 + 38,000 + 6,10,000 = **6,90,000 tCO_2e**.
- **Intensity per €1 million of net revenue:** location-based 7,13,000 ÷ 1,800 = **396.1 tCO_2e**; market-based 6,90,000 ÷ 1,800 = **383.3 tCO_2e**.
- Carbon credits bought, if any, are reported separately and not deducted.

Lesson 7 · Module 3 — The topical standards

Own workforce, value chain, communities, consumers and business conduct

In this lesson you will learn to

- Explain what S1 to S4 and G1 cover
- Prepare the main own-workforce metrics
- Link human rights due diligence to S2 and S3
- Prepare the business conduct disclosures

The social standards cover the people affected by the company — its own workforce (S1), workers in its value chain (S2), affected communities (S3) and consumers and end-users (S4). G1 covers business conduct.

S1 — Own workforce

S1 applies to employees and to non-employee workers (such as agency workers). Typical metrics include:

- headcount by gender and by country, and by type of contract (permanent, temporary);
- employee turnover;
- coverage by collective bargaining and social dialogue;
- health and safety — fatalities, recordable work-related accidents and their rate;
- training;
- diversity, including gender distribution at top management;
- adequate wages, the **gender pay gap** and the **annual total remuneration ratio** (highest-paid individual to median);
- incidents of discrimination and severe human rights incidents.

The revised ESRS clarify the guidance on discrimination and human rights incidents [8] (#ref-8); take the exact datapoints from the delegated regulation [4] (#ref-4).

Worked example

Gender pay gap. Average gross hourly pay: men €28.40, women €25.10. Gap = (28.40 − 25.10) ÷ 28.40 = **11.6%**.

S2, S3 and S4 — value chain workers, communities, consumers

These standards follow the company's **due diligence**: how it identifies impacts on these groups, engages with them, provides channels to raise concerns, and acts on what it finds. For an Indian supplier base, expect questions on forced and child labour, wages and working hours, health and safety, and grievance channels.

G1 — Business conduct

G1 covers corporate culture, whistle-blower protection, animal welfare where relevant, political engagement and lobbying, management of relationships with suppliers (including **payment practices** — average payment terms and late payments), and the prevention and detection of corruption and bribery, with incidents and convictions.

Exercise: Own-workforce metrics

A group has 4,800 employees at year start and 5,200 at year end; 610 left during the year. Average gross hourly pay is €22.00 for men and €19.80 for women. The highest-paid individual's total remuneration is €2.4 million; the median employee's is €48,000. Calculate turnover (on average headcount), the gender pay gap and the remuneration ratio.

Model answer

- **Turnover:** average headcount (4,800 + 5,200) ÷ 2 = 5,000; 610 ÷ 5,000 = **12.2%**. (Check the definition the ESRS use for the denominator; some versions use the headcount at year end.)
- **Gender pay gap:** (22.00 − 19.80) ÷ 22.00 = **10.0%**.
- **Remuneration ratio:** 24,00,000 ÷ 48,000 = **50**.

Lesson 8 · Module 4 — Doing the work

Value chain information and the value-chain cap

In this lesson you will learn to

- ✓ Explain the value-chain cap and the voluntary standard
- ✓ Design supplier requests that respect the cap and still produce usable data
- ✓ Use estimates and averages where suppliers cannot provide data
- ✓ Advise an Indian supplier on how to respond to EU customers

Companies that report under the CSRD need data from their value chain — and they ask their suppliers. The Omnibus limits what they may demand from smaller ones.

The cap

A company in the value chain with **1,000 employees or fewer** is a **protected undertaking**: a reporting company may not require more than the information in the EU's **voluntary reporting standard** for CSRD purposes, and the smaller company may decline requests beyond it[1](#ref-1). The Commission adopted the voluntary standard on 3 July 2026, alongside the revised ESRS, as a single proportionate framework for companies outside the CSRD; it is aligned with the revised ESRS and has fewer datapoints than the earlier VSME standard[7](#ref-7) [8](#ref-8). In the draft act, the cap applies to the datapoints labelled "necessary", undertakings with 10 or fewer employees need not provide information above the cap, and value-chain reporting under it applies from financial year 2027[8](#ref-8).

For reporting companies

1. **Map the value chain** and decide which data is needed for material topics.
2. **Ask within the cap** from protected undertakings; ask larger suppliers for more where needed.
3. **Use estimates** — sector averages, spend-based figures — where data cannot be obtained, and say so.
4. **Explain the use** of the data, the definitions and the timeline; share a template.
5. **Reuse what suppliers already prepare** — in India, BRSR and BRSR Core data cover much of what is needed.

For suppliers, including Indian exporters

- Expect requests for **energy, emissions, water, workforce and policy** information.
- If you have 1,000 employees or fewer, you may decline requests beyond the voluntary standard — but a customer may prefer suppliers who can answer.
- Prepare **one well-evidenced data set** and answer every customer from it.
- If you are a listed Indian company, your BRSR already contains most of it: map the BRSR indicators to the voluntary standard once.

Exercise: Respond to a customer

An Indian auto-components supplier with 800 employees receives a 300-question survey from a German customer "for our CSRD report", including detailed biodiversity datapoints and Scope 3 by category. What should it do?

Model answer

- **Know its position:** with 800 employees it is a protected undertaking; for CSRD purposes it may decline requests beyond the voluntary standard.
- **Answer what the voluntary standard covers**, fully and with evidence — typically energy, Scope 1 and 2, water, waste, workforce, health and safety, and key policies — and offer the data set it uses for its BRSR or for other customers.
- **For questions beyond the cap**, decline politely or offer what is easily available, explaining the basis. Commercially, it may choose to answer more (for example, Scope 3 category 1 if it has it) if that strengthens the relationship.
- **Ask the customer** which datapoints are "necessary" for its report and in which format, to avoid re-keying.

Lesson 9 · Module 4 — Doing the work

Assurance, digital tagging and the EU Taxonomy

In this lesson you will learn to

- ✓ Prepare for limited assurance of the sustainability statement
- ✓ Explain digital tagging of the statement
- ✓ Explain how the statement is filed and enforced, and who sets the penalties
- ✓ Explain the EU Taxonomy disclosure and its three KPIs
- ✓ Plan the controls that make all three work

Three requirements surround the sustainability statement: limited assurance, digital tagging and — for companies in scope — EU Taxonomy reporting. Behind them sit national filing rules and national penalties.

Limited assurance

The sustainability statement needs **limited assurance**[1](#ref-1). The provider tests the materiality assessment process, the compliance of the statement with the ESRS, and a sample of figures. Prepare as for any assurance engagement: a documented materiality assessment, definitions and methods for each metric, evidence for figures, a review trail, and reconciliations to the financial statements. Many companies run a **readiness review** with the provider before the first engagement[8](#ref-8).

Digital tagging

The management report, including the sustainability statement, is to be prepared in the European Single Electronic Format (ESEF), with the sustainability information tagged using EFRAG's digital taxonomy, once the tagging rules apply. Plan for the tagging when you design your data structure: a statement built from structured, approved data is far easier to tag than one assembled in a word processor.

Filing, enforcement and penalties

The sustainability statement is a section of the **management report**, so it is approved, published and filed with the rest of the annual financial report, under each member state's company law[12](#ref-12). The

members of the company's administrative, management and supervisory bodies are **collectively responsible** for ensuring it is prepared and published as the Directive requires [11] (#ref-11).

There is **no single EU fine**. The Accounting Directive requires member states to lay down penalties for infringements that are "effective, proportionate and dissuasive" [11] (#ref-11), so the amounts, the enforcing body and the procedure differ by country. For companies with securities listed on an EU regulated market, national market supervisors also review the sustainability statement, as they review financial statements [12] (#ref-12). A group reporting in several countries should map, for each one: the transposing law, the filing route and deadline, the assurance provider's appointment, and the penalties — and take local advice before the first year.

The EU Taxonomy

The EU Taxonomy classifies economic activities that are **environmentally sustainable**. Companies in scope report three **key performance indicators**:

KPI	Meaning
Turnover	Share of turnover from Taxonomy-aligned activities
Capital expenditure (CapEx)	Share of capital expenditure related to aligned activities or to plans to make activities aligned
Operating expenditure (OpEx)	Share of certain operating expenditure related to aligned activities

An activity is **aligned** if it is eligible (described in the Taxonomy's delegated acts), makes a **substantial contribution** to one of six environmental objectives, does **no significant harm** to the others, and meets **minimum safeguards**. After the Omnibus, Taxonomy reporting applies to companies with average employees of at least 1,000 and net turnover above €450 million [8] (#ref-8).

Worked example

Turnover €2,000 million, of which €300 million from manufacturing equipment for renewable energy that meets the technical screening criteria, does no significant harm and meets minimum safeguards. Turnover KPI = 300 ÷ 2,000 = **15%** aligned.

Exercise: Get ready for limited assurance

List the six items you would have ready for the assurance provider's first visit.

Model answer

1. **The materiality assessment file** — inputs, scoring, thresholds, decisions and approvals for every topic.
2. **The reporting manual** — boundary, definitions, methods and estimates for each metric.
3. **The data trail** — source documents for a sample of figures, with who prepared, reviewed and approved them.
4. **Reconciliations** to the financial statements — revenue, capital expenditure, headcount, payroll.
5. **The value-chain data** — what was asked, what was received, what was estimated and how.
6. **The draft statement** with a cross-reference table to the ESRS disclosure requirements, including the reasons for omissions.

Lesson 10 · Module 4 — Doing the work

From BRSR to ESRS: a roadmap for Indian groups

In this lesson you will learn to

- ✓ Map BRSR indicators to the ESRS topics
- ✓ Identify the gaps an Indian group must close for ESRS reporting
- ✓ Plan a first CSRD year as a project
- ✓ Decide what to centralise and what to collect locally

An Indian group that already prepares a BRSR has a strong start on the ESRS: much of the data is the same. The gaps are in double materiality, value-chain coverage, forward-looking information and some definitions.

Mapping BRSR to ESRS

BRSR	ESRS
Section A item 26, material issues	ESRS 2 and the double materiality assessment — far more detailed in the ESRS
Section B, policies, governance and targets	ESRS 2 governance; policies and targets for each material topic
Principle 6 — energy, emissions, water, waste	E1, E3, E5 (and E2 for air emissions)
Principle 3 and 5 — employees, safety, wages, human rights	S1
Principle 8 — communities, CSR	S3
Principle 9 — consumers, data privacy	S4
Principle 1 — ethics, anti-corruption, payables	G1
Value chain disclosures	S2, and value-chain information across topics

Sources: the BRSR format [10] (#ref-10) and the ESRS [4] (#ref-4).

The usual gaps

1. **Double materiality** — the BRSR asks for material issues, but not for a documented assessment of impacts and financial effects across the value chain.
2. **Scope 3 and Scope 2 by both methods** — voluntary or unspecified in the BRSR; expected in E1 where climate is material.
3. **Transition plan and anticipated financial effects** — not in the BRSR.
4. **Definitions** — employees and workers (Indian labour codes) versus the ESRS's employees and non-employees; energy in joules versus MWh; intensity per rupee of PPP revenue versus per euro of net revenue.
5. **Boundary** — the ESRS follow the consolidated financial statements; many BRSRs are standalone.

A first-year plan

Quarter	Work
1	Confirm scope and first reporting year; appoint owners; gap analysis against the ESRS
2	Double materiality assessment; agree the material topics and the datapoints
3	Build data collection for new datapoints; supplier requests within the cap; readiness review with the assurer
4	Dry run on nine months of data; fix gaps; draft the statement
Year end	Final data; assurance; tagging; publication in the management report

Exercise: Close the gaps

An Indian group's BRSR is standalone, reports Scope 1 and 2 (Scope 2 at the grid factor only) and lists four material issues in Section A item 26. Its EU subsidiary brings the group into the CSRD from FY 2028. List the five changes it must make to its data and process.

Model answer

1. **Boundary:** move to the consolidated group, consistent with the financial statements.
2. **Double materiality:** run and document a full assessment, impact and financial, across the value chain — not a list of four issues.
3. **Climate data:** Scope 2 by both methods; Scope 3 by category, screened for relevance; a view on the transition plan; intensity per net revenue.
4. **Definitions:** a mapping from Indian employee and worker categories to the ESRS's employees and non-employee workers; energy and other units converted once, centrally.
5. **Assurance readiness:** a reporting manual, a review trail and evidence for every figure, tested in a readiness review before the first limited assurance.

Lesson 11 · Module 5 — Capstone

Case study: Kaveri Industries' first ESRS statement

In this lesson you will learn to

- ✓ Apply scope, timing, materiality and disclosure rules to one group
- ✓ Score and decide material topics
- ✓ Plan the data and the assurance for the first year

Kaveri Industries Ltd is a fictional Indian maker of specialty chemicals and packaging films. The figures are illustrative. Work through the tasks before opening each model answer.

The group

- Headquartered in Gujarat; listed in India; prepares a standalone BRSR.
- EU operations: a Belgian subsidiary (840 employees, €310 million turnover) and a Polish branch (€70 million turnover). Total EU turnover: **€560 million**.
- Calendar-year subsidiaries in the EU; the group's financial year ends on 31 March.
- Main sites: three chemical plants in Gujarat (one in a water-stressed basin), a film plant in Belgium.
- Suppliers: petrochemical feedstock from large suppliers; packaging and services from about 900 small Indian suppliers.

Exercise: Task 1 — Scope and timing

Is the Belgian subsidiary in scope on its own? Is the group in scope, and from when?

Model answer

- **Belgian subsidiary:** not on its own — 840 employees (not more than 1,000) and €310 million turnover (not more than €450 million).
- **Group:** yes, as a **non-EU group** — EU turnover €560 million (above €450 million) and an EU subsidiary with turnover above €200 million (Belgium, €310 million). It reports on **FY 2028, in 2029**, through the Belgian subsidiary, at group level [3] (#ref-3).

Exercise: Task 2 — Materiality

Kaveri's draft assessment: climate (impact 4.2, financial 3.8); water (impact 3.9, financial 2.4); pollution (impact 3.4, financial 3.1); biodiversity (impact 1.8, financial 1.2); own workforce (impact 3.6, financial 2.9); value-chain workers (impact: severity 4.0 for forced labour risk in a raw material, likelihood low; financial 2.0); consumers (impact 1.5, financial 1.6); business conduct (impact 2.8, financial 3.2). Thresholds: 3.0 on each scale. Which standards apply?

Model answer

- **E1 climate** — material on both.
- **E3 water** — material on impact (3.9), even though financial is below the threshold.
- **E2 pollution** — material on both.
- **E4 biodiversity** — not material; report the reason (low scores on both perspectives, with the basis).
- **S1 own workforce** — material on impact.
- **S2 value-chain workers** — **material**: for human rights impacts severity takes precedence over likelihood, and a severity of 4.0 for forced labour is severe.
- **S4 consumers** — not material; reason given.
- **G1 business conduct** — material on financial (3.2).
- **ESRS 2** applies regardless.

Exercise: Task 3 — The data plan

Name the three hardest data items for Kaveri's first year, and how to get each.

Model answer

1. **Scope 3** — category 1 (feedstock) dominates: request product footprints from the large feedstock suppliers; use average-data factors for the rest; spend-based for the long tail of 900 small suppliers, within the value-chain cap.
2. **Water in the water-stressed basin** — metered withdrawal, discharge and consumption for the Gujarat plant in that basin, with the basin's stress classification, as E3 expects.
3. **S2 due diligence on the raw material with forced labour risk** — supplier mapping to the source, audits or certifications, grievance channels, and actions taken — documented to the level an assurer can test.

Lesson 12 · Reference

Glossary and checklists

In this lesson you will learn to

- ✓ Use the vocabulary of CSRD reporting precisely
- ✓ Keep a checklist for each stage of the first year

The reference you will come back to: the vocabulary of CSRD reporting, and a checklist for each stage of the first year.

Glossary

Term	Meaning
CSRD	Corporate Sustainability Reporting Directive
ESRS	European Sustainability Reporting Standards, adopted as delegated regulations
EFRAG	The body that drafts the ESRS for the European Commission
Omnibus	Directive (EU) 2026/470, which narrowed scope and simplified the rules [1](#ref-1)
Revised ESRS	Delegated Regulation (EU) 2026/1563, for years starting on or after 1 January 2027 [4](#ref-4)
Double materiality	Impact materiality and financial materiality; material if either
IRO	Impact, risk or opportunity
Severity	Scale, scope and irremediable character of a negative impact
Datapoint	The smallest unit of a disclosure requirement
Top-down approach	Concluding on materiality from strategy and the business model where evident
Protected undertaking	A value-chain company with 1,000 employees or fewer, covered by the value-chain cap

Term	Meaning
Voluntary standard	The EU's voluntary reporting standard for companies outside the CSRD; also the value-chain cap
Limited assurance	Assurance giving a negative-form conclusion; required on the statement
ESEF	European Single Electronic Format, for tagging the management report
EU Taxonomy	The EU classification of environmentally sustainable activities; turnover, CapEx and OpEx KPIs

Checklists

Scope: thresholds checked for each EU entity and the group; first reporting year; national transposition status in each member state.

Materiality: context; top-down conclusions documented; IRO scoring with severity, likelihood and financial magnitude; human rights rule applied; thresholds; approval.

Disclosures: ESRS 2 in full; policies, actions, targets and metrics for each material topic; reasons for every omission; connectivity with the financial statements.

Data and assurance: reporting manual; evidence and review trail; value-chain requests within the cap; readiness review; tagging plan; Taxonomy KPIs.

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