



Position Green[®]

A complete guide to ESRS and CSRD

What this guide covers

The Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) form the backbone of the European Union's sustainability reporting framework. Together, they establish a unified, mandatory structure for how companies manage their governance, strategy, management of IROs metrics and strategic opportunities.



The CSRD applies to companies operating within the EU and extends to non-EU businesses with significant activity in the region.

Its introduction marked a fundamental shift from voluntary sustainability communication to standardized, assured reporting designed to place sustainability information under similar scrutiny to a company's financial data.

This guide provides a comprehensive overview of both frameworks: how they developed, when each requirement comes into effect, and what companies need to do to comply.

GHG

It also includes practical insights on identifying reporting gaps, preparing a double materiality assessment, and creating a sustainability statement that meets the expectations of auditors, regulators, and investors alike.

ESRS

GRI

The aim is straightforward: to help organizations move from uncertainty to confidence in their CSRD journey, building the systems and structure needed for consistent, high-quality reporting that supports both compliance and long-term value creation.

FIHL

VSME

HRDD

SBTi

A timeline of CSRD implementation from start to present day

The CSRD evolved from the Non-Financial Reporting Directive (NFRD), which set the first requirements for large public-interest entities to disclose sustainability information. The updated framework expands that scope and strengthens how data must be reported, verified, and presented.

Q1 2021	The European Commission publishes the proposal for the CSRD, outlining the need for standardized, comparable sustainability disclosures.	
Q3 2023	The Commission adopts the first set of European Sustainability Reporting Standards (ESRS), providing the detailed technical framework companies must follow.	
FY 2024	Reporting in 2025 (for FY 2024): The first companies in scope, those already subject to the NFRD, report under the CSRD using the ESRS.	ESRS
FY 2025	From 2026, large EU companies within the scope of the CSRD are required to report under the European Sustainability Reporting Standards (ESRS).	
FY 2026	From the 2027 reporting year (covering FY 2026), listed SMEs enter the CSRD reporting regime, subject to transitional arrangements defined in the directive.	SME
FY 2028	From the 2029 reporting year, CSRD reporting obligations apply to certain non-EU parent companies with significant activity in the EU, in accordance with ESRS.	

This phased rollout gave organizations time to build internal governance, data collection, and assurance processes.* However, the underlying expectations for transparency, accuracy, and comparability apply from the outset, meaning early preparation is critical.

*The phased roll-out itself is now mostly for specific data-points rather than specific companies.

The Omnibus proposals and how they affected CSRD reporting

In February 2025, the European Commission proposed a set of targeted adjustments to the Corporate Sustainability Reporting Directive (CSRD), informally referred to as the Omnibus proposals.

These proposals respond to early implementation feedback and political pressure to reduce administrative burden, while preserving the directive's core objectives around transparency and decision-useful sustainability information. Crucially, the Omnibus proposals address two distinct regulatory layers, which are often conflated but serve different purposes.

Level 1: Revisions to CSRD scope and thresholds (who must report)

At the directive level (Level 1), the Omnibus proposals focus primarily on reducing and clarifying the scope of mandatory reporting. This includes:

- Revisiting company size thresholds, with the effect of removing a significant number of smaller and listed companies from mandatory CSRD reporting.
- Narrowing the population of in-scope entities, concentrating obligations on larger companies with the greatest sustainability impacts and risk exposure.
- Shifting listed SMEs out of mandatory CSRD, toward voluntary or simplified sustainability reporting instead.
- Removal of the transition from limited to reasonable assurance.



These threshold-related changes represent the most consequential aspect of the Omnibus proposals, as they directly determine which companies are legally required to comply with CSRD.

Level 2: Adjustments to ESRS design and application (how companies report)

At the standards level (Level 2), the Omnibus proposals introduce changes intended to improve usability and proportionality, including:

- Sector-specific ESRS: The development of mandatory sector-specific standards has been discontinued. Companies will report using cross-cutting and topical ESRS, supplemented by entity-specific disclosures where relevant. With this, LSME was also discontinued.

- **Proportionality for SMEs:** The Commission has formally endorsed a simplified, voluntary reporting standard for non-listed SMEs, supporting gradual alignment with ESRS expectations without mandatory compliance.
- **Interoperability for third-country companies:** Ongoing work to ensure equivalence and interoperability between ESRS and international frameworks such as ISSB and GRI, reducing duplication for global groups.

 These changes do not alter who is in scope, but instead refine how reporting requirements are applied to those companies that remain subject to CSRD.

What remains unchanged

Despite these adjustments, the EU's long-term direction is consistent. Sustainability information under CSRD must remain transparent, comparable, and reliable, grounded in data that investors, regulators, and other stakeholders can trust. The Omnibus proposals are intended to sharpen focus, not dilute ambition.

Which is why it is crucial, if you are planning on leveraging CSRD as a lever for growth, to understand exactly how the ESRS operates to help you fulfill your sustainability goals.

The ESRS in summary

The European Sustainability Reporting Standards (ESRS) are designed to ensure that sustainability disclosures are comprehensive, comparable, and verifiable across all companies within the CSRD's scope.

While the framework may seem complex at first glance, its structure follows a clear logic that reflects both regulatory priorities and the realities of how businesses operate.

At a high level, the ESRS framework can be broken down into three main layers:

1. **Cross-cutting standards** – Foundational reporting rules that apply to all companies, covering governance, strategy, and materiality.
2. **Topical standards** – Thematic disclosure areas that address environmental, social, and governance issues in greater depth.
3. **Sector-specific standards** – Additional industry-focused requirements that were originally planned under ESRS but at this point in time have been removed.

These layers work together to create a uniform foundation for sustainability reporting in Europe.

Cross-cutting standards: ESRS 1 and ESRS 2

ESRS 1 – General Requirements outlines the overarching principles and structure of the reporting process. It defines key concepts such as double materiality, value chain boundaries, time horizons, and the use of estimation techniques when precise data is not yet available. ESRS 1 also emphasizes the need for consistency and connectivity between sustainability disclosures and financial reporting, ensuring both sets of information are aligned and mutually informative.

ESRS 2 – General Disclosures contains the mandatory data-points that all in-scope companies must report, regardless of which topics they deem material. These disclosures cover, among other things:

- Governance structures, including roles and responsibilities for sustainability oversight
- Strategy and business model resilience
- The process for identifying, assessing, and managing impacts, risks, and opportunities
- The methods and criteria used in the double materiality assessment

Together, ESRS 1 and 2 provide the structural and procedural backbone of every sustainability statement.

Topical standards: addressing E, S, and G

The ten topical standards add the depth and specificity needed to address sustainability performance in a consistent manner:

Category	Standard	Focus
Environmental I	E1-E5	Climate change, pollution, water and marine resources, biodiversity and ecosystems, and resource use and circular economy.
Social	S1-S4	Climate change, pollution, water and marine resources, biodiversity and ecosystems, and resource use and circular economy.
Governance	G1	Business conduct, ethics, corruption prevention, and corporate culture.

Each topical standard includes a set of Disclosure Requirements (DRs) and corresponding data-points that must be reported when the topic is material. This ensures that reporting remains focused and relevant rather than overly broad or generic.



Materiality as the entry point

Under CSRD, materiality determines not just what a company reports, but why.

A company's double materiality assessment (DMA) identifies which sustainability topics are material from two perspectives:

- Impact materiality – how the company's activities affect people and the environment
- Information (financial) materiality – how sustainability matters create or could create financial risks or opportunities for the business and its stakeholders' decision-making

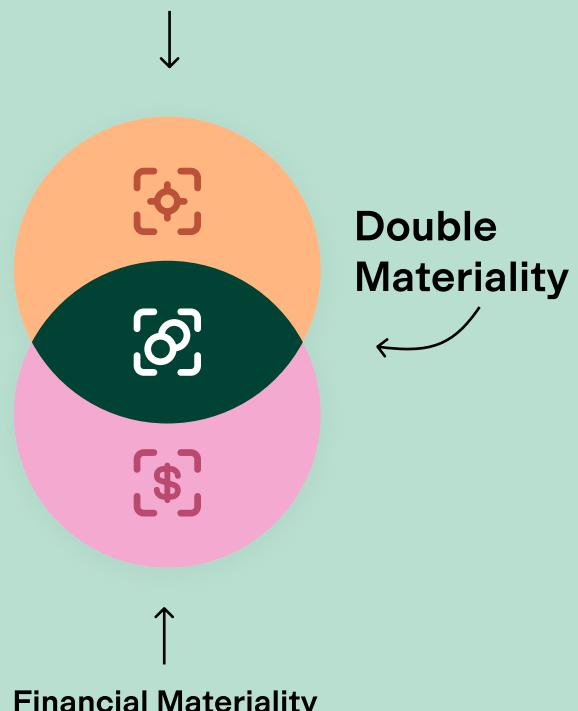
If a topic is found to be material under either perspective, the corresponding ESRS disclosures become mandatory.

Supporting alignment with other frameworks

The ESRS were designed to align closely with other major sustainability reporting frameworks, including ISSB, GRI, TCFD, and EU Taxonomy:

This interoperability reduces duplication and ensures that companies reporting under multiple frameworks can reuse data and maintain consistency across disclosures.

Impact Materiality



What this means for companies

For reporting entities, the ESRS represent both a compliance requirement and a strategic opportunity. While the standards set a high bar for data quality and traceability, they also provide a clear roadmap for integrating sustainability into business processes, governance, and performance management.

By understanding and applying the ESRS framework correctly, companies can strengthen the credibility of their disclosures, demonstrate accountability to stakeholders, and establish a more data-driven approach to managing sustainability risks and opportunities.

Diving into each of the disclosures

The ESRS framework is built around a structured set of Disclosure Requirements (DRs) and corresponding data-points that collectively inform a company's whole sustainability statement.

Understanding how these disclosures are organized is essential for planning the reporting process, identifying data needs, and coordinating the work across internal teams.

Each DR asks for a specific element of information about a company's sustainability governance, strategy, impacts, risks, or opportunities. Some disclosures require narrative information, while others require quantitative metrics, tables, or detailed methodologies. Together, they ensure reporting is both comprehensive and decision-useful.

How the disclosure system works

Each ESRS standard contains several Disclosure Requirements, and each DR contains one or more data-points. In practice:



Disclosure Requirements (DRs) are the high-level reporting obligations.



Data-points are the specific pieces of information that fulfill those obligations.



Companies are subject to an assessment of information materiality.

Cross-cutting disclosures (mandatory for all companies)

The DRs in ESRS 2 (General Disclosures) are required for every company in scope, regardless of materiality outcomes. They establish the foundational information needed to interpret and contextualize the rest of the sustainability statement.

These include, but are not limited to:

- GOV-1 to GOV-5: Governance structure, roles, accountability, and oversight of sustainability matters.
- SBM-1 to SBM-3: Strategy, business model, and how sustainability matters influence resilience, value creation, and dependencies.



- IRO-1 and IRO-2: The process for identifying, assessing, and prioritizing impacts, risks, and opportunities; and a complete list of the DRs reported or omitted, including page references.

These disclosures ensure stakeholders understand how sustainability is governed, how it is incorporated into strategy, and why certain topics are considered material.

Environmental disclosures (E1–E5)

Environmental DRs cover a company's impacts and dependencies on the natural environment, aligning with EU policy priorities and the European Green Deal. The standards address:

- E1 Climate Change: Transition plan, GHG emissions (Scopes 1, 2, and 3), mitigation and adaptation measures, and energy use, as well as carbon pricing, GHG removals, etc.
- E2 Pollution: Pollutants to air, water, and soil, including hazardous substances and emissions to water bodies.
- E3 Water and Marine Resources: Water withdrawal, consumption, discharge, and use of marine resources.
- E4 Biodiversity and Ecosystems: Impacts on species, habitats and ecosystems, land use, as well as dependencies on ecosystem services.
- E5 Resource Use and Circular Economy: Waste generation, resource efficiency, material use, and circularity initiatives.



 Environmental DRs often combine quantitative metrics with narrative descriptions of policies, actions, and targets, reflecting the need for both data precision and contextual explanation.

Social disclosures (S1–S4)

Social standards address how companies affect people throughout their operations and value chain. They include, among others:

- S1 Own Workforce: Workforce composition, working conditions, training, health and safety, and equal opportunities.

- S2 Workers in the Value Chain: Labor practices, human rights due diligence, and conditions affecting workers employed by suppliers or contractors.
- S3 Affected Communities: Impacts on local communities, including rights, livelihoods, and environmental effects.
- S4 Consumers and End Users: Product impacts, safety, data protection, and accessibility.
- Social disclosures reflect the EU's emphasis on human rights, due diligence, and responsible value chain management, consistent with ongoing legislative developments like the Corporate Sustainability Due Diligence Directive (CSDDD), which are still somewhat dependent on the Omnibus outcomes.

Governance disclosures (G1)

Governance under the ESRS focuses on business conduct, which includes:

- Anti-corruption and anti-bribery programs
- Whistleblowing systems
- Responsible political engagement
- Anti-competitive behavior
- Business ethics and culture

These disclosures require companies to demonstrate how they ensure ethical conduct across all activities and relationships, including in the value chain.



The importance of the “data-point-by-data-point” approach

One of the most practical shifts introduced by the ESRS is the requirement for granular data traceability.

Each data-point must be clearly identifiable in the sustainability statement, and companies should be prepared to show:

1 The source of the information

2 How it was calculated or collected

3 Which systems were used

4 How it can be verified

This expectation, reinforced by mandatory limited assurance, encourages companies to build robust internal processes and move away from narrative-led sustainability reporting.

How to navigate disclosures efficiently

To work effectively with DRs and data-points, most companies begin by:

1 Completing their double materiality assessment, which determines which topical DRs apply.



2 Mapping all applicable DRs to internal data owners and systems.



3 Identifying gaps where data is missing or methodologies need to be established.



4 Building internal workflows to ensure that disclosures are consistent, auditable, and repeatable for the future.



This methodical approach helps avoid late-stage surprises and supports audit readiness.

How it relates to other reporting practices

The CSRD and ESRS do not exist in isolation. They were intentionally designed to align with, build on, and in some cases streamline the sustainability reporting practices that companies may already be using. For organizations already familiar with frameworks like GRI, TCFD, ISSB, or the EU Taxonomy, many concepts and data-points will feel familiar.

Understanding how the ESRS relates to these other frameworks helps companies reduce duplication, leverage existing processes, and integrate sustainability reporting more efficiently across the business.

Turn over the page to see how they align to the largest frameworks currently in place and how you can blend efforts between them for faster compliance across both, or several.



[Read today](#)

How Ependion completed their internal DMA process without the need for external auditors

Alignment with the Global Reporting Initiative (GRI)

The ESRS are closely aligned with the GRI Standards, particularly in how they define impacts, stakeholder engagement, and materiality assessment processes. Both frameworks:

Focus heavily on impacts on people and the environment

Use similar definitions for impact materiality

Include detailed social and human rights disclosures

Encourage value chain-level reporting



Companies that already report using GRI will find significant overlap, especially in the social and governance areas.

However, ESRS introduces more structured requirements, mandatory digital tagging, and assurance expectations that go beyond traditional GRI reporting.

Relationship with the IFRS Sustainability Standards (ISSB)

While ESRS and ISSB serve different policy ends, they share some objectives:

Improving global consistency in sustainability disclosures

Prioritizing decision-useful information for investors

Ensuring clear links between sustainability and financial risk



The primary distinction is scope. ISSB focuses on financial materiality only, while ESRS requires both financial and impact materiality.

That being said, the EU and IFRS Foundation are also working toward greater interoperability to minimize reporting friction for multinational groups.

As a result:

The following adjustments have been made to help streamline this process.

Many ESRS climate and risk-related requirements map cleanly to ISSB standards

ESRS disclosures are generally broader in scope due to the double materiality approach

Companies reporting under both frameworks can reuse a significant portion of their climate and governance data

The logo for the International Sustainability Standards Board (ISSB) is a blue circle containing the white text "ISSB".

Connection to the Task Force on Climate-related Financial Disclosures (TCFD)

The ESRS incorporates the structure and core concepts of the TCFD framework, particularly within ESRS E1 (Climate Change) and several governance and strategy disclosures. This includes:

Governance of climate-related risks

Strategy and scenario analysis

Risk management processes

Metrics and targets, including GHG emissions



For companies already reporting using TCFD, these components translate directly into ESRS requirements, though ESRS expands the scope by requiring broader environmental, social, and value chain data.

If you are unsure whether there are still persistent gaps in your data, though, we recommend getting in touch to determine how you can best interoperate your respective data collection and reporting.

Consistency with the EU Taxonomy Regulation

The ESRS and the EU Taxonomy are designed to work together. Companies must disclose Taxonomy-aligned KPIs (turnover, CapEx, OpEx) within their ESRS sustainability statement, and many ESRS disclosures provide the supporting information needed for Taxonomy calculations.

Key integration points include:

Disclosures in ESRS 2 and ESRS E1–E5 feed into the environmental objectives of the Taxonomy

Taxonomy tables and eligibility/alignment assessments must be included within the sustainability statement

Several ESRS data-points explicitly reference Taxonomy criteria or require cross-referencing



This connection ensures that sustainability reporting and sustainable finance reporting are consistent and mutually reinforcing.

How it relates to other reporting practices

To reduce duplication and increase efficiency, many take an integrated approach:

1 ESRS

Start with ESRS as the primary compliance framework.

2



Map ESRS data-points to GRI, ISSB, TCFD, and the Taxonomy to identify overlapping requirements. If you need further reading on this, we can recommend the [ESRS knowledge hub](#) as a comprehensive reference point.

3

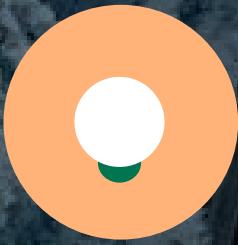


Use consolidated data systems so information can be reused across frameworks.

4



Align governance and risk processes so sustainability insights feed consistently into financial and strategic decision-making.



In many cases, companies discover that their existing reporting practices already cover a substantial portion of the ESRS requirements.

The task then becomes one of structuring, verifying, and expanding their disclosures rather than reinventing their reporting from scratch.

Where to start with ESRS reporting

For many companies, the biggest challenge of CSRD compliance is knowing where to begin. The ESRS framework is extensive, the reporting requirements are detailed, and the shift toward assured, data-driven disclosures can feel like a substantial step up from previous sustainability practices.

The good news is that ESRS reporting follows a clear logic. Companies that take a structured, sequential approach will find it easier to build a compliant reporting process, identify data gaps, and prepare for assurance. The starting point is not the disclosures themselves, but the foundational questions that determine how the ESRS applies to your organization.

The following subsections outline the essential first steps every company should complete before collecting data or drafting any part of the sustainability statement.

In scope, or not in scope? That is the question

The first step is determining whether your company falls under the CSRD requirements and, if so, when your first reporting year begins. A company is in scope if it meets the criteria of the CSRD based on its size, listing status, or level of activity within the EU.

Key in-scope categories under CSRD, as adjusted by the Omnibus, include:

- Large EU companies meeting at least two of the following criteria: 1000+ employees and €450m in turnover.
- Non-EU companies generating more than €150 million of net turnover within the EU and having at least one EU subsidiary or branch, with reporting expectations expected to be phased and clarified further.

However, many businesses are still continuing to pursue ESRS for its strategic advantages, even if they do not fall directly in scope. This is because their stakeholders, investors, and even banks expect the same rigor of sustainability due diligence from businesses regardless of their size.

Beyond providing a common language for how data is disclosed, it demonstrates a thorough understanding of one's own risks and opportunities, often leading to better partnerships, higher potential investments, and long-term ROI opportunities.



Minding the gaps: finding where your data is missing

Once the material topics are defined, the next step is to understand what data you already have, what you need to collect, and where gaps exist. This step is primarily operational and involves collaboration across sustainability, finance, HR, operations, procurement, and risk.

Typical focus areas include:

1

Identifying which ESRS data-points are already captured through existing reporting frameworks (GRI, TCFD, CDP, etc.)

2

Reviewing data quality, completeness, and traceability

3

Assessing whether current systems can support audit requirements

4

Mapping data owners and clarifying responsibilities

5

Evaluating value chain visibility, especially for Scope 3 emissions and social data

Gap analysis often reveals that companies have more information than they expect, but need to improve structure, standardization, and documentation.

Leveraging software

Because ESRS reporting requires digitized, auditable, and centrally managed data, many companies quickly realize that spreadsheets and decentralized systems cannot support compliance.

ESRS reporting software plays a critical role in:

- Centralizing data across departments and geographies
- Ensuring traceability and audit trails
- Managing disclosure templates
- Connecting reported data to double materiality outcomes
- Building statements in a machine-readable format
- Supporting improvements in data quality and governance

The goal is not just to meet compliance requirements, but to build a repeatable, scalable reporting system that reduces administrative burden year over year.

Preparing a sustainability statement

The final step in the early-stage process is structuring and preparing your sustainability statement, which must be included in the management report in a defined order:



General information



Governance disclosures



Social disclosures



Environmental disclosures

Companies should begin preparing the sustainability statement well before the reporting deadline, using their DMA outcomes and data collection process to:

1

Organize content in line with ESRS structure

2

Create a clear link between narrative descriptions and data-points

3

Ensure all mandatory ESRS 2 disclosures are included

4

Prepare tables required for Taxonomy alignment

5

Provide page references for all reported DRs (IRO-2 requirement)

The art and science of writing one is a challenge that many businesses struggle with, particularly when they do not have the guidance of our ESRS experts on their side.

If you want to learn more about how we can support you in producing your own or to understand the full contents you need to submit, why not [chat with us directly](#)?



Robin Orset Kålås, Senior Associate
Position Green

Bringing it all together

Starting ESRS reporting is not about producing the perfect report on the first attempt. It is about building the right foundation: determining scope, completing the double materiality assessment, identifying data gaps, strengthening systems, and planning the structure of the sustainability statement.

With this foundation in place, companies can move confidently into the next phases of reporting, knowing they are aligned with regulatory expectations and ready to meet assurance standards.

It isn't all standards and disclosures: the strategic upside

Although the CSRD and ESRS introduce detailed reporting obligations, their value extends far beyond regulatory compliance. Companies that approach ESRS with a strategic mindset often discover that the process provides insights that directly strengthen business performance, operational resilience, and long-term competitiveness.

This chapter outlines how compliance-oriented activities, such as data collection, governance updates, and value chain visibility, naturally support broader strategic goals.

Connecting CSRD to strategy

Sustainability reporting under the ESRS requires companies to articulate how sustainability matters influence their business model, strategy, and long-term resilience. Rather than treating this as an administrative narrative exercise, organizations can use it to deepen strategic alignment across functions.

Key strategic benefits include:

Clearer understanding of risks and opportunities: The double materiality assessment uncovers both external impacts and financially relevant sustainability issues that may not be addressed in traditional enterprise risk management.

Enhanced governance oversight: Reporting expectations prompt boards and management teams to integrate sustainability into strategic planning, capital allocation, and scenario analysis.

Closer alignment between sustainability and financial goals: ESRS requires companies to connect impacts and risks to business performance, enabling more informed resource prioritization.

Improved value chain visibility: The requirement to assess upstream and downstream impacts highlights operational dependencies and potential supply chain vulnerabilities.

The pitfalls of not pursuing ESRS

Choosing not to invest in ESRS readiness, or delaying key steps, may not only lead to compliance challenges but also weaken an organization's competitive position.

Common risks include

- 1 Data gaps that hinder assurance: Without early infrastructure, companies often face bottlenecks when preparing for limited assurance, delaying reporting and increasing audit costs.
- 2 Strategic blind spots: Skipping or rushing the double materiality assessment can result in missed financial risks, overlooked dependencies, or incomplete supply chain insights.
- 3 Reduced investor confidence: Institutional investors increasingly expect robust, standardized sustainability information. Poor-quality reporting or late disclosures can impact access to capital.
- 4 Loss of credibility with customers and partners: As large companies begin demanding value chain data, suppliers that cannot provide reliable, ESRS-aligned information may lose business or fail procurement requirements.
- 5 Operational inefficiency: Fragmented systems and ad hoc processes create recurring annual burdens rather than one consolidated data architecture.

In short, delaying ESRS readiness does not reduce workload. It shifts it into a compressed timeframe with higher risks.

Organizations that have already begun working with the CSRD and ESRS consistently highlight tangible advantages beyond compliance.

“With the Omnibus changes, companies must once again consider what their competitors are doing in ESG – and how they can position themselves strategically in relation to them. That’s turned ESG initiatives into a competitive opportunity in a way we didn’t see before the Omnibus packages.”



Andreas Rasche, Professor
of Business in Society



COPENHAGEN BUSINESS SCHOOL
HANDELSHØJSKOLEN

Where Position Green customers see upsides

The discipline of double materiality delivers sharper strategic insight by revealing risks and opportunities that often sit outside traditional strategy or operations.

Centralized, audit-ready data strengthens decision-making across the business, from sustainability reporting to forecasting and cost control, while shared processes improve coordination between finance, sustainability, operations, HR, procurement, and risk teams.

“Our customers are increasingly demanding CO₂ footprint data and raw materials sustainably sourced. So we’re integrating sustainability through the entire supply chain and pushing our suppliers to do the same.”



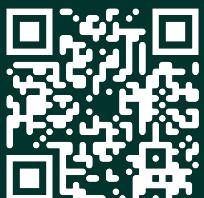
Julien Coubran
EHS Global Director



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