Guide

tanso

CSRD & VS(ME) Reporting 2026

Recommendations for manufacturing companies



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1 | What is the Omnibus initiative and what has been decided?

1.1 Definition

The Omnibus is a legislative instrument for amending several legal acts in one. The EU Commission's Omnibus initiative aims to strengthen the competitiveness of European companies through the reduction of bureaucracy, simplification, and regulatory relief – particularly for smaller companies. The first part of this initiative relates to the EU directives on sustainability (also called Sustainability Omnibus), particularly the CSRD, EU taxonomy, CSDDD, CBAM, and the European investment program. After the agreement in the trilogue process (December 2025) and the vote in the EU Parliament (December 16, 2025), the Council of the European Union finally adopted Omnibus I on February 24, 2026. The directive was published in the EU Official Journal on February 26, 2026 (Directive (EU) 2026/470) and came into force on March 18, 2026. Member states now have 12 months to implement the changes into national law.

1.2 The main results

CSRD – Sustainability reporting
Applicable to EU companies with more than 1,000 employees and more than €450 million in revenue (Wave 1 already subject to reporting obligation, Wave 2 from the fiscal year 2027).

CSDDD – Due diligence obligations in supply chains
Applicable to companies with more than 5,000 employees and over €1.5 billion in net revenue.

The sustainability Omnibus has the following implications:

- For large capital market-oriented companies >500 employees (so-called Wave 1), the NFRD has been applicable since FY 2017. This has now been replaced by the CSRD in most European countries. With the Omnibus, Wave 1 companies with fewer than 1,000 employees or revenue below €450 million are exempt from the reporting obligation. When exactly this takes effect depends on national legislation. The EU proposes a retroactive exemption from FY 2025.
- In Germany, the NFRD still applies for FY 2025, as the CSRD implementation law is still pending. The CSRD obligation is expected to begin from FY 2026.
- Companies below the new threshold values (under 1,000 employees or under €450 million in revenue) are exempt from the CSRD obligation but may report voluntarily according to the Voluntary Standard. The reporting obligation for Wave 2 companies is postponed to the fiscal year 2027, and the reporting obligation for Wave 3 companies is completely eliminated.
- The implementation of CSDDD must be transposed into national law by July 26, 2028.
- Adjustment of the CBAM threshold to 50t / year / importer

Classification of companies for CSRD and EU taxonomy

- **Wave 1 – FY 2024:** Capital market-oriented EU companies with >1,000 employees and >€450 million – both conditions must be met. Smaller capital market-oriented companies are exempt from reporting obligations.
- **Wave 2 – FY 2027:** Non-capital market-oriented EU companies with >1,000 employees and >€450 million in revenue
- **Wave 3 - no longer subject to CSRD:** small capital market-oriented EU companies
- **Wave 4 – FY 2028:** Non-EU companies with >€450 million in EU revenue and EU subsidiary (>€200 million) or EU branch (>€200 million)
- **Below the threshold values:** No obligation, but VS recommended as a voluntary standard ⟶ especially if you operate as a supplier to CSRD-obligated companies.

1.3 Stop-the-Clock

In order to quickly create planning certainty during the ongoing trilogue negotiations for the new design of the CSRD between the EU Commission, Parliament, and Council, the three actors already adopted the "Stop-the-clock" directive on April 3, 2025, in an expedited procedure (EU Directive 2025/794, effective from April 17, 2025). This postponed the first reporting years for Wave 2 and 3 companies by two years (to 2027 and 2028, see p. 7).



1.4 The main implications for CSRD, EU taxonomy, CSDDD, and CBAM

CSRD

Under the CSRD, only EU companies with more than 1,000 employees and more than €450 million in revenue will be covered – regardless of their legal form. This means specifically:

For large capital market-oriented EU companies (Wave 1), the CSRD obligation remains in place since FY 2024 - unless they fall under the new threshold values.
For all other EU companies (Wave 2) with more than 1,000 employees and >€450 million in revenue, the reporting obligation begins from the fiscal year 2027.
Companies below the new threshold values are exempt from the CSRD obligation. It is recommended that these companies report voluntarily according to the VSME standard (future Voluntary Standard). Smaller suppliers to CSRD-obligated companies may only be required to provide the information defined in these voluntary standards for CSRD purposes ("value chain cap").
Non-EU companies report from FY 2028 if they generate more than €450 million in EU revenue and have an EU subsidiary or branch with more than €200 million in revenue.
Auditors will continue to conduct a limited assurance review. Reasonable assurance has been removed with the Omnibus I.
Sector-specific ESRS standards will be eliminated. The number of ESRS data points will be revised. The double materiality analysis remains mandatory.

EU Taxonomy

The reporting obligation is limited to companies with more than 1,000 employees and over €450 million in revenue (previously €150 million). For the fiscal year 2025, companies have the choice to report under the old or new regulations. From the fiscal year 2026, the new regulations will apply mandatorily.

For companies with more than 1,000 employees but under €450 million in revenue, reporting under the EU Taxonomy will be voluntary.

The determination of the taxonomy-compliant share of revenue and CapEx remains mandatory. A new materiality threshold of 10% has been introduced to exclude smaller revenues and CapEx from the burdensome audit. OpEx can be completely excluded if it is not material to the business model.

Companies can disclose which of the Technical Assessment Criteria (TSC) have already been implemented to show that they are on the path to taxonomy compliance. The reporting templates and DNSH criteria (Do No Significant Harm) have been simplified.

CSDDD

With the Omnibus I, the CSDDD thresholds have been raised to more than 5,000 employees and over €1.5 billion in net revenue. National implementation must occur by July 26, 2028, at the latest.

The duty of care is limited to direct suppliers (Tier 1). The regular repetition of supplier checks is extended from one to every five years. To keep the reporting burden manageable for suppliers with fewer than 500 employees, only the information obligations from the VS(ME) may be requested.

CBAM

CBAM reporting is limited to importers with over 50 tons of imported goods per year and category (steel, aluminum, cement, fertilizers). Electricity and hydrogen imports remain included without a threshold.

1.5 Current implementation into national law

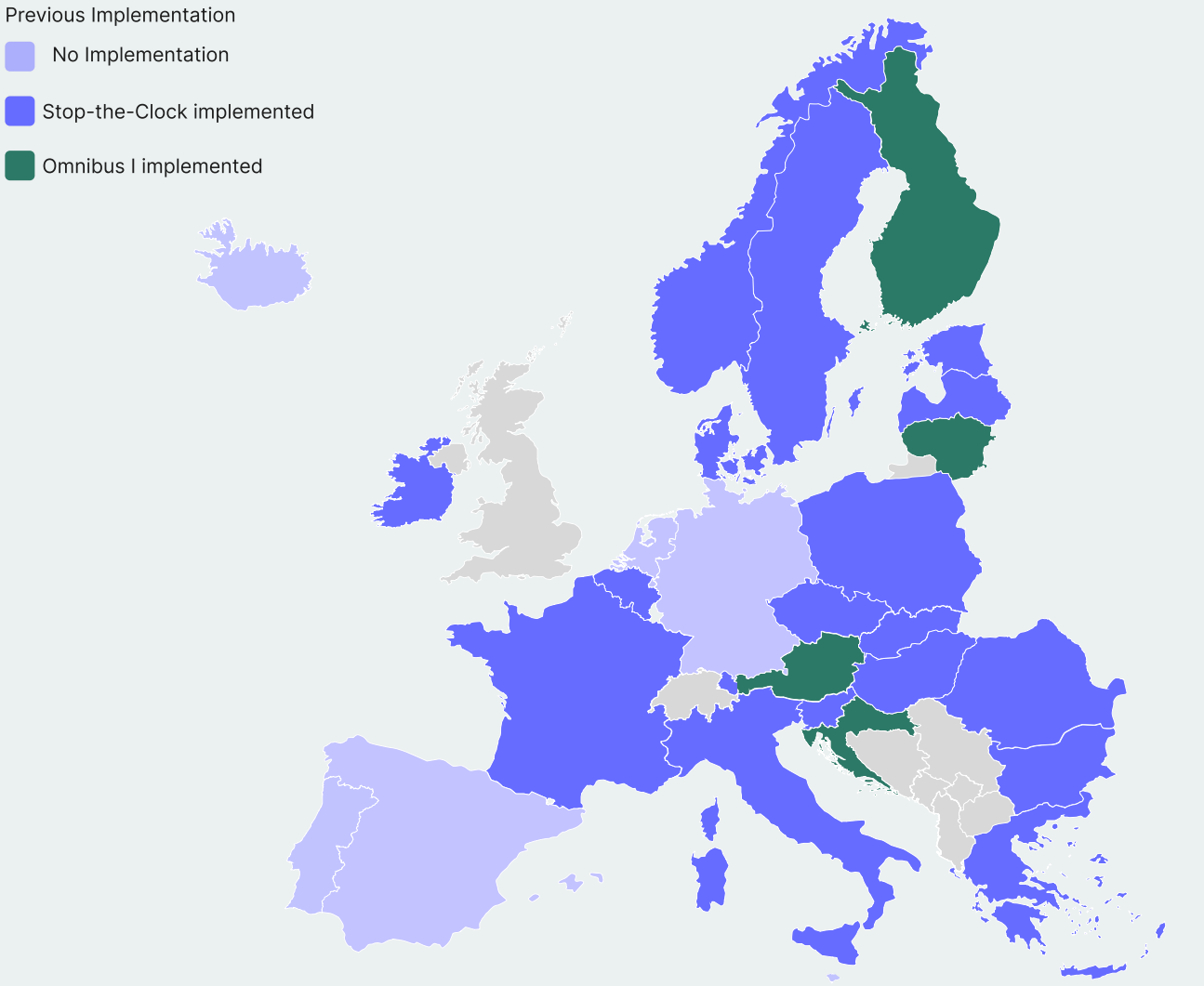
The EU directives mentioned above on the CSRD and CSDDD must first be transposed into national law before they apply to companies. The EU Taxonomy, by contrast, is a regulation and therefore applies directly. The same applies to the Omnibus changes. The only exception is CBAM. This is an EU regulation and has automatically applied to the entire EU since its publication in the EU Official Journal.

Transposition deadline (Omnibus I)
Member States have until March 19, 2027, to implement the adjusted CSRD requirements.

Status in Austria
The Sustainability Reporting Act (NaBeG) was passed by the National Council on January 21, 2026, and published in the Federal Law Gazette on February 18, 2026. Austria has thus fully implemented the CSRD into national law.

Status in Germany
The CSRD implementation law has not yet been passed. A parliamentary hearing took place in April 2026, and implementation is expected during the course of 2026.

The CSRD has been implemented at least via 'Stop the clock' in 21 out of 27 member states, 3 countries have already fully implemented the Omnibus I reform



Info: Austria still needs to implement the CSRD for Wave 2.

Sources: Freshfields Implementation Tracker (July 2026); Ropes & Gray Transposition Tracker (June 2026)

1.6 Revised ESRS and Voluntary Standard (VS)

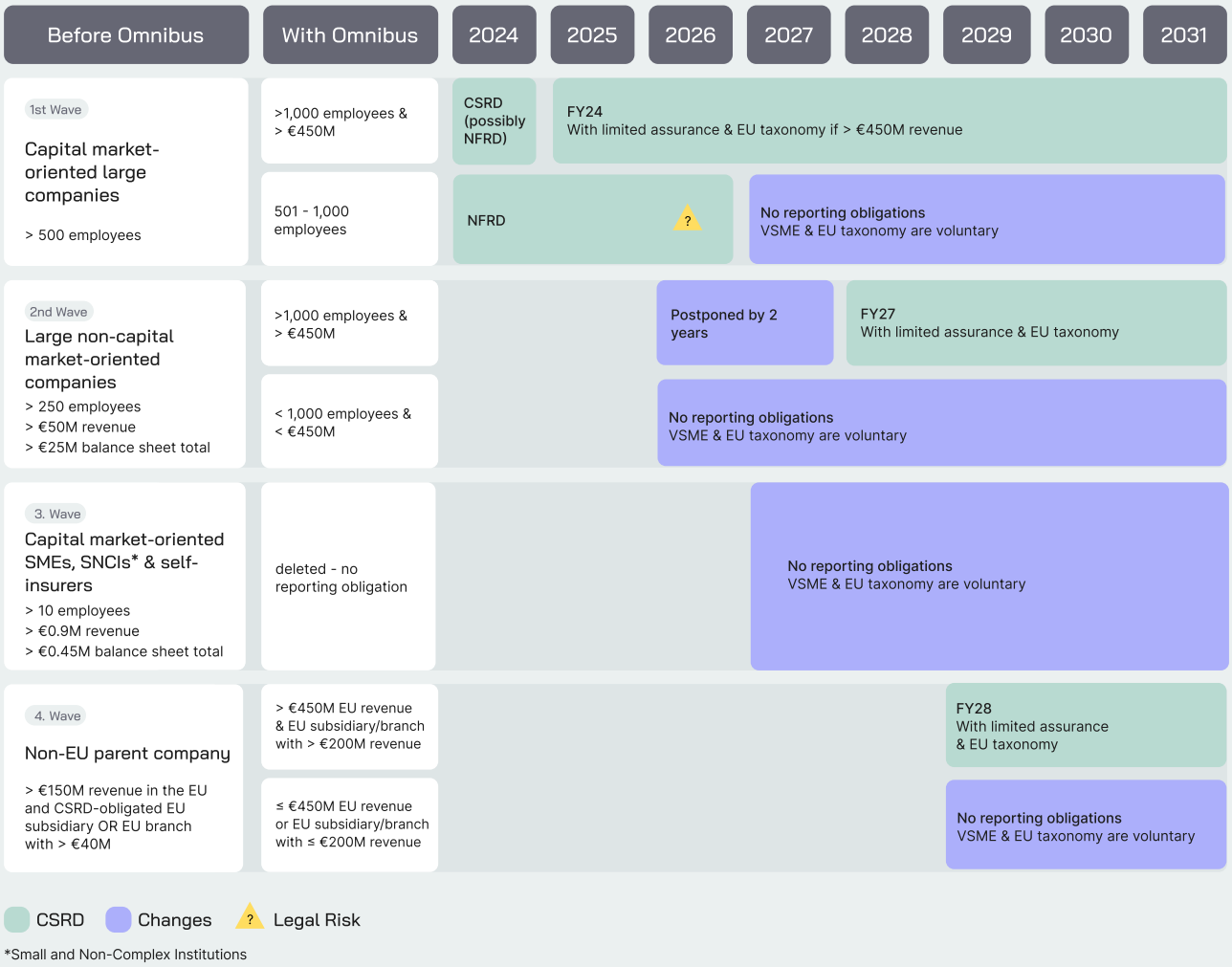
The EU Commission published the final version of the revised ESRS and a new VS standard at the beginning of July. A two-month scrutiny period follows, during which Parliament and Council can impose a veto; publication in the EU Official Journal is expected to occur in September.

The revised ESRS can be voluntarily applied from the financial year 2026, and they will become mandatory from FY 2027. The new VS standard will replace the VSME from FY 2027 and will be part of the law for the first time through Omnibus – previously, the VSME was merely a non-binding recommendation from EFRAG.

EFRAG plans to publish the new ESRS data point list in October/November 2026; feedback can be provided in August. Additionally, EFRAG intends to hand over the new XBRL taxonomy to ESMA by the end of the year, which will release it no earlier than 2027.

2 | Impacts and Recommendations

2.1 Affected companies

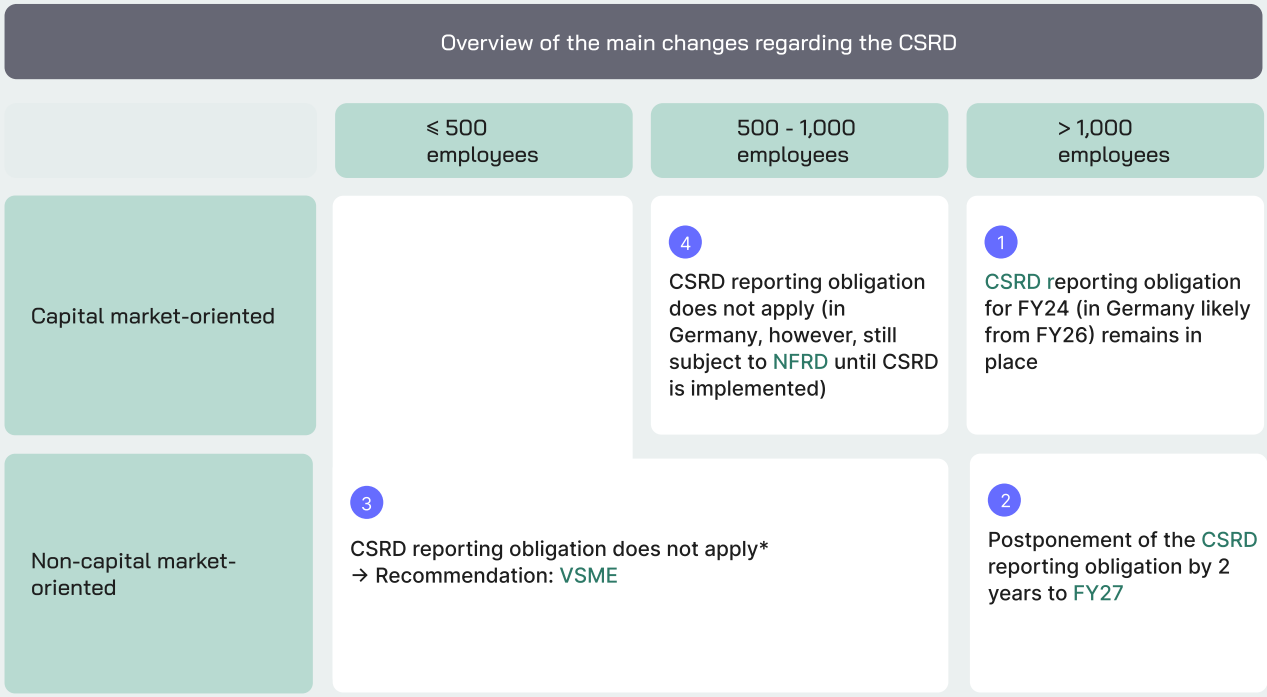


What applies to international corporations?

If a corporation headquartered in Germany is currently not subject to reporting obligations, a subsidiary in an EU country (e.g., France or Italy) may still be required to report. In practice, many companies in such cases choose to implement reporting across the group to avoid duplication of effort.

For the 4th wave of companies, i.e., international parent companies based outside the EU, the reporting obligation applies from FY 2028 for companies with over €450M revenue in the EU and an EU subsidiary or an EU branch with over €200M revenue. Below these thresholds, the reporting obligation does not apply.

2.2 Recommendations based on four central company types



1. Large capital market-oriented companies

Situation with Omnibus:

Companies with > 1,000 employees (1st Wave) are still required in Germany to report without necessary audit under NFRD.

- According to EU law, CSRD obligation with limited assurance applies from FY 2024.
- Until implementation into national law, NFRD applies in Germany.
- Companies with revenue > €450M are also subject to EU taxonomy (even under NFRD).

Our recommendation:

CSRD reporting should continue as planned. Companies that reported under NFRD for FY 2024 should switch to ESRS for FY 2025. The CSRD implementation law is still expected in Germany in 2026. Experiences from the first reporting years should be used to improve data quality and automation in key areas. Since Reasonable Assurance was removed with Omnibus I, Limited Assurance remains the applicable audit standard.

2. Large non-capital market-oriented companies

Situation with Omnibus:

Private companies with > 1,000 employees (2nd wave) can benefit from the gained time, but should not pause their sustainability initiatives.

- The CSRD reporting obligation according to the new ESRS with limited assurance applies from the fiscal year 2027.
- Implementation of the CSRD is expected by 2026 at the latest, thus providing a secure legal framework before the fiscal year 2027.
- With a revenue of > €450M, companies are also required to report according to EU taxonomy.

Our recommendation:

Focus on essential topics and strategically use the time until fiscal year 2027. Already made investments should be evaluated with regard to potential termination and restart costs. The DWA can be used as a tool for identifying and prioritizing strategic topics and risks. It is recommended to have this already accompanied by an auditing firm to reduce costs for audits and controls in the first reporting year. Investing in automated data management also helps to reduce long-term effort. Sustainability goals and timelines should be aligned with your own priorities, such as customer requirements or efficiency goals.

3. Capital market-oriented companies with ⩽ 500 employees and non-capital market-oriented companies with <1,000 employees

Situation with Omnibus:

Capital market-oriented companies with ≤ 500 employees (3rd wave) and non-capital market-oriented companies with <1,000 employees (2nd wave) are exempt from the CSRD reporting obligation. There is no longer a reporting obligation under CSRD (LSME* irrelevant for companies in the 3rd wave).

Our recommendation:

You should not stop already started processes but rather realign. In doing so, you can set the focus on strategic priorities in coordination with management, including clear timelines, resource planning, and milestones. Additionally, a pragmatic DWA and a gap analysis for initial assessment should be conducted. We recommend publishing a VSME report. The focus should be on identifying and managing climate risks, as these remain important for banks, insurance companies, and customer communication. It is also sensible to invest in efficient data management to meet various stakeholder requirements resource-efficiently and to establish a reliable "Single Source of Truth" for all sustainability data.

*The standard for "Listed small, medium enterprises" was intended as a simplified standard for listed SMEs, small banks, and company-owned insurers (together "LSME") and was still in draft form. However, with the Omnibus, it has become irrelevant and is no longer pursued by the EU.

4. Capital market-oriented companies with 500 - 1,000 employees

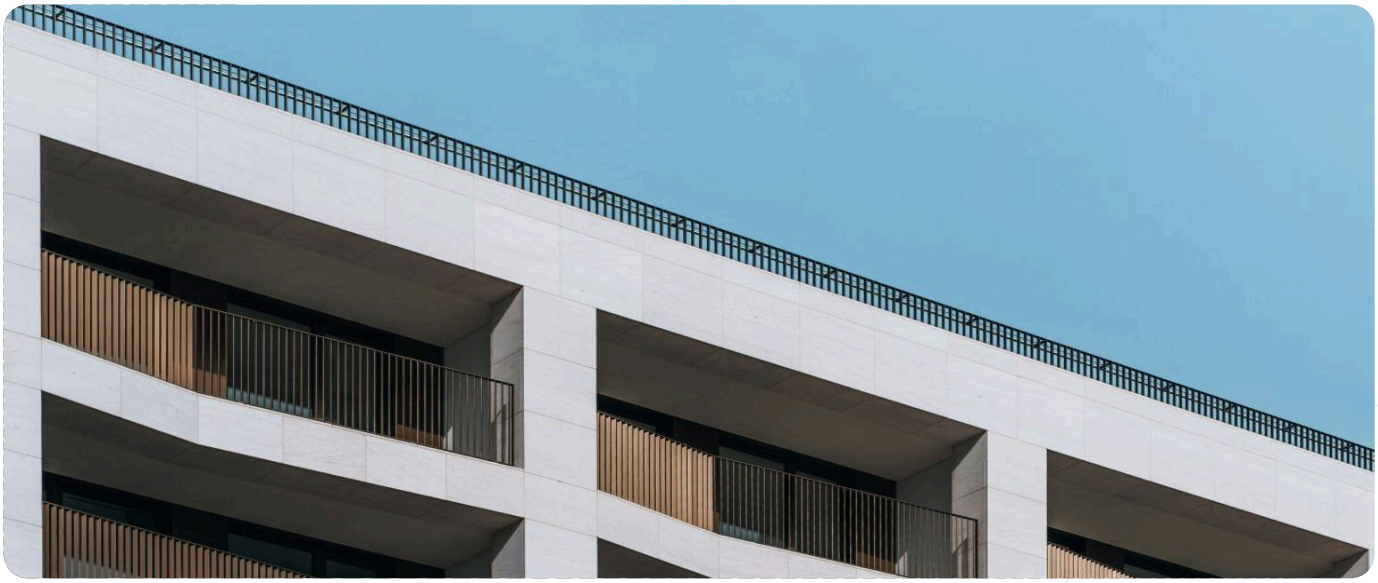
Situation with Omnibus:

Due to the Omnibus, the CSRD reporting obligation is waived for capital market-oriented EU companies with 500 - 1,000 employees (part of the 1st wave).

- In Germany (and all other EU countries that have not yet implemented the CSRD), they are currently still subject to the NFRD obligation as a predecessor regulation (without audit).
- In all countries that have already implemented the CSRD, they remain subject to the CSRD until the Omnibus provisions are transposed into national law. The official deadline for this is March 19, 2027. The EU recommends a retroactive exemption for this group starting from the fiscal year 2025.

Our recommendation:

Consolidate the current reporting to realign strategic priorities together with management, including clear timelines, resource planning, and milestones. Additionally, a pragmatic DWA and a gap analysis for initial assessment should be conducted. We recommend that these companies continue reporting according to ESRS to be secure in terms of regulatory changes. The focus should be on the most important disclosure obligations with the highest strategic priority. At the same time, audit costs and the effort for control visits should be minimized. Establishing an efficient data management system is also central here to meet various stakeholder requirements resource-efficiently and to create a reliable "Single Source of Truth" for all sustainability data. Since the German CSRD implementation law is still pending, we recommend continuing reporting according to ESRS – the new threshold of 1,000 employees has been finalized with the Omnibus I.



Summary of recommendations

	CSRD: full ESRS	CSRD: ESRS focus	VS(ME)	No report
For whom (Recommendation)	Group 1 All CSRD-obligated companies	Group 2 Companies just before CSRD reporting obligation* & ambitious smaller companies	Group 3 Medium-sized enterprises & SMEs	Group 3-4 Medium-sized enterprises & SMEs
Scope	Comprehensive	Focus on strategic topics in ESRS structure	Depending on need, only basic module, or including additional module for strategic topics (recommendation)	n.a.
Effort	High	Medium	Low	No effort
Rational	Full CSRD compliance and strategic use of ESG data	Working with ESRS data points allows for future CSRD compliance if needed	Protective shield for supplier companies ("value-chain-cap")	No effort, but also no long-term strategic advantage

*Companies for which the reporting obligation begins in 1-2 years (trial report), or those close to the new thresholds

Four questions you should ask yourself:

1. **What is your ambition level? From what perspective are you looking at the sustainability report?**

   Option A: Strategic added value
   Option B: Compliance

2. **Do you expect to exceed the thresholds of 1,000 employees and €450 million in revenue in the coming years?**

   Option A: Yes
   Option B: No

3. **Have you already started with the CSRD?**

   Option A: Yes
   Option B: No

4. **How much are sustainability information requested by your stakeholders?**

   Option A: Very detailed & comprehensive (e.g., EcoVadis or CDP inquiries)
   Option B: Rarely or not at all

Questions you answer with a are more likely to suggest continuing with the CSRD/ESRS (fully or initially focused, if you are not yet fully obligated to report).
Questions you answer with b are more likely to suggest switching to the VS or another voluntary standard.

3 | VS(ME) for companies outside the CSRD

3.1 Definition

As a complement to the Corporate Sustainability Reporting Directive (CSRD), the European Financial Reporting Advisory Group (EFRAG) has developed a voluntary sustainability standard for small and medium-sized enterprises (SMEs) – the Voluntary Standard for Small- and Medium-sized Enterprises (VSME).

SME definition

SMEs are defined as having ≤250 employees. The definition of Mittelstand (SMEs) in Germany is significantly broader. This roughly corresponds to the German definition of KMUs (Kleine und mittelständische Unternehmen – small and medium-sized enterprises).

With the final adoption of Omnibus I, the EU has decided to adopt a Voluntary Standard (VS) to offer a legally recognized voluntary reporting standard for companies larger than SMEs that are not subject to the CSRD. This standard will be based on the VSME and will replace it from 2027. On July 3, the European Commission published its proposal for the VS Delegated Act, which is very similar to the VSME. The European Parliament and the Council of the EU can veto the proposal until the beginning of September. Final publication in the EU Journal is expected in mid-September.

Omnibus I also legally enshrines the VS as a "value chain cap": CSRD-compliant companies may only request the information defined in the VS from their suppliers. The VS(ME) thus protects smaller companies from excessive data demands by their business partners.

Objectives of the VS (formerly VSME):

At its core, the standard pursues four objectives:

1. Supporting the provision of sustainability information in the supply chain. Companies not subject to the CSRD can more easily and consistently (i.e., more comparably) provide the sustainability data that large companies expect from their suppliers.
2. Improved access to financing. By providing relevant sustainability information in a structured manner, companies not subject to the CSRD meet the requirements of banks and investors – thus improving their financing opportunities.
3. Strengthening sustainability management. The VS(ME) helps companies not subject to the CSRD to address environmental and social challenges such as pollution or occupational safety in a targeted manner. This strengthens their growth and increases their resilience in the short, medium, and long term.
4. Contributing to a more sustainable and inclusive economy.

Companies not subject to the CSRD are supported in strengthening their role as drivers of a future-proof and fairer economy.

3.2 Relevance of VS(ME) under Omnibus I

Although smaller companies are no longer directly subject to CSRD reporting requirements, they often still need to provide sustainability information – for example, as part of the supply chain of larger, reporting companies that rely on this data.

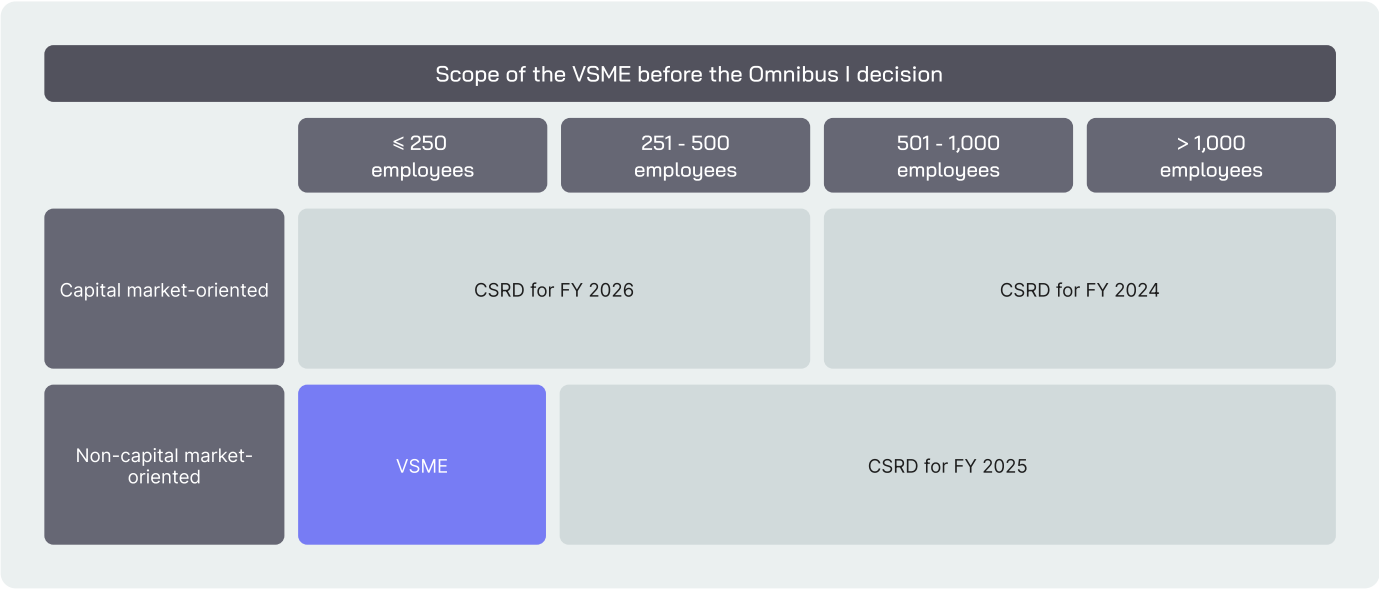
The VS(ME) standard plays a crucial role in this context: it offers non-CSRD-compliant companies a structured and resource-efficient way to provide the necessary sustainability information without having to meet the comprehensive ESRS requirements. The VS(ME) acts as a shield – a so-called "value chain cap." This means that the VS(ME) defines the maximum requirements that CSRD-compliant companies may demand from their non-CSRD-compliant suppliers. It thus sets the upper limit for the sustainability information that these larger companies may request in their value chain.

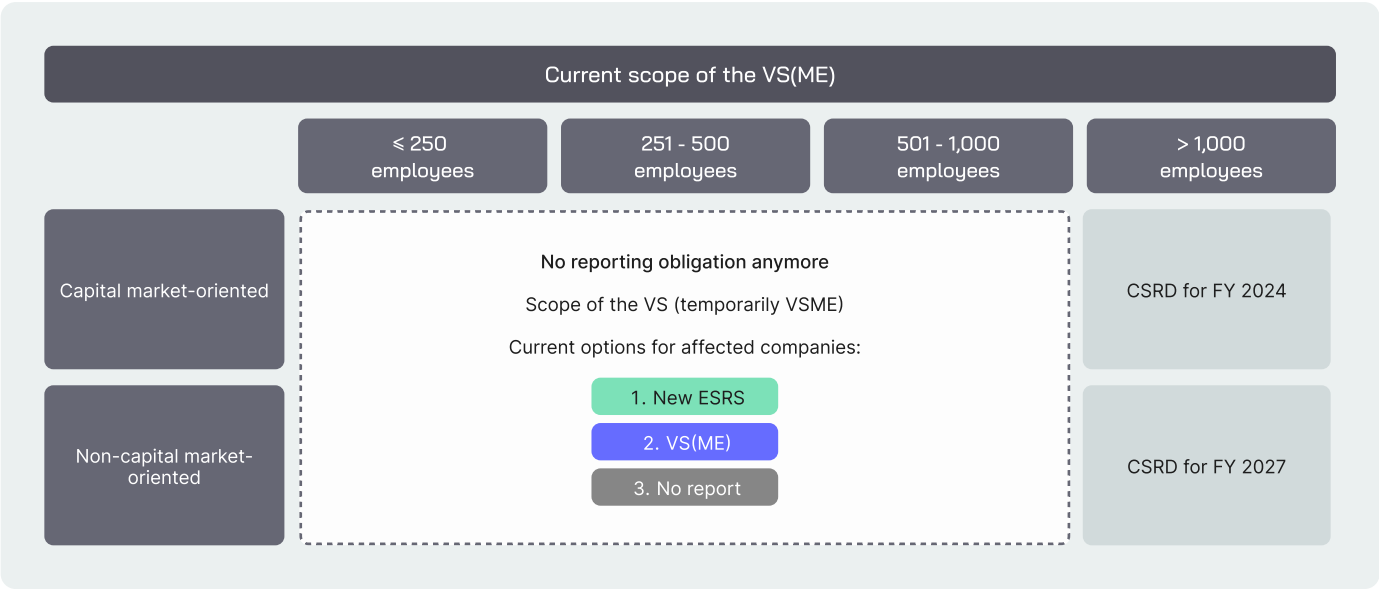
For smaller companies, this means that a sustainability report based on the VS(ME) serves as a shield against demands for additional information from larger business partners – with the exception of information that is standard practice in the industry. The EU countries themselves are to monitor the safeguarding of the “value chain cap”.



Current status of the VS

The proposal for the VS Delegated Act was published on July 3, 2026, by the EU Commission and is expected to be adopted by the EU in September 2026. The standard is intended to replace the VSME starting in 2027 and apply to all companies with fewer than 1,000 employees.



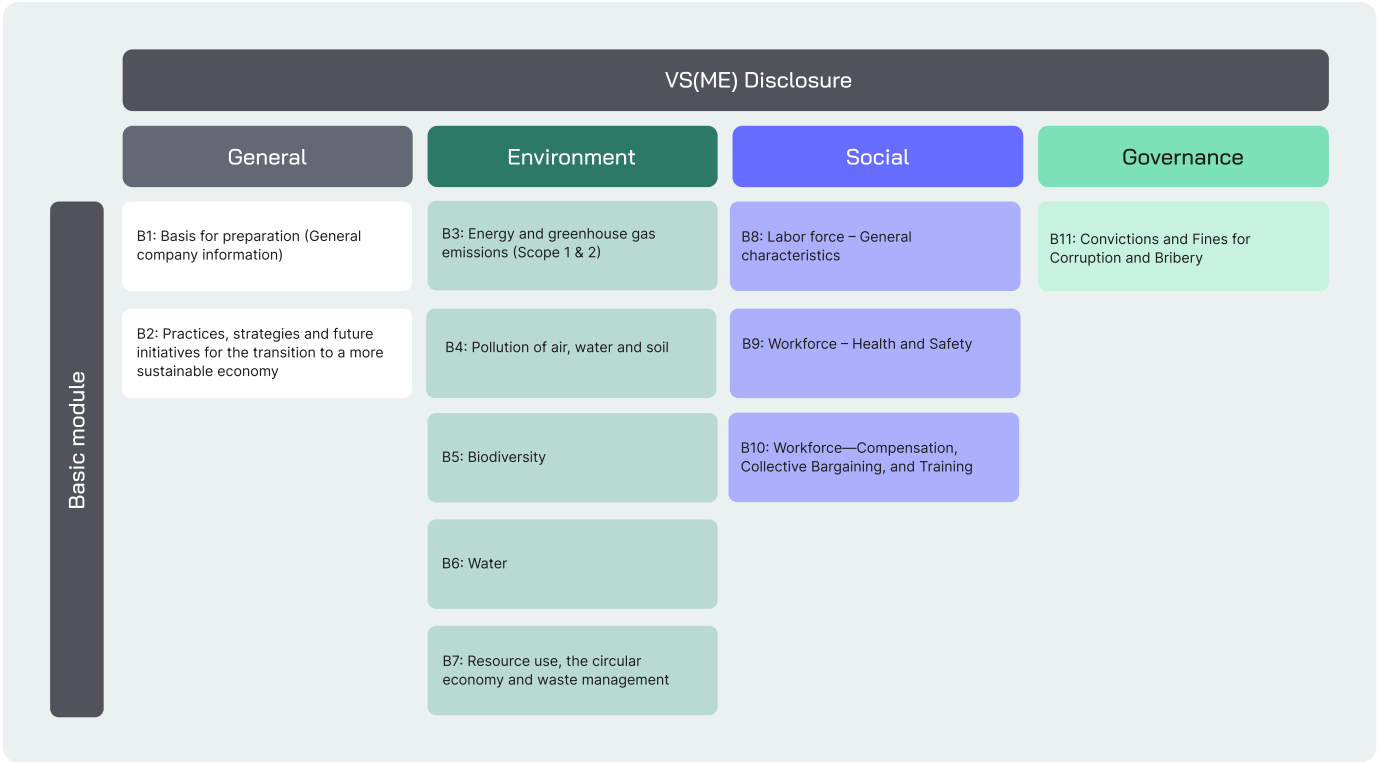


3.3 Basic and supplementary modules

Like the VSME, the VS (Voluntary Standard) consists of two modules: the basic module and the supplementary module. The module structure remains unchanged from the original VSME, but the number of data points has been slightly reduced to ensure alignment with the revised ESRS (this applies in particular to biodiversity indicators). Companies that report voluntarily in accordance with the VS are not required to obtain an external assurance.

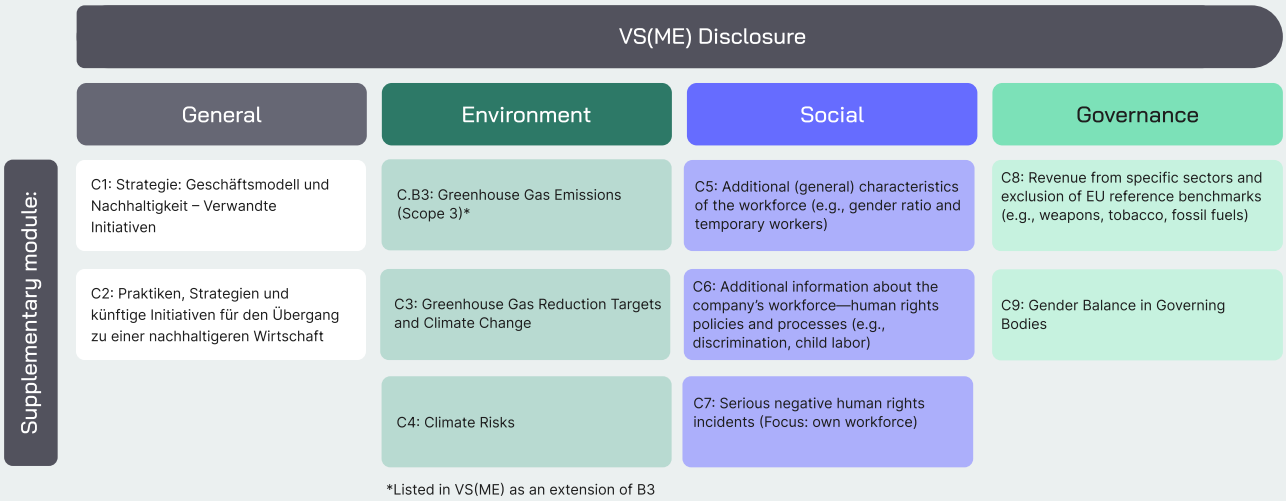
Basic module:

As the name suggests, the Basic Module provides an entry-level approach to sustainability reporting for companies with fewer than 1,000 employees. It uses simplified language and, with 11 disclosure requirements (B1–B11) – including narrative disclosures and metrics – covers significantly less content than the ESRS under the CSRD. The disclosure requirements are categorised under the ESG themes (environment, social and governance). Companies wishing to report in accordance with the VS should address all disclosure requirements of the Basic Module. As the VS does not require a duplicate materiality analysis, the 'applicability' principle applies: Certain data points need only be completed if the relevant condition applies to the company ('if…'). For micro-enterprises with ≤10 employees, certain more demanding environmental data points are voluntary — even if they are mandatory for other companies. This group thus enjoys additional protection through the value chain cap.



Supplementary module:

The comprehensive module builds upon the base module, the use of which is a prerequisite. It contains nine additional disclosure requirements (C1–C9) and uses sustainability-related financial data points as proxies. These proxies serve as simplified indicators to make the company's ESG performance measurable and to facilitate access to sustainable financing. The disclosure requirements of the comprehensive module need only be considered if they are relevant to the company. A double materiality analysis can assist in this assessment; however, it is not a requirement.



Note:

If a company decides to report in accordance with VS(ME), the base module is mandatory in its entirety. Reporting in accordance with the supplementary module requires that the base module also be included.

Companies that opt for the supplementary module must therefore also comply with the eleven disclosure requirements of the base module. A materiality analysis can help justify why certain disclosure requirements of the supplementary module may be omitted (i.e., are "not applicable"). A report based on the base module, on the other hand, can be prepared independently.

3.4 Guiding Principles of the VS(ME)

The VS(ME) has guiding principles for preparation that are comparable to those in the ESRS.

Double Materiality

Although the VS does not require a Double Materiality Analysis (DMA), it aims to give companies the opportunity to report both (1) on their positive and negative impacts on people and the environment—including additional information not covered by the VS—and (2) on the influence of environmental and social issues on their financial situation. Thus, both perspectives on materiality should be considered. A DWA can be particularly helpful in the Comprehensive Module to explain why an issue is not reported in greater depth.

Inclusion of additional information not covered by the VS

Companies may also report metrics that are not included in the VS Standard. This is useful if this information is important to the company in question or its industry. For example, they may include additional descriptions or figures, such as those related to employees in the value chain. This ensures that no important sustainability aspect is omitted, even if it is not explicitly mentioned in the standard.

Comparative Information

Companies should be able to compare their data with that of the previous year. Therefore, they must provide last year's figures for all key performance indicators. The only exception is new key performance indicators that are being reported for the first time. This comparative data is required starting in the second year of reporting under VS.

"If applicable" principle

The "If applicable" principle makes reporting more flexible for companies. Simply put, it means that a company is required to disclose certain information only if the corresponding condition applies to the company.

Specifically, this means:

- Each disclosure item has clear guidelines specifying when it must be completed.
- If a disclosure is not relevant to a company, it may be omitted.
- When disclosures are omitted, it is assumed that the corresponding condition does not apply to the company.

Examples of this principle:

- B4 – Environmental Pollution: "If the company is already required by law or other national regulations to report its pollutant emissions to the relevant authorities..."
- B6 – Water: "If the company has production processes that consume significant amounts of water..."
- C5 – Social Indicators: "If the company employs 50 or more workers..."

This practical approach allows every company to focus on the information that is truly relevant to its specific situation. A DWA can help justify why something does not apply.

Inclusion of subsidiaries

There are clear rules regarding the inclusion of subsidiaries: The parent company is authorized to prepare a consolidated sustainability report for the entire group. This comprehensive report incorporates all relevant sustainability information from the subsidiaries. If the parent company already prepares this consolidated report, the subsidiaries are not required to prepare separate reports. This approach streamlines the reporting process and avoids redundant information. Alternatively, a separate report can be prepared for each subsidiary. However, this is not recommended. Ideally, the same scope of consolidation should be used as in the financial management report.

Date and Location of the Sustainability Report

The following time-related and organizational rules apply to the sustainability report:

- The report must be prepared annually if large companies or banks require it.
- The reporting period should correspond to that of the financial statements.
- If data has not changed compared to the previous year, a simple statement to that effect is sufficient.

Companies have two options for publication:

- As part of the (financial) management report
- As a separate document

To avoid duplication of effort, companies may refer to information that has already been published in other documents.

Classified and sensitive information

If the disclosure of classified or sensitive information is required under the standard, the company may omit such information. If the company decides to omit this information, it must disclose this in Disclosure B1 in the Base Module.

Consistency and Link to the Financial Report

The information in the sustainability report must be consistent with that in the company's financial report and presented in a way that makes it possible to understand the connections between the two areas. This can be achieved, for example, through appropriate cross-references.

Value Chain Cap

Companies that are asked to provide data by customers or business partners subject to CSRD reporting requirements should keep the so-called "Value Chain Cap" in mind. The current draft of the VS Standard (Appendix 2, pp. 28–29) includes a table that specifies exactly which data points must be provided to meet these requirements.

Important: The "value chain cap" applies exclusively to requests from the value chain within the context of the CSRD; it does not apply to other initiatives such as EcoVadis, CDP, or SBTi, for which additional or different data points may be relevant.

3.5 VS(ME)+

The “VS(ME)+” approach involves meaningfully supplementing the data points from the base and supplementary modules with additional company-specific data points. The goal is to collect additional data points within the company that are required, for example, for other ESG standards and questionnaires such as the Carbon Disclosure Project (CDP), the Global Reporting Initiative (GRI), the Science Based Targets initiative (SBTi), or EcoVadis. To do this, a wide range of additional information is needed beyond the VS(ME) data points.

Our recommendations

- Using the DWA methodology as a pragmatic basis for selecting the sustainability topics to be reported under the Comprehensive Module.
- The initial focus is on the base module for quickly producing a “publishable” report in accordance with VS(ME); the most time-consuming part here is calculating Scope 1 and 2 of the Corporate Carbon Footprint (CCF).
- Identifying key data points for our own strategy, as well as for customer inquiries and other stakeholders (e.g., PCF, EcoVadis, SBTi).

Suggestions for additional data points
Climate Change: Actual Emissions Reductions Through Our Own Measures, Product Carbon Footprint
Materials Used: Information on Microplastics, Rare Earth Elements, and Conflict Minerals
Diversity and Inclusion: Parental Leave, People with Disabilities, Cultural Freedom
Information Management: Policies, Incidents, and How to Handle Them
Supplier Sustainability: Supplier Code of Conduct, Known Incidents, and How to Handle Them

- Expansion to include key data points from the supplementary module; the most significant effort here involves Scope 3 and the description of sustainability concepts and strategies.
- Ensuring an effective data collection and management process to reduce the reporting burden.
- According to the Delegated Act, an audit by external auditors is expressly voluntary, but it lends credibility and weight to the report.

4 | ESRS vs. VS(ME)



Similarities

The VS(ME) and the European Sustainability Reporting Standards (ESRS) share several similarities.

1. Both standards are based on the traditional ESG categories—environment, social, and governance—and structure their reporting requirements around these key sustainability dimensions. Their shared goal is to support companies on their path to sustainable transformation by creating a framework that makes sustainability-related progress measurable, comparable, and transparent. This enables companies to better understand and strategically manage their impact on the environment and society.

2. Furthermore, both the ESRS and the VS(ME) allow companies to withhold confidential information under certain conditions, particularly if its disclosure could jeopardize sensitive business interests. At the same time, companies are free to disclose additional sustainability information that goes beyond the minimum requirements of the respective standard—if they deem it appropriate.

3. Another common feature is the link to the financial report: Reports prepared in accordance with ESRS and VS(ME) should ideally be linked to the company's financial reporting in order to highlight the interrelationships between sustainability and financial performance. In addition, reports prepared under both standards always refer to the same fiscal year, which facilitates the comparability of reporting periods.

Criteria	ESRS	VS(ME)
Commitment	Mandatory for companies subject to reporting requirements under the CSRD	Companies not subject to the CSRD
Scope and Depth of the Report	Broad range of topics (climate change, workers in the value chain, affected communities, etc.)	Focus on specific, less detailed requirements
Disclosure Requirements and Data Points	100 reporting requirements with >1,000 data points*	20 reporting requirements with 150–200 data points**
Structure	2 overarching standards (ESRS 1 and 2) with 10 topic-specific standards	2 modules (basic and supplementary)
Materiality Analysis	A comprehensive dual materiality analysis is mandatory	Dual materiality analysis is optional. Key figures are queried in the base module regardless of materiality, but are useful in the add-on module.
Climate Transition Plan	All companies are required to state whether they have such a policy and, if so, what it entails	Mandatory, as with ESRS, but only in the supplementary module and for companies in climate-intensive sectors
Costs and Resources	Significant effort required	Designed to save time and effort
Audit by a Certified Public Accountant	Limited assurance required	Not required

*The exact number of ESRS data points will be finalized with the revised ESRS (expected in Q4 2026). The EU cites -60%, while EFRAG cites just over 300 data points.
** For the VS, the number of data points has been slightly reduced compared to the original VSME. The exact number is pending.

ESRS focus

Many stakeholders value a focus on the ESRS (i.e., the official standards under the CSRD) as a solid foundation—primarily because of the structured, comparable data it provides.

Nevertheless, there may be instances where stakeholders request specific information that was not initially included within the scope of the "ESRS Focus." In these cases, the approach offers flexibility: The company can specifically supplement relevant data points and thus respond directly to stakeholder interests.

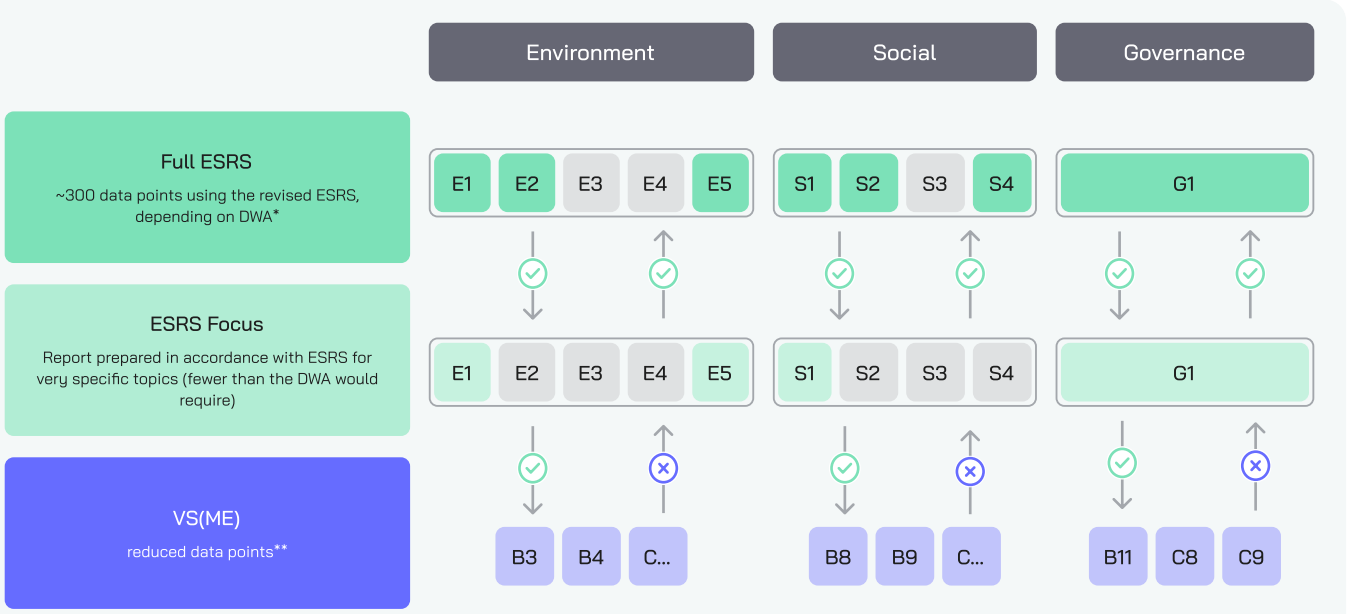
Another advantage lies in the ability to control the content. The "ESRS Focus" enables companies to set their own priorities—this can and should be done based on the expectations of their stakeholders. The result is a report that combines systematic comparability with company-specific priorities. Even if not all topics are covered, an ESRS-based approach provides significantly more clarity, transparency, meaningfulness, and comparability than unsystematic or even absent reporting—especially when stakeholders place deliberate emphasis on ESRS compatibility.

Why ESRS might be the better choice for businesses

Due to the changes in the Omnibus I Decision of February 2026, many companies are no longer subject to CSRD reporting requirements and are therefore no longer required to report in accordance with the ESRS. In some scenarios, however, it might still make strategic sense to continue reporting in accordance with the ESRS—perhaps on a reduced scale, i.e., with an "ESRS Focus."

ESRS and VS(ME) differ in their structure and the definition of data points.

- Using the same standard as a basis facilitates the future expansion from ESRS Focus to ESRS.
- Different definitions of data points in VS(ME) complicate the transition from VS(ME) to ESRS (Focus), particularly with regard to qualitative data points.



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Here's a key question you can ask yourself to make the decision easier:

Should we/do we want to report in accordance with CSRD in the future? (i.e., in the next 5–10 years)

Yes, we plan to report in accordance with ESRS (CSRD) in the future
→ Start with an ESRS-focused report to allow for an easy expansion to "full ESRS" later

- Flexibility in selecting data points
- Data requirements are already aligned with ESRS, but on a smaller scale and with less effort
- No need for a more complex transition from VS(ME) to ESRS at a later date
- Expansion to include company-specific metrics is possible

No, we do not plan to report according to ESRS in the future
→ VS(ME) report with reduced scope and in a compact format

- Quick implementation and easy onboarding
- Foundation for customer inquiries
- Expansion to include company-specific metrics makes sense



Tanso Tip:

Using the **ESRS Focus** allows companies to start with the data they already have and focus on the topics they consider particularly relevant. Instead of implementing the full ESRS right away, companies can proceed step by step—**one disclosure requirement at a time**. With each reporting cycle, the scope can be expanded by gradually adding further material topics identified through the **Double Materiality Analysis (DMA).**

The transition from **VS(ME) to the ESRS** is fundamentally **possible**, but it requires thorough preparation and can involve **considerable effort**. While the content of VS(ME) is aligned with the ESRS, the key difference is that a relatively general data point in VS(ME) often corresponds to several more detailed data points under the ESRS. For a successful transition, the VS(ME) data points must therefore be broken down and further differentiated to fully meet the specific requirements of the ESRS. This requires not only an in-depth analysis of existing reporting but also an adaptation of internal processes and systems for capturing and documenting the additional information.

5 | The Omnibus as an opportunity – how can the relief measures be utilized?

Make the most of your time instead of waiting around

The regulatory delay does not relieve companies of their responsibility. Sustainability remains a core strategic issue. Companies should use this time strategically to optimize processes, improve their data infrastructure, and proactively address relevant sustainability issues. Those who act now will secure long-term competitive advantages and remain resilient in the face of future requirements.

Rather than letting this extra time go to waste, the decision gives companies the opportunity to prepare for the CSRD early and strategically.

CSRD test reports as an advantage

Companies that begin implementation early lay the foundation for robust processes, consistent data quality, proactive risk management, and long-term strategic positioning. Conducting the dual materiality analysis and a structured gap analysis are key steps in this process—with a particular focus on identifying and prioritizing relevant issues and risks. Climate risks, in particular, are increasingly coming into focus—not only in the context of the CSRD, but also as a key decision-making criterion for customers, banks, and insurance companies.
The CSRD (ESRS) data points also provide a comprehensive foundation for all possible additional standards and client requirements, such as CDP, GRI, EcoVadis, and SAQ.5, and can be expanded to include company-specific topics as needed.

Companies that are already in the midst of implementation should consistently continue on their chosen path —not only to avoid the costs of abandoning the project and starting over, but also to make effective use of the expertise they have already invested. The time saved offers an opportunity to consolidate existing structures, further develop automation and data quality in key areas in a targeted manner, and further professionalize internal processes. The resulting solid data foundation can then serve as a basis for strategic decisions, innovation, and differentiators, thereby generating business value from sustainability issues.

6 | Legal situation and next steps

Legal situation

With the adoption of Omnibus I on February 24, 2026, and its publication in the Official Journal of the EU on February 26, 2026, the legislative process has been completed. The new thresholds and requirements for the CSRD and CSDDD are now legally binding.

Member States now have until March 19, 2027, to transpose the CSRD amendments into national law. For the CSDDD, the deadline is July 26, 2028.

In Germany, the CSRD Implementation Act has not yet been enacted. A parliamentary hearing took place in April 2026—implementation is expected sometime in 2026. Until then, the NFRD will continue to apply in Germany as the predecessor regulation.

Revised ESRS

In parallel with Omnibus I, the European Commission has adopted a delegated act to simplify the ESRS. The goal is a significant reduction in the number of data points, particularly for the EU taxonomy (approximately 60%). The revised ESRS are set to become mandatory starting with the 2027 fiscal year. Voluntary application is possible for the 2026 fiscal year.

At the same time, the EU is currently revising the criteria for the EU Taxonomy.

Expansion of the CBAM scope of application

The European Commission continues to examine a possible expansion of the CBAM's scope to include additional product groups. No specific decisions have been made yet.

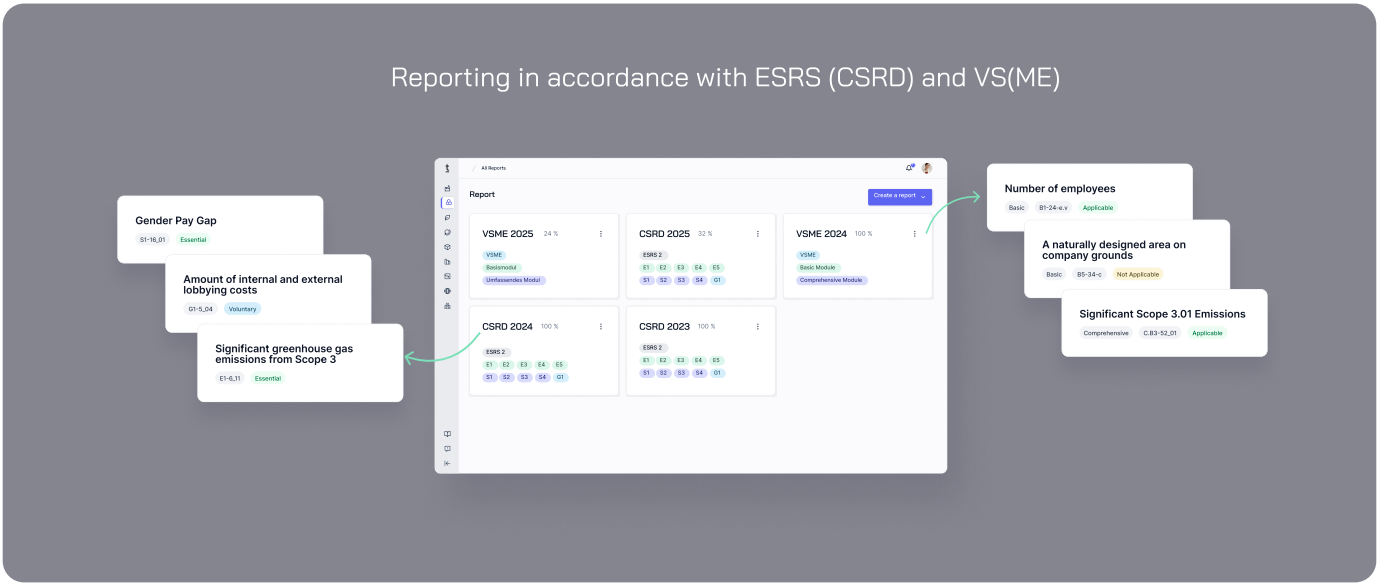


7 | ESG data management in practice

Reporting in accordance with the VS(ME) standard and ESRS (CSRD)

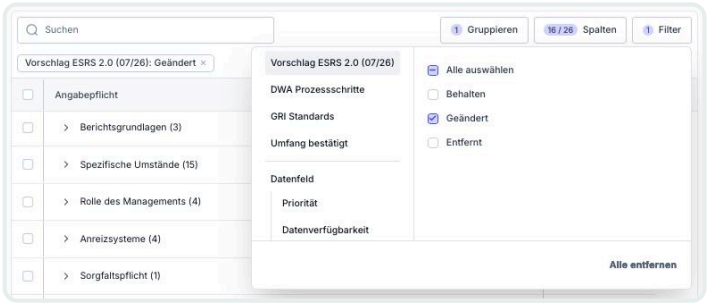
The Omnibus Proposal gives companies time—an advantage that should be leveraged strategically. Those who start early not only lay the groundwork for reliable CSRD reporting but can also sustainably optimize internal processes and data landscapes while ensuring competitiveness.

Tanso provides targeted support for your company's ESG reporting in accordance with the ESRS (CSRD) or VS(ME) standard. The software offers flexible mapping of various reporting requirements and enables you to efficiently implement the relevant guidelines. Through the intelligent use of data synergies between ESG reporting and CO_2 accounting, processes can be significantly simplified, duplicate efforts avoided, data quality sustainably ensured, and strategically valuable insights derived.

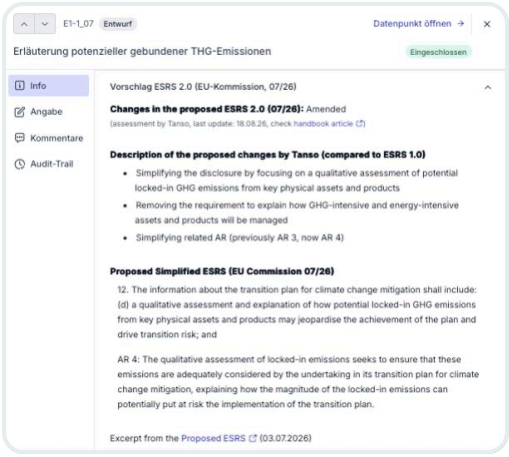


To ensure you can report in compliance from day one, Tanso already offers filters for the new ESRS and VS data points based on the European Commission's latest proposal dated July 3, 2026, and explains each content change directly at the data point. The corresponding report templates, based on the final versions, will be available by the end of the year—including guided migration of your existing data.

1. Filter



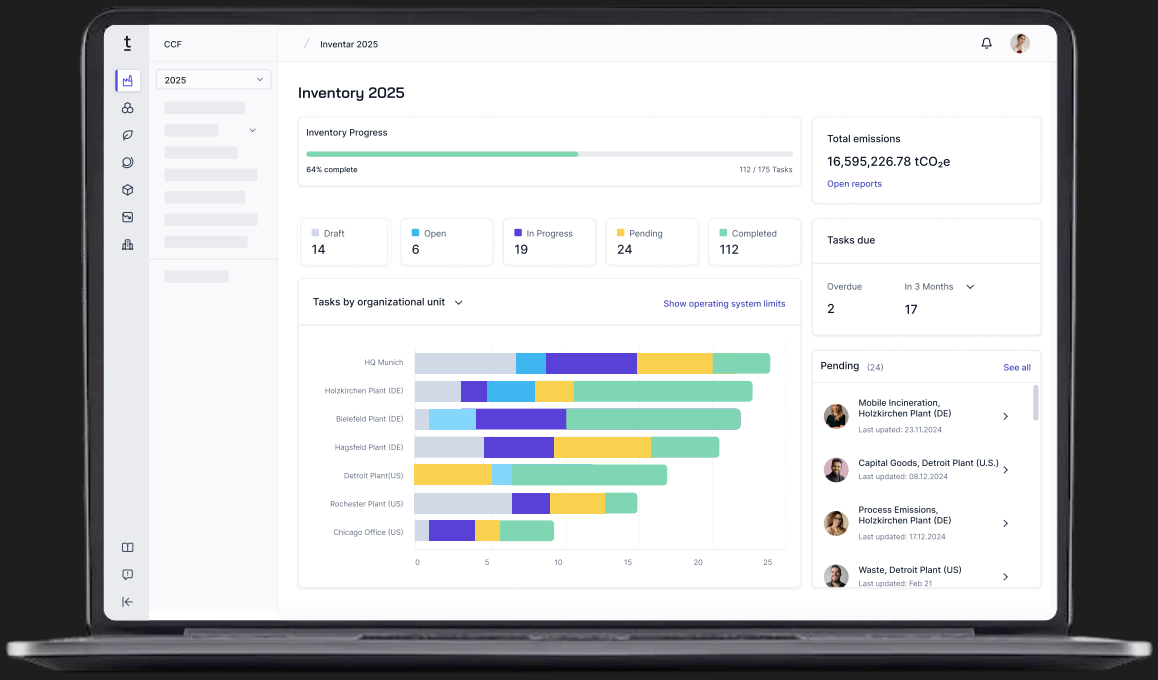
2. Change information



About Tanso

Tanso is the ESG and carbon accounting software that helps industrial companies in the DACH region operating in CO_2-intensive industries remain competitive and compliant with regulations. The Tanso platform enables companies to meet customer requests and legal requirements in the area of sustainability and ensures data management according to the highest standards through structured, audit-ready processes. With TÜV Rheinland-certified methodology, over 300 industrial companies in the automotive, mechanical engineering, food, and chemical sectors rely on Tanso.

www.tanso.de



Do you have any questions?

Discover Tanso – Your Complete Solution for Sustainability

You are welcome to schedule a no-obligation appointment to get a sense of what we do.

Available appointments



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