

**CORPORATE SUSTAINABILITY REPORTING
DIRECTIVE (CSRD) AND THE EUROPEAN
SUSTAINABILITY REPORTING STANDARDS (ESRS)**
IMPLICATIONS FOR INDIAN BUSINESSES

BDO INDIA_CREATING A SUSTAINABLE WORLD TOGETHER
2025





OVERVIEW

Corporate sustainability reporting has gained significant importance in recent years as organisations strive to demonstrate their commitment to Environmental, Social, and Governance (ESG) practices. In Europe, the introduction of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) has set new benchmarks for sustainability reporting.

This publication explores the implications of CSRD and ESRS for Indian companies and highlights the need for aligning sustainability reporting practices with international frameworks.

UNDERSTANDING CSRD AND ESRS

CSRD is a set of standards introduced by the European Union (EU) to enhance the consistency, comparability, and quality of sustainability reporting among companies operating in EU member states. The CSRD expands the scope of reporting obligations, making it mandatory for large public-interest entities to disclose comprehensive and standardised sustainability information.

The ESRS are guidelines developed under CSRD to provide a common framework for reporting on ESG aspects. The ESRS aim to streamline reporting practices and enable better comparability of sustainability performance across organisations within the EU.

However, other large non-European groups with significant operations in the EU and a substantial branch or subsidiary based in the EU are also included in its scope.

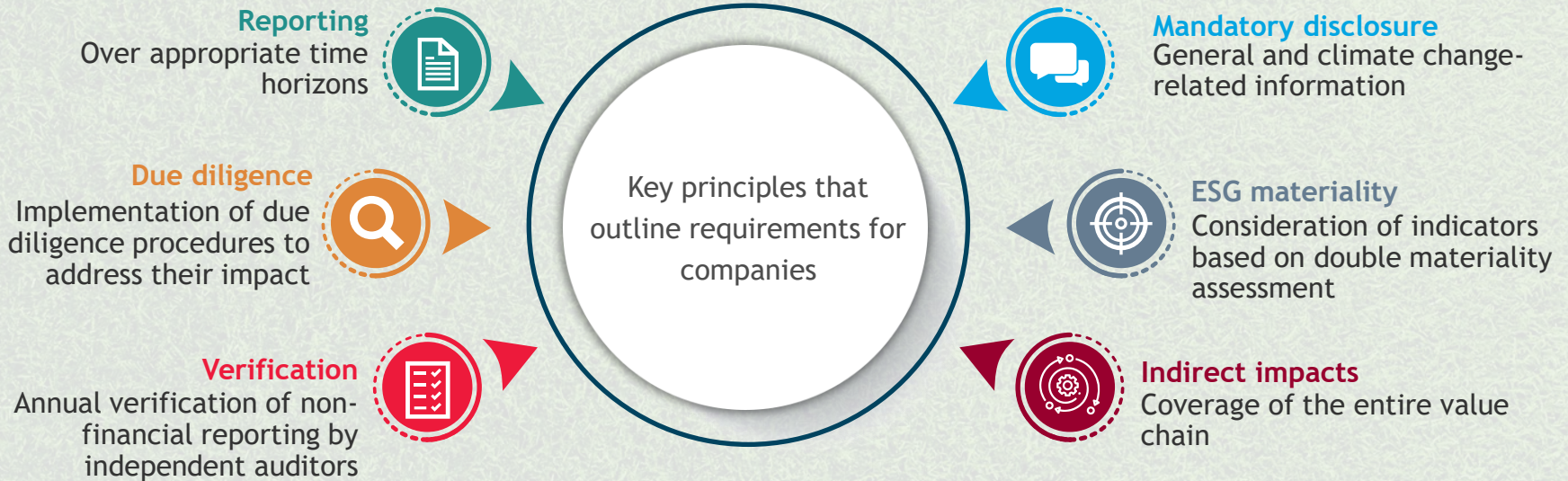
“The scope of CSRD extends to companies beyond the EU domicile, hence Indian companies with global operations and aspirations must proactively align their reporting practices with these international standards to remain competitive, attract investments, and address evolving stakeholder expectations.”



DIPANKAR GHOSH
Partner & Leader
Sustainability & ESG

CSRD - KEY PRINCIPLES

THE CSRD IS DESIGNED TO ENHANCE THE QUALITY AND CONSISTENCY OF SUSTAINABILITY REPORTING ACROSS THE EU



IMPLICATIONS FOR INDIAN COMPANIES

While CSRD and ESRS are specific to EU member states, their implications extend beyond European borders, impacting companies operating globally. Indian companies, especially those with subsidiaries or business operations in the EU, need to be aware of the following implications:



Reporting Obligations: Indian companies falling under the CSRD reporting threshold may be required to disclose a broader range of sustainability information, including climate-related data, diversity, and human rights aspects, in a standardised format.



Improved Risk Management: Integrating CSRD requirements into reporting processes will allow companies to proactively address environmental and social risks, fostering long-term resilience and sustainability.



Aligning with International Standards: CSRD and ESRS promote the use of globally recognised reporting frameworks, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB).



Investor Expectations: Investors, both within and outside the EU, increasingly prioritise ESG factors when making investment decisions. Aligning their reporting practices with CSRD and ESRS will become essential to attract sustainable investments and build investor trust.



Competitive Advantage: By embracing CSRD and ESRS, Indian companies can gain a competitive edge in the global marketplace and enhance comparability with their EU counterparts. Aligning with international sustainability standards demonstrates a company's commitment to responsible business practices and can enhance its reputation among customers, partners, and stakeholders.

In India, the Securities and Exchange Board of India (SEBI) has established the Business Responsibility and Sustainability Reporting (BRSR) framework that encourages Indian companies to voluntarily disclose ESG-related information, aligning with international reporting frameworks such as the GRI, SASB, TCFD as well as with the proposed guidelines under ESRS.

“Companies, those already aligned with the leadership indicators as per BRSR have an advantage in further aligning themselves with CSRD and ESRS.”



INDRA GUHA
Partner
Sustainability & ESG

CONSIDERATIONS FOR INDIAN COMPANIES

APPLICABILITY

Evaluate whether the company falls within the CSRD reporting threshold based on its size, activities, and presence in the EU market.

ENHANCE REPORTING PRACTICES & DATA COLLECTION

Review and update sustainability reporting processes, data collection methods, and performance metrics.

GOVERNANCE & ETHICS

Companies are encouraged to disclose information on business conduct like management of relationships with respective suppliers, the composition of the Board, and anti-corruption measures.

CONDUCT MATERIALITY ASSESSMENT

Place importance on conducting double materiality assessments to identify and prioritise ESG issues based on the impacts of the company on the environment, economy and people (outward) as well as the impact realised by the company (inward).

DIGITAL TAGGING

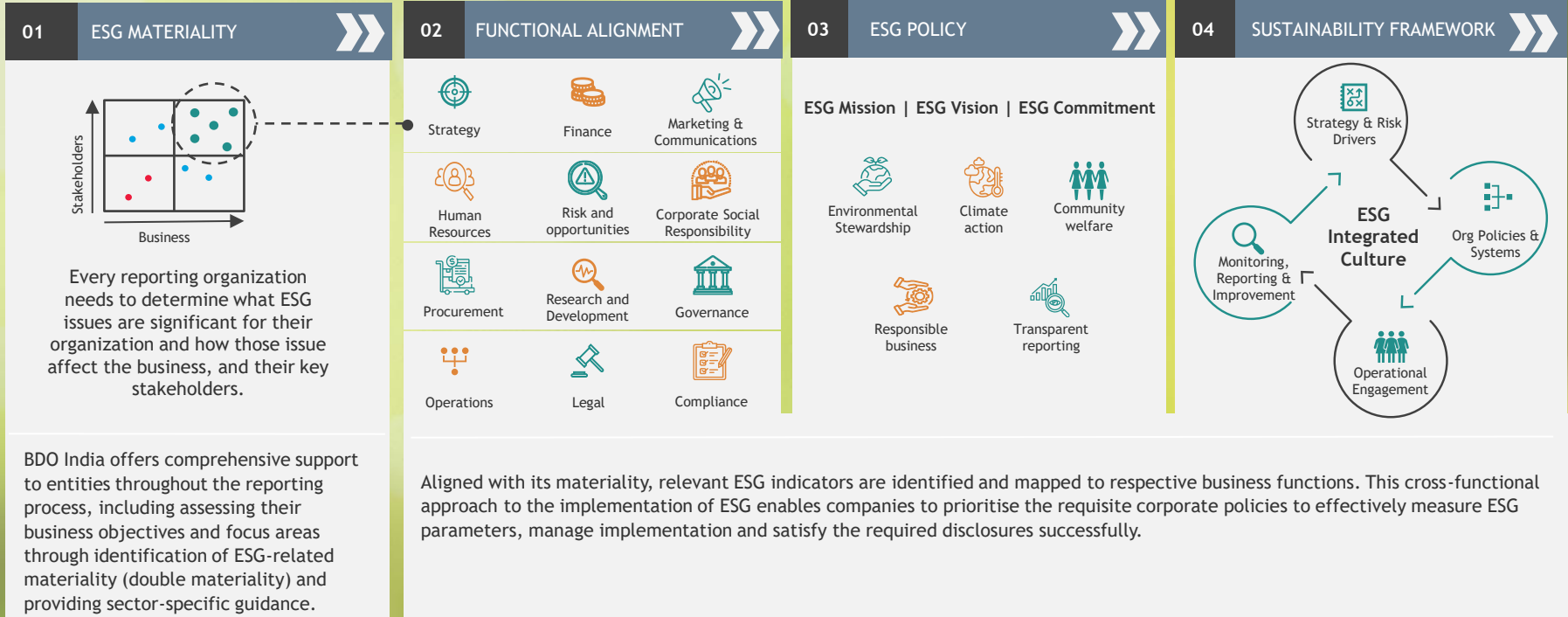
To enhance the accessibility and machine-readability of sustainability information, companies need to adopt digital tagging by preparing their financial statements & management reports in a unified XHTML format. This includes marking up sustainability data using a digital taxonomy, making it easier for users and machines to search and analyse the information

CLIMATE-RELATED DISCLOSURES

ESRS requires mandatory climate-related disclosures for all entities and BRSR also has climate-related disclosures highlighted as leadership indicators. Both frameworks emphasise reporting on greenhouse gas emissions, climate change strategies, risk management measures. This alignment enables Indian companies to disclose their climate-related performance consistently.

ENHANCING READINESS OF REPORTING ENTITIES

HOW BDO INDIA CAN ADD VALUE





ENDNOTE

While ESRS and BRSR have their unique characteristics, there are clear overlaps between the two frameworks. By aligning their reporting practices with international standards and incorporating the common elements of ESRS and BRSR, Indian companies can enhance the credibility and comparability of their sustainability disclosures.

The introduction of CSRD and ESRS in Europe signifies a paradigm shift towards standardised and comprehensive sustainability reporting.

Indian companies with global operations or aspirations must proactively align their reporting practices with these international standards to remain competitive, attract investments, and address evolving stakeholder expectations.



For queries regarding our sustainability solutions, please [get in touch](#) with us



DIPANKAR GHOSH

Partner & Leader
Sustainability & ESG
BDO in India

dipankarghosh@bdo.in
+91 98106 02205



INDRA GUHA

Partner
Sustainability & ESG
BDO in India

indraguha@bdo.in
+91 98714 30769



DR. TARINI SAHOO

Director
Sustainability & ESG
BDO in India

tarinisahoo@bdo.in
+91 99675 49222



PRATEEK SENGUPTA

Director
Sustainability & ESG
BDO in India

prateeksengupta@bdo.in
+91 98732 19938



Ahmedabad | Bengaluru | Bhopal | Chandigarh | Chennai | Coimbatore | Delhi | Goa | Hyderabad | Kochi | Kolkata | Mumbai | Pune | Vadodara

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