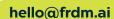# European Sustainability Reporting Standards Guide

The European Sustainability Reporting Standards (ESRS) require companies to disclose detailed information on how their operations and supply chains impact people and the environment, and how sustainability risks affect their business.

For sourcing professionals, this means going beyond cost and quality to gather supplier data on climate impacts (including Scope 3 emissions), labor rights, community effects, and business conduct. ESRS applies the principle of double materiality—companies must report not only how sustainability issues affect them but also how they affect the world through their value chains. In practice, this pushes procurement teams to map and monitor suppliers across multiple tiers, ensure traceable and auditable data, and engage suppliers on ESG policies, certifications, and performance so that reporting is both credible and compliant.

The European Sustainability Reporting Standards (ESRS) make supply chains central to corporate sustainability reporting. Since most environmental and social risks sit with suppliers—whether it's carbon emissions, labor practices, or community impacts—procurement plays a critical role in compliance. Buyers are now expected to go beyond price and delivery, ensuring suppliers provide verifiable data on emissions, certifications, and labor policies. Strong supplier engagement and risk monitoring are no longer optional—they're essential for meeting ESRS requirements, protecting brand reputation, and maintaining market access in the EU.

FRDM offers multiple tools to help you surface the required information from complex supply chains. Below is a side by side with ESRS requirements matched with FRDM offerings.

ESRS - FRDM Mapping with Summaries

Standard	Summary	FRDM.ai Offers
ESRS 1 – General Requirements	Sets overall principles for reporting, including double materiality, value chain scope, and reporting structure.	FRDM maps multi-tier supply chains and identifies ESG risks, helping companies assess both financial risks (disruption, cost) and impact risks (labor rights, emissions) to support double materiality.
ESRS 2 – General Disclosures	Requires governance, strategy, risk management, and metrics/targets disclosures.	FRDM's Supplier Link portal gathers supplier data (policies, certifications, emissions), providing inputs for disclosures. Dashboards show ESG risks integrated into strategy and risk management.

Environmental Standards

Standard	Summary	FRDM.ai Offers
ESRS E1 – Climate Change	Disclose GHG emissions (Scope 1–3), climate risks, and transition plans.	FRDM's Scope 3 GHG module quantifies supplier emissions; calculators for Scope 1 & 2 feed into Scope 3 totals. Risk monitoring highlights suppliers lacking climate policies or with high emissions intensity.
ESRS E2 – Pollution	Report on emissions to air, water, soil, hazardous substances, and waste impacts.	FRDM's Environmental Module tracks supplier policies, certifications, and adverse media linked to chemical use, pollution incidents, and waste management.
ESRS E3 – Water & Marine Resources	Cover impacts and dependencies on freshwater and marine ecosystems.	FRDM screens suppliers for environmental certifications (e.g., ISO 14001) and flags risks via adverse media when suppliers impact water systems or marine resources.

ESRS E4 – Biodiversity & Ecosystems	Report how operations affect species, habitats, and ecosystems.	FRDM maps supplier locations to sensitive geographies (e.g., protected areas, deforestation zones) and flags biodiversity risks in high-impact industries (agriculture, mining, logging).
ESRS E5 – Resource Use & Circular Economy	Disclose material use, recycling, waste reduction, and circularity practices.	FRDM monitors supplier commitments to resource efficiency, recycling, and circular practices through certifications and policy maturity assessments.

Social Standards

Standard	Summary	FRDM.ai Offers
ESRS S1 – Own Workforce	Report on working conditions, diversity, pay, health/safety, and worker rights for employees.	FRDM provides indirect support: supplier workforce data can illustrate broader labor practices, but companies still need internal HR systems for direct workforce disclosures.
ESRS S2 – Workers in the Value Chain	Cover labor rights and working conditions of suppliers and contractors.	FRDM's core strength: maps labor risks like forced labor, excessive working hours, unsafe conditions. Supplier Link surveys capture direct workforce data, while risk scoring surfaces high-risk suppliers.
ESRS S3 – Affected Communities	Report how business activities impact local communities (e.g., land use, pollution, social impacts).	FRDM uses geo-mapping to link suppliers to local community risks (e.g., pollution or displacement). Adverse media scanning detects controversies tied to community harm.

ESRS S4 – Consumers & End-Users	Disclose product safety, accessibility, and social/environmental impacts on customers.	FRDM flags supplier/product controversies (unsafe goods, conflict sourcing) via adverse media, supporting disclosures on consumer/end-user impacts.

Governance Standards

Standard	Summary	FRDM.ai Offers
ESRS G1 – Business Conduct	Report on ethics, corruption, lobbying, anti-competitive behavior, and compliance systems	FRDM screens suppliers for corruption, bribery, sanctions, and unethical practices. Tracks maturity of supplier ethics policies and monitors for misconduct through adverse media.

Don't wait for supply chain shocks to happen.
Contact Us now to protect your supply chain
—and the people behind it.

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