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ESG SOLUTIONS

TECHNICAL NOTE · REVISED ESRS · VALUE CHAIN · JULY 2026

Value Chain Data Request Under Revised ESRS

A working method for collecting value-chain data under the cap and the undue cost or effort relief

On 3 July 2026 the Commission adopted the delegated regulations completing the revised ESRS. [1] [2] With Omnibus I in force, [3] the terms on which a reporter may go to its value chain are settled: who may be compelled, what may be required, and what may be estimated when nothing arrives. Much of the engagement planning under way rests on a misreading of the first. This note states the rule, and a method for collecting under it.

Three propositions this method rests on

1. **The trigger is size, and only size.** A *protected undertaking* is one that "does not exceed, on its balance sheet date, an average number of 1,000 employees during the preceding financial year" and is in the reporter's value chain. [3] Two cumulative conditions, and no third. Location is not a criterion, nor turnover, nor SME status.

2. **The cap limits what you may require, not what you may collect, and not what you may ask.** The supplier has a right to decline. Tthe reporter "shall not require" more. Any contrary contractual provision "shall not be binding". [3] The Directive adds that nothing in it "imposes or implies any obligation on any undertaking in the value chain to provide sustainability information". [3] You may still ask stating clearly that they have a right to decline.

3. **The ceiling is Annex II, not "the VSME".** "The value chain cap shall only comprise the datapoints specified in Annex II." [2] That is narrower than the voluntary standard, and narrower again at ten employees or fewer, where many of its datapoints are marked voluntary. *Capped to the VSME* overstates what you may require.

⚠ **The non-EU misreading.** A reading in circulation holds that *all* non-EU suppliers are capped regardless of size, citing ESRS 1 par. 66. It is wrong. The sentence relied on "This limitation also applies to non-EU undertakings…" takes its subject from the sentence before, which speaks of "the **protected undertakings** in its value chain". [1] It stops a reporter escaping the cap by sourcing offshore. It does not disapply the size test. A delegated act cannot enlarge a class the co-legislators defined. [4]

WHO IS PROTECTED — AND WHO IS NOT - EXAMPLES

The supplier	Protected?	What follows
380 employees Vietnam	**Yes**	Location is irrelevant. Capped exactly as an EU supplier of the same size. This is the work §66 actually does. [1]
3,200 employees Ireland	**No**	Not a protected undertaking. No right to decline, no cap. Ask for what is material.
Exactly 1,000 employees Belgium	**Yes**	The test is "does not exceed 1 000". Commentary that says *fewer than* is wrong at the margin. [3]
8 employees anywhere	**Yes**	Capped — and to the smaller set again: many Annex II datapoints are voluntary at ten or fewer. [2]
1,500 employees €300m turnover · EU	**No**	Outside CSRD scope *and* outside the cap. [4] **Not every non-reporter is protected.**

Report your value-chain information without taking anything beyond the cap from a protected undertaking, and you are **deemed to have complied** with the obligation to report it. [3] Over-asking buys you nothing.

The collection waterfall

The cap governs the ask. It says nothing about the collect. Every datapoint you can source without going to a supplier is one the cap does not touch, and the standard already expects you to have looked there. [1] The questionnaire is the fourth move, not the first.

METHOD

1 MATERIAL SCOPE → 2 WHAT YOU HOLD → 3 WHAT IS PUBLIC → 4 THE TIERED ASK → 5 ESTIMATE

Each move removes demand from the next. Source, date and method are recorded as you go — the evidence file is not something you assemble afterwards.

Move 1 — Let materiality gate the ask

The revised standards are materiality-gated throughout, and mandatory datapoints fall by roughly 60%. [1] **A datapoint you will not disclose is a datapoint you must not request**, of anyone. What comes out of this move is a datapoint list, not a questionnaire.

Move 2 — Exhaust what you already hold

AR 45 says the undertaking is *expected* to treat as available, **without undue cost or effort**, information from internal resources e.g., risk management, the data used in preparing the financial statements, the business model, strategy and due diligence. [1] In practice the missing link sits right there: **the quantity you took from that supplier.** Spend, tonne-kilometres, room-nights, units. It is what turns a supplier's published intensity figure into *your* figure, and it never requires an ask.

Move 3 — Collect what is public

AR 45 extends the same expectation to external resources such as sector and peer-group experience, and scientific research. [1] Add the supplier's own disclosures: annual and sustainability reports, VSME reports, EPDs, product carbon footprints, public registries. **The cap does not reach any of it: collecting is not requiring.** Record the source and the retrieval date at the moment of capture.

Move 4 — Classify, then ask once

Classify every supplier against the size test *before* you draft your request. You may rely on the supplier's **self-declaration** of headcount and are **not required to verify it**, but you may not rely on it where you know it is *manifestly incorrect*. [3] Then send one request, in two separated parts. That separation is not a courtesy: where any part of your request exceeds the cap, **Art 19a(3)(c) requires you to tell the undertaking which information exceeds it, and that it has a statutory right to decline.** [3]

WHAT YOUR REQUEST MUST DO — AND WHAT THE LAW REQUIRES

Element	What it must do
Part A — within the cap	The Annex II datapoints for that supplier's size. These, and only these, you may require. [2]
Part B — beyond the cap	**Required:** separated, and identified *as exceeding the cap*. You may ask for anything. You may require none of it. [3]
The right to decline	**Required:** the undertaking must be informed of its statutory right to decline. A duty on you, not a courtesy. [3]
The self-declaration	Ask for headcount. You may rely on it and need not verify it, but not where you know it is manifestly incorrect. [3]
The purpose	Name the obligation you are meeting, and the reporting period. A legal duty on you, not a favour asked of them.
The channel	One request, one deadline, one named contact. Personal data on a lawful basis, and no more of it than the task needs.

⚠ **Then check your supplier contracts.** Omnibus I makes any contractual provision requiring a protected undertaking to exceed the cap "not binding", without affecting the rest of the contract. [3] ESG clauses drafted under the 2023 regime routinely require exactly that. It is a Directive, so it bites through national law: **Member States must transpose by 19 March 2027** [3] — inside the first application year. The clause you are relying on for FY2027 data may not bind the supplier by the time you need it.

Some of it will not come back, and the cap now gives a large part of your supply base a lawful reason to return nothing. The standard anticipates this. But the relief is not an escape door marked "*estimate*". It is a gate.

Move 5 — Estimate, on a basis you can name

ESRS 1 par. 93 requires the undertaking to use **all reasonable and supportable information available at the reporting date without undue cost or effort** to scope the value chain, to prepare metrics, and to extend reporting to the value chain. [1] It is an obligation to look before it is a relief from looking. What is *undue* "requires a balanced consideration of the costs… and the benefits… for users" (par. 94), and you are "not required to carry out an exhaustive search" (AR 45). [1] **Proportionality protects you as well as your suppliers.**

THE THREE-QUESTION TEST

Q: Did you exhaust what you hold and what is public? If moves 2 and 3 were never run, the effort was not reasonable and the relief was never available to you.

Q: Was a proportionate request made, and did it go unanswered or declined? A datapoint you never asked for is not a datapoint you could not obtain. A decline, recorded under the cap, is the strongest evidence of effort you will ever hold.

Q: Can you name the method, the source of the factor, and the date? If not, it is not an estimate. It is a number.

What the standard permits: "When developing estimates, the undertaking may use internal and external information, such as data from indirect sources, sector-average data, sample analyses, market and peer groups data, spend-based data or other proxies" (par. 65). [1] The hierarchy is not in the text but in the evidence: **your own quantity times a published factor beats a sector average, which beats spend-based.**

Estimation is not equally available across the standards. For greenhouse gases the infrastructure exists — input-output factor sets, GLEC and ISO 14083 for freight, ISO 14067 for product footprints. For water, waste and most social datapoints there is no equivalent proxy library, and an assurance provider has no accepted basis against which to test your number. Where none exists, the answer is a disclosed and explained gap. **Undue cost or effort permits estimation, it does not licence invention.**

And the relief decays: Availability is "subject to reassessment for each reporting period" and "is expected to improve over time" (par. 95). [1] The Directive is blunter still: for your **first three years** you may explain the efforts made and your plans to obtain what is missing. After that you must report value-chain information "by using information directly obtained from undertakings in its value chain **or estimates** for that information, as appropriate". [3] Explaining why you have no data stops being an answer.

WHAT THE ASSURANCE PROVIDER WILL EXAMINE

Area	The assurance exam
The classification	On what evidence did you decide a supplier was protected? Is the headcount self-declaration on file, and for which financial year?
The request	Did it identify **which items exceeded the cap**, and state the **right to decline**? Art 19a(3)(c) makes both a duty. Produce a sent copy. [3]
Proportionality	Did you require of a protected undertaking anything beyond Annex II? A single instance is a finding.
The effort	What was done before you estimated? Moves 2 and 3 are the evidence of reasonable effort.
The basis	Method, factor, publisher, vintage, and why this method, for this supplier.
The chain	Per datapoint: asked → received, declined or silent → estimated. Dated and attributable throughout.

SOURCES

1 Commission Delegated Regulation C(2026) 5010 final, 3 July 2026, amending Del. Reg. (EU) 2023/2772. Annex I, revised ESRS 1: §66 (cap); §65 (estimates); §§91, 93–95 and AR 45 (undue cost or effort). C(2026) 5010 annex

2 Commission Delegated Regulation C(2026) 5011 final, 3 July 2026, establishing the standard for voluntary use by undertakings protected by the value chain cap. Art 1(1); Art 3(2); Annex II. C(2026) 5011

3 Directive (EU) 2026/470 (Omnibus I), 24 Feb 2026; in force. Art 19a(3) as amended — protected undertaking; self-declaration; right to decline; contractual nullity; the duty to identify what exceeds the cap; deemed compliance. Art 5 — transposition by 19 March 2027. EUR-Lex

4 Commission Staff Working Document SWD(2026) 500 final, 3 July 2026 — "a single, employee-based criterion".

5 European Commission, explanatory note and Q&A on the value chain cap, DG FISMA, 6 May 2026.

6 IAASB, ISSA 5000, *General Requirements for Sustainability Assurance Engagements*, effective for periods beginning on or after 15 December 2026.

Status at the date of this note. Directive (EU) 2026/470 is in force; Member States must transpose by 19 March 2027. The two delegated regulations of 3 July 2026 are adopted and in the scrutiny period; they are not yet published in the Official Journal, and paragraph numbering should be re-verified on publication. The cap applies for financial years beginning on or after 1 January 2027, early application permitted for FY2026.