university of groningen

campus fryslân

From Compliance to Insight: Company Perspectives on CSRD Implementation and the Omnibus Simplification Package

Name: Dang Dinh Trieu

Student number: S6125670

Word Counts: 7819

Supervisor: Niels Faber

Date: June 5, 2025

Abstract

This study investigates how firm-specific resources and organizational context influence companies' perception and navigation of the European Union's Corporate Sustainability Reporting Directive (CSRD). By researching companies' initial implementation experiences, this study provides insights into the factors shaping corporate adaptation to complex mandatory sustainability regulation. This study employs a qualitative methodology to gain comprehensive data on the multifaceted dynamics involved. The study's main findings reveal a complex and influential relationship between internal capabilities and successful CSRD implementation, indicating that organizational agility, robust data governance, and proactive leadership are more critical than firm size or prior reporting experience. This study highlights the need for strategic investment in internal capabilities and technology to promote effective compliance and the strategic integration of sustainability. In addition, this research identifies areas for further exploration, including a longitudinal analysis of companies across multiple reporting cycles and a comparative analysis of challenges across different industry sectors.

Keywords: Corporate Sustainability Reporting Directive (CSRD), sustainability reporting, Resource-Based View (RBV), Extended Resource-Based View (ERBV), Double Materiality Analysis (DMA)

Introduction

In 2023, the World Economic Forum reported that extreme weather driven by climate change has cost the global economy 1.5 trillion USD in the decade leading up to 2019. The international nonprofit InfluenceMap recently released a new analysis that revealed an overwhelmingly unequal share of fossil fuel pollution worldwide. Historically, over 70% of global CO_2 emissions can be attributed to just 78 corporate and state-producing entities (InfluenceMap, 2024). This unequal distribution of fossil fuel pollution has intensified public scrutiny on corporations, increasing demands for transparency and pushing companies to disclose their environmental and social impacts. Many firms voluntarily published Corporate Social Responsibility (CSR) reports in response to these pressures. However, the lack of standardized frameworks and inconsistent reporting practices raised concerns about the reliability and comparability of these disclosures. CSR reports often became compliance checkboxes rather than meaningful tools for sustainability (Martinez et al., 2021).

Recognizing these limitations, regulatory bodies such as the European Union introduced mandatory reporting frameworks to ensure more consistent, transparent, and comparable reporting. One such regulation is the Corporate Sustainability Reporting Directive (CSRD 2022/2464), enacted in November 2022. The CSRD mandates large companies, those meeting at least two of the following thresholds: net turnover of €50 million or more, total assets of at least €25 million, or 250 or more employees, to report according to the European Sustainability Reporting Standards (ESRS) (European Parliament, 2022). Nearly 50,000 companies are expected to comply, including some listed small and medium enterprises (SMEs), although the primary focus is on large organizations.

The directive introduces the concept of double materiality, a novel requirement for many firms. It obligates companies to assess and report on both how sustainability issues affect the business (financial materiality) and how the company impacts society and the environment (impact materiality). This dual perspective encourages more holistic sustainability assessments, moving beyond shareholder-centric views to broader stakeholder accountability (European Parliament, 2022).

Companies subject to the previous Non-Financial Reporting Directive (NFRD) began CSRD reporting on January 1, 2024. However, with ongoing regulatory evolution, the Omnibus Simplification Package has recently been introduced to clarify and ease some CSRD compliance requirements, while maintaining the directive’s core intent. These changes have further shaped how organizations interpret and implement sustainability reporting. Due to the perceived scale and complexity of the CSRD, many companies, especially those reporting for the first time, have faced challenges in interpreting and applying the directive’s detailed requirements (PricewaterhouseCoopers, n.d.). The CSRD’s ambition, including the integration of double materiality and adherence to extensive ESRS disclosures, has been described as resource-intensive and at times overwhelming. In response to widespread concerns about the implementation burden, the European Commission introduced the Omnibus Simplification Package. This regulatory development aims to reduce reporting complexity and clarify ambiguous areas of the directive, without compromising the underlying goal of improving sustainability transparency. The Omnibus package signals the EU’s recognition of implementation challenges and attempts to support companies through more practical guidance and phased expectations.

While the challenges of CSRD are becoming evident on the surface, there is a need for an in-depth understanding of how first-time reporting companies, particularly companies that are still subject to CSRD and companies that might no longer meet CSRD requirements, are experientially navigating these complexities and perceiving the directive's strategic value. This research explores companies' initial experiences, the challenges encountered, key learnings, and the impact of recent regulatory changes, notably the Omnibus Simplification Package. To analyze how companies leverage their internal strengths and navigate external influences in this context, this study will employ the Resource-Based View (RBV), complemented by insights from its extensions such as the Extended Resource-Based View (ERBV) (Barney, 1991). This theoretical lens offers a valuable framework for understanding the role of firm-specific resources and capabilities in managing the operational and strategic demands of CSRD. This leads to the primary research question guiding this study being:

"How do companies subject to CSRD perceive and navigate the operational challenges of the Corporate Sustainability Reporting Directive?"

. The sub-questions that will be addressed are:

1. *What are companies' most significant operational challenges during their initial CSRD-compliant process?*
2. *How does prior experience with sustainability reporting and organizational context influence a company's preparedness and implementation approach to the CSRD?*
3. *How do recent regulatory shifts, such as the Omnibus Simplification Package, influence companies' CSRD commitment and perceptions of the regulatory burden?*

The remainder of this research is organized as follows: Section 2 is the Literature Review and Theoretical Framework, which provides an overview of the relevant background information related to the study's objectives. It includes a timeline of sustainability reporting frameworks, relevant literature on CSRD, and its overall complexity. Section 3 describes the methodology employed.

Literature Review and Theoretical Framework

Evolution of sustainability reporting frameworks

The evolution of sustainability reporting frameworks reflects a progressive alignment of corporate practices with global sustainability goals. Figure 1 illustrates the key milestones in this development, providing a chronological overview of pivotal events and initiatives that have shaped what sustainability reporting is today. This timeline clearly shows how sustainability reporting has changed. It started with companies choosing to follow general guidelines. More complete and official rules became necessary as more companies adopted these and realized they helped build trust and manage risks. This whole process eventually led to the creation of the CSRD. By contextualizing these milestones, the figure highlights the increasing integration of sustainability into corporate governance and strategic decision-making.

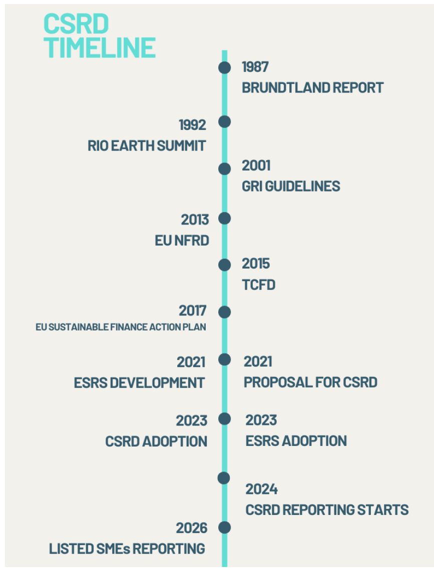

Figure 1: Sustainability Reporting Timeline

The development of sustainability reporting and the establishment of the CSRD can be traced through several key milestones that shaped their evolution. In 1987, the Brundtland Report defined sustainable development as meeting the needs of the present without compromising the ability of future generations to meet theirs. This report marked a turning point by highlighting the importance of integrating environmental and social concerns into global economic decision-making, providing a foundational concept for future sustainability reporting frameworks. The 1992 Rio Earth Summit further emphasized the responsibility of businesses in addressing environmental issues on a global scale. Among its key outcomes, Agenda 21 encouraged organizations to adopt sustainable practices and increase transparency in their environmental and social impacts, setting the stage for international cooperation on sustainability. However, widespread corporate adoption of its principles remained largely voluntary and varied for many years (United Nations, 1992).

In 2001, the Global Reporting Initiative (GRI) released its first guidelines, establishing internationally recognized standards for sustainability reporting. These guidelines gave organizations a comprehensive framework to disclose their environmental, social, and governance (ESG) impacts. The GRI guidelines gained widespread voluntary adoption globally, quickly becoming the first standard adopted by many organizations looking to report on their ESG impacts (Financial Software Architects GmbH, 2025). This was driven significantly by increasing demand from stakeholders and investors for comparable non-financial data. This set a global benchmark for voluntary sustainability reporting.

The introduction of the Non-Financial Reporting Directive (NFRD) by the European Union in 2018 marked a significant shift toward mandatory reporting. The directive required large companies to disclose key ESG information. This mandate was applied to public-interest entities across EU member states, significantly increasing the number of companies formally reporting on sustainability matters within the region (Radu et al., 2023). The directive aimed to increase transparency and accountability in corporate sustainability practices.

In 2015, the Task Force on Climate-related Financial Disclosures (TCFD) was established, providing recommendations for disclosing climate-related financial risks and opportunities. Its principles influenced regulatory frameworks globally and emphasized linking sustainability to financial performance. The TCFD's recommendations saw rapid uptake, particularly within the financial sector and by large corporations, and its influence extended to shaping emerging mandatory climate disclosure rules in several jurisdictions (O'Dwyer & Unerman, 2020). This demonstrates a strong market and regulatory convergence. The EU Sustainable Finance Action Plan 2017 sought to improve transparency in ESG further reporting by enhancing comparability and data accessibility to support informed investment decisions, signaling a clear intent from policymakers to embed sustainability into the financial system.

In 2021, the European Commission formally proposed the CSRD, expanding the scope of ESG reporting requirements and embedding double materiality as a core concept. The European Sustainability Reporting Standards (ESRS) were developed alongside the directive to define specific reporting requirements. These standards were officially adopted in July 2023. The CSRD was adopted in 2022, significantly broadening the reporting obligations to include large EU-based companies, listed small and medium-sized enterprises (SMEs), and non-EU companies with substantial operations in the EU. This phased adoption approach ensures a smoother transition for a much wider range of entities into a more rigorous and standardized sustainability reporting regime. Companies already subject to the NFRD began reporting under the CSRD framework in January 2024, while listed SMEs are set to start mandatory reporting in 2026.

Introduction of the Double Materiality principle

In 2019, the European Commission published "Guidelines on non-financial reporting: Supplement on reporting climate-related information" (2019/C 209/011). This document sets a standard for companies to disclose their non-financial information, and it is here that we are first introduced to the concept of double materiality. As outlined in section 2.2 of the guidelines (2019/C 209/011), the double materiality principle encompasses two dimensions:

"The reference to the company's "development, performance [and] position" indicates financial materiality, in the broad sense of affecting the value of the company. Climate-related information should be reported if it is necessary for an understanding of the development, performance and position of the company. This perspective is typically of most interest to investors." (p. 4)

The first dimension highlighted was on financial materiality while second dimension highlights the external impacts of the company, also called impact materiality:

"The reference to "impact of [the company's] activities" indicates environmental and social materiality. Climate-related information should be reported if it is necessary for an understanding of the external impacts of the company. This perspective is typically of most interest to citizens, consumers, employees, business partners, communities and civil society organisations. However, an increasing number of investors also need to know about the climate

impacts of investee companies in order to better understand and measure the climate impacts of their investment portfolios." (p. 4)

To sum up, double materiality assesses a company's corporate performance from an economic, social, and environmental perspective. It aims to provide a comprehensive assessment of a company's social and environmental impact alongside financial considerations. Looking back at Figure 1, we can see that double materiality was soon adopted following the acknowledgement of the CSRD by the EFRAG. By the start of 2024, large European companies will be required to start reporting on double materiality.

However, several companies covered by the NFRD, like Frieslandcampina, paid close attention to the upcoming CSRD adoption and had prepared to release a double materiality assessment in their 2023 annual report. Frieslandcampina's report states that they conduct their materiality analysis based on the guidelines of GRI while considering the guidelines of CSRD. Based on their double materiality analysis, "Reducing greenhouse gas emissions on farms" is the most material topic in both financial and impact materiality assessment, which aligns well with how the European Commission defined double materiality in their guidelines. For financial materiality, the agricultural sector, particularly dairy farming, faces strict regulations on GHG emissions, especially within the EU. The EU aims to become climate-neutral by 2050, with a 55% reduction in GHG emissions by 2030 (European Union, 2019). Compliance with these regulations is crucial to avoid fines or sanctions, directly affecting FrieslandCampina's financial performance.

Additionally, investing in emission-reducing technologies can lead to cost savings in the long term, such as through energy efficiency or waste management improvements. For impact materiality, dairy farming is a significant contributor to methane emissions. Reducing GHG emissions directly addresses FrieslandCampina's environmental impact, particularly regarding climate change mitigation.

This proactive approach by FrieslandCampina exemplifies how companies align with emerging regulatory expectations, showcasing the relevance of double materiality across businesses in the

Netherlands. However, while larger corporations like FrieslandCampina have the resources to adapt swiftly, the implications for small and medium enterprises (SMEs) are profound, as these entities must balance limited resources with increasing regulatory pressures.

Resource-Based View and CSRD Implementation

The CSRD, with its extensive data requirements and complex standards, inherently places significant demands on firms. RBV explains why large companies, often possessing greater financial capabilities, advanced technological systems, and specialized personnel, developed through prior reporting experiences, are generally considered better positioned to absorb and implement such comprehensive regulatory changes (Barney, 1991). However, it is important to acknowledge that the substantial operational complexity inherent in many large corporations is due to their diverse business units, extensive geographical footprints, and long value chains, which can significantly increase the scope and difficulty of CSRD data collection and reporting. This complexity introduces a distinct set of challenges that may offset some of their raw resource advantages compared to SMEs with simpler business operations.

Nevertheless, the resources and capabilities highlighted by RBV remain relevant. Firstly, advanced technological systems in large enterprises, while needing to process more data, are often designed for complex information management such as CSRD. Their specialized personnel may include teams with experience in navigating past regulations, and their established, while complex, reporting experience from frameworks like the NFRD or GRI can offer a foundational starting point. In comparison, the implementation effort for a large and complex firm might be greater. SMEs, in contrast, may lack the internal resources and foundational capabilities, such as a dedicated sustainability team or initial system investment capacity, to address the novel and specialized demands of CSRD, including the detailed ESRS application and double materiality assessments, even within their simpler operational contexts.

So, while a company's complexity can affect the nature of the CSRD experience, the main factor determining how well they manage is their access to resources, such as funds, technology, and expertise, and their ability to use them effectively. This is a key idea from the RBV theory, and as a result, even though CSRD compliance is a significant task for every company, the relative burden and the specific types of challenges will look different for businesses depending on their available resources and how complex or straightforward their operations are

Organizational Context and Preparedness for CSRD

Building on the RBV and ERBV, a company's specific organizational context and existing level of preparedness are critical factors influencing its CSRD implementation journey. Prior experience with sustainability reporting, particularly for larger companies previously subject to the NFRD, provides a foundational layer of relevant resources and capabilities (Kornfeld, 2024). These firms often have organised data collection processes, some familiarity with non-financial disclosures, and personnel with initial exposure to sustainability topics. However, even for these experienced entities, the CSRD's heightened emphasis on double materiality, expansive ESRS requirements, and comprehensive value chain reporting introduces new layers of complexity that challenge existing capabilities (Eriksson et al., 2024; Jokinen et al., 2025).

For SMEs, the organizational context presents distinct challenges. While some listed SMEs will face direct CSRD mandates later, many non-listed SMEs are impacted indirectly by the "sustainability reporting ripple," as larger clients and their value chains request sustainability data (Eriksson et al., 2024). As predicted by RBV, SMEs typically face more acute resource constraints (financial, human, technological), which directly impede their preparedness and capacity to adapt to extensive reporting demands (Setyaningsih et al., 2024). Kornfeld (2024) notes that while large companies and SMEs may identify similar CSRD challenges, larger companies often demonstrate higher initial knowledge and resource availability. Thus, the organizational context, shaped by prior experiences and resource endowments, significantly dictates a firm's starting position and ability to navigate the complexities of CSRD, aligning with the core tenets of the RBV and ERBV concerning how internal and externally-influenced resources shape strategic responses.

Key Challenges in CSRD Implementation

Data Collection, Quality, and Gaps

This is a pervasive challenge, as CSRD and ESRS require vast new quantitative and qualitative data (Kornfeld, 2024; PwC, 2023). Reporting Scope 3 GHG emissions is particularly problematic due to supply chain complexity and difficulty obtaining reliable supplier data (Jokinen et al., 2025). Eriksson et al. (2024) note data management as a specific hurdle for SMEs, with many firms lacking adequate IT infrastructure and internal controls for sustainability data (Kosi & Relard, 2024).

Understanding and Applying Complex Standards

The detailed ESRS is challenging to interpret and apply, especially for firms with limited prior sustainability experience (Kornfeld, 2024). Correctly using the "double materiality" principle, assessing both the company's financial impacts and its impact on society and the environment, is a complex analytical task with potential ambiguities (Di Tullio et al., 2025).

Resource Constraints

A lack of adequate internal resources (financial, human, technological) is a significant barrier, particularly for SMEs (Eriksson et al., 2024; Kornfeld, 2024). Compliance costs, including consultancy and new systems, can be substantial (Ibiyeye et al., 2024), exacerbated by a shortage of professionals with CSRD expertise (Schneider et al., 2025)..

Value Chain Complexity

Obtaining reliable sustainability information from extensive and dispersed value chains is a significant hurdle (Jokinen et al., 2025; Eriksson et al., 2024). This involves engaging numerous suppliers, many of whom may lack the capacity to provide the necessary data (Schneider et al., 2025).

Audit and Assurance Requirements

CSRD mandates limited assurance, moving towards reasonable assurance, and introducing new scrutiny. For many, preparing auditable sustainability information and establishing internal controls (ICSR) is a novel task. The novelty of auditor standards can also lead to initial inconsistencies (Mock et al., 2013).

Internal Coordination

Kornfeld (2024) notes challenges in internal information dissemination. Effective CSRD reporting necessitates cross-functional collaboration (e.g., sustainability, finance, operations), which is often challenging to establish and manage within existing corporate structures (Deloitte, 2023).

Impact of Regulatory Shifts such as the Omnibus Simplification Package

While the provided literature was primarily published before or concurrently with recent regulatory adjustments like the "Omnibus Simplification Package," the dynamic nature of the EU's sustainability agenda is an important contextual factor. Kornfeld (2024) mentions uncertainties regarding branch-specific ESRS and the impact of evolving Swedish legislation on CSRD implementation. As seen with the Omnibus package, the potential for postponements or adjustments to reporting timelines and thresholds can create uncertainty for companies in their planning and resource allocation. While potentially aimed at reducing burdens, such shifts can also disrupt ongoing preparations and lead to questions about the long-term regulatory trajectory. The literature on SMEs consistently highlights the burden of reporting (Eriksson et al., 2024), suggesting that some could welcome simplifications. However, the impact on overall reporting quality and scope remains an area for ongoing observation.

Corporate Perceptions of First-Time CSRD Compliance

For companies encountering the CSRD for the first time, perceptions often navigate a spectrum between a compliance burden and a strategic opportunity. Initially, the extensive data requirements, complexity of ESRS, and associated costs can lead to a "check-box" mentality, focusing on minimum viable compliance. The novelty of double materiality and value chain reporting often compounds this view. However, as organizations engage more deeply, or for those with a proactive stance, CSRD can be recognized as a catalyst for competitive advantage. This includes enhanced risk management, improved stakeholder trust, better access to capital, operational efficiencies, and the deeper integration of sustainability into core business strategy. While empirical evidence on first-time CSRD reporters is still developing, parallels from prior mandatory disclosure regimes suggest this dual perception is standard, with a potential evolution towards strategic adoption over time.

The reviewed literature underscores that implementing the CSRD is a complex, resource-intensive, yet potentially transformative process for companies across the EU. Key challenges consistently revolve around data collection, especially for the value chain and Scope 3 emissions, resource limitations, the interpretation of new standards like double materiality, and the evolving nature of the audit and regulatory landscape. However, the literature also points to opportunities for enhanced strategic integration of sustainability, improved stakeholder trust, and the development of more resilient and collaborative business networks. The insights derived from these academic contributions have been instrumental in shaping the thematic areas of the interview guide for this thesis, which aims to capture the rich, first-hand experiences of companies as they embark on their CSRD journey. Themes that were identified and to be explored in the interviews are the following: “Organizational Context & Readiness,” “Preparation & Implementation Process,” “Challenges and Difficulties,” “Impact of the Omnibus Simplification Package,” “Lessons Learned & Future Support,” “Strategic Implications,” “Enablers & Success Factors”.

Methods

Study Design

This research adopted a qualitative methodology to investigate companies' first-hand experiences with the Corporate Sustainability Reporting Directive (CSRD) reporting process. A qualitative approach was deemed most suitable as the study aimed to gain rich, in-depth insights into how organizations prepared for and navigated their initial CSRD reporting cycle, particularly focusing on the complexities of challenges encountered, stakeholder engagement, and the perceived impact of evolving regulations (Malterud, 2001).

Research Sample

The study involved seven CSRD-compliant companies pre-Omnibus, primarily Wave 1 firms. These companies were selected because their mandatory engagement with the initial CSRD cycle provided valuable, contemporary insights into the preparation processes and challenges encountered. According to the European Commission, large companies meet at least two criteria: a net turnover of more than €50 million, a balance sheet total of more than €25 million, or more than 250 employees. At the same time, a specific geographic focus, such as in the northern Netherlands, was not possible due to a lack of companies' responses. All participants involved were identified through convenience sampling. This involved identifying companies that have recently published or are in the final stages of their first CSRD report, found on Snarv, a publicly available sustainability reporting navigator. Approximately 120 requests were sent via LinkedIn to relevant experts, including finance directors, sustainability managers, and CSR officers involved in their companies' CSRD reporting processes. From these, 15 individuals responded, and seven agreed to be interviewed, representing a range of functions and industries. Participant anonymity was maintained throughout the research, with individuals assigned codes R1 for first respondent, R2 for second respondent, and so on throughout the remainder.

Data Collection

Data were collected through semi-structured interviews, a method chosen for suitability in qualitative research. It balances structured inquiry using an interview guide and the flexibility to explore emergent themes and individual nuances (Wilson, 2014). Each interview lasted approximately 25-40 minutes and was guided by an interview guide. This guide includes questions designed to elicit information on companies' CSRD preparation processes, the role and nature of internal and external support, data management strategies, the complexities of the DMA, audit experiences, and the perceived impact of regulatory shifts such as the Omnibus Simplification Package.

Interviews were offered to be conducted either in person or online via platforms like Microsoft Teams, based on participant preference and availability. With explicit verbal and written consent from each participant, all interviews were audio-recorded to ensure accuracy and completeness of the data captured. These recordings were subsequently transcribed to facilitate detailed analysis.

Data analysis

The transcribed interviews were analyzed using a thematic analysis approach, following the principles outlined by Braun and Clarke (2006). This method was selected for its flexibility and systematic process for identifying, analyzing, and reporting themes within qualitative data. The data analysis was performed using ATLAS.ti software and involved several iterative steps. The process began with thorough familiarization, where transcripts were read multiple times and the audio recording was re-listened to to gain a deep understanding of the content. Following this, initial coding was undertaken, primarily using a deductive approach. Mechanisms and concepts derived from the study's theoretical framework, the Resource-Based View (RBV) and the Extended Resource-Based View (ERBV), guided the identification of relevant data segments—a codebook, developed and utilized to ensure consistency in applying these theoretically driven codes. Subsequently, theme development occurred, and beyond deductive coding, an inductive approach identified emergent themes from participant narratives by grouping similar codes and initial ideas into broader potential themes relevant to the research questions. It is important to note that an LLM was utilized as an assistive tool to help synthesize coded segments and propose potential thematic groupings for some of the transcribed codes. All AI-generated suggestions for themes were then subjected to rigorous critical review, validation, and refinement by the researcher to ensure they accurately represented the data and literature and adequately addressed the research objectives. Finally, a coherent narrative was constructed, utilizing these themes to answer the research questions and explain the participants' experiences with CSRD implementation. Furthermore, during the writing and revision phases of this research, AI-powered tools such as Grammarly were employed for grammatical review to suggest improvements in the structure, clarity, and flow of the research. However, the researcher retained complete editorial control and responsibility for the final content.

Ethical Considerations

This research adhered strictly to the ethical guidelines of the University of Groningen. The core principles guiding this study were voluntary participation, informed consent, confidentiality, and the respectful treatment of all participants. Before each interview, participants received an information sheet detailing the study's purpose, methods, potential use of data, and any potential risks or benefits. Written informed consent was obtained from all participants before their involvement. At the start of each interview, verbal consent was reaffirmed, and participants were reminded of their right to withdraw from the study at any time without consequence. To ensure confidentiality and anonymity, all personal identifiers were removed from transcripts and research reports; participants were referred to by codes such as R1. Audio recordings and transcripts were stored securely in the researcher's private databank and are to be deleted six months post-completion of the research. The study was conducted in a manner designed to establish mutual trust and respect, creating a safe environment for participants to share their experiences openly (Rubin & Babbie, 2006).

Qualitative results

This section presents the findings from the qualitative analysis of seven interviews conducted with representatives from companies undergoing their first CSRD reporting cycle. The analysis aimed to explore companies' initial experiences, the challenges encountered, key learnings, and the impact of recent regulatory changes, notably the Omnibus Simplification Package. The findings are based on a thematic analysis of interview transcripts, with code frequencies indicating the prominence of specific topics, see in the appendices for the full aggregated frequency table.

Organizational Context and Preparedness for CSRD

The theme of “Organizational Context and Preparedness” was foundational, with "Preparedness Level" (R1, R2, R3, R4, R5, R6, R7) and "Prior Experience" (R1, R2, R3, R4, R5, R6, R7) being the most frequent codes. This suggests that while CSRD presented novel demands, most participating companies had some existing foundation in sustainability reporting, often through GRI or NFRD. This prior engagement fostered a degree of readiness. R1 noted, *"although we have been doing sustainability reporting in the past. It has not even been close to what these ideas he's asking for."* R5 from another company echoed this, stating, *"I would say we were quite prepared in terms of mindset and some of the data, because of NFRD. But for the depth of CSRD, especially the ESRS E1 on climate and value chain aspects, that was new territory."* These quotes illustrate a common sentiment: even with prior experience, the depth and granularity of

CSRD, particularly concerning detailed ESRS requirements and value chain analysis, represented a significant step-up. This aligns with literature indicating that SMEs, in particular, often face more substantial hurdles due to resource limitations (Eriksson et al., 2024). Kornfeld (2024) also observed that larger companies generally reported higher initial knowledge levels regarding CSRD than SMEs, though both groups identified similar overarching challenges. This underscores that the first CSRD cycle involved a steep learning curve for most, irrespective of their starting point.

Navigating the CSRD Preparation Process

Within the "CSRD Preparation Process", the "Double Materiality Assessment" was the most frequently discussed component (R1, R2, R3, R4, R5, R6, R7). This highlights its centrality and the significant effort companies invested in it. The DMA was consistently described as more rigorous and data-intensive than previous materiality exercises. R4, from a financial institution, detailed their approach: *"We started with a long list, did a first shift with the sustainability expert internally on kind of what would be material then found data points on these different points, and then set thresholds and then the maturity assessment from there."* An interviewee from R6's company added, *"One of the first steps was the the double materiality assessment simply to to to know which which topics are material for us and which in the end we we had to report on."* The complexity of the DMA often led companies to seek "External Support" (R1, R2, R3, R5). R2, from a large energy firm, mentioned, *"we relied on external consultants to perform it. In particular, we used KPMG,"* a sentiment shared by R5's company which also *"engaged one of the Big Four audit firms to help us with the initial gap analysis... and to support us in structuring the double materiality assessment process."* This reliance on external consultants, especially for the DMA, points to the specialized knowledge and methodological guidance companies felt was necessary to navigate this core CSRD requirement effectively, a need also reflected in literature concerning SMEs that may lack such internal capabilities (Eriksson et al., 2024).

Overcoming Key Challenges in CSRD Implementation

The theme of “Challenges Encountered” was highly prominent (R1, R2, R3, R4, R5, R6, R7), with “Data Collection & Gaps” and “Audit Challenges” being the most frequently cited difficulties by the interviewees. Managing “Data Collection & Gaps” was a universal pain point. R1 stated, *"So the real challenge was to really identifying the data that we need and then internally identifying where do we get them."* R5 further elaborated, *"The granularity of data required, especially for some of the environmental topics like biodiversity, and across the value chain, particularly Scope 3 emissions, is a huge challenge."* This empirical finding is strongly corroborated by academic literature. Jokinen et al. (2025) emphasize that the *"mandatory inclusion of Scope 3 emissions requires companies to account for previously overlooked activities, posing significant resource demands due to the complexity of global supply chains"* and identify "data collection and quality of data" as the main issue for Scope 3 reporting. Eriksson et al. (2024) also pinpoint "data management difficulties" for SMEs. “Audit Challenges” were also significant. R2 explained, *"...this is the first year of implementing the CSRD also for them [auditors]. So they were very strict on applying... every single rule,"* indicating a shared learning curve and initial friction in the assurance process.

Responding to Omnibus Simplification Package

The “Impact of the Omnibus Simplification Package” was a key theme, with “Scope Reduction/ Exemption” and “Timeline Adjustments” being notable codes for affected companies. The Omnibus Directive had tangible consequences for companies outside the revised thresholds. R1, whose company became exempt, explained: *"...once the omnibus came out, we had talked with them, our financial investor, and then we agreed that since we are not obliged anymore to report under CSRD, It is most likely we are not going to do it."* Similarly, R4 stated, *"But now because of the stop the clock we are, we are not supposed to report for another few years... we're out of scope because we don't have more than 1000 employees."* These experiences highlight how regulatory changes, particularly those driven by external stakeholders like investors, can directly alter a company's reporting path. Even for companies like R7's, who remained in scope but were part of a later wave, the Omnibus prompted internal discussions: *"Yeah, changed and there are internal discussions what to do next... decide whether you keep going at the same pace or refine your timeline."*

Lessons and Future Outlook

Interviewees (R1, R2, R3, R4, R5, R6, R7) identified several “Key Lessons” from their initial CSRD journey, and offered “Recommendations” for the future. The strategic value of the DMA process was a typical lesson. R1 shared, *"we decided to keep the double materiality assessment because we feel like it's still a perfect starting point."* R5 emphasized, *"Start early, especially with the double materiality and data mapping. It takes much longer than you think."* A consensus emerged on the critical “Technology Role” for managing CSRD's data intensity. R1 was direct with their opinion: *"Well, generally I think doing CSRD without a tool is not going to work."* R5 added, *"Excel just won't cut it for the long term, especially with assurance requirements."* Recommendations frequently included calls for more sector-specific standards. R1 suggested, *"I think the sector specific standards would be a really, really, really nice tool,"* a sentiment R4 shared: *"it would have been more useful to have sector specific guidelines."* This aligns with Kornfeld's (2024) findings on uncertainties regarding branch-specific ESRS.

Strategic Implications of CSRD Adoption

The Strategic Implications of CSRD were significant, with “Sustainability Integration” and “Industry Trends & Benchmarking” being prominent. Most viewed CSRD as a catalyst for deeper integration of sustainability into core business strategy, rather than just a compliance task. R1 stated, *"So for us it was always more than just being compliant... being sustainable somehow is part of our... DNA."* An interviewee from R6's company noted, *"I wouldn't say that because of the CSRD, our approach to sustainability changes. I would rather see the other the other way* *around... the reporting... guidelines don't necessarily determine our sustainability agenda."* This suggests that while CSRD provides a framework, the underlying strategic commitment to sustainability often pre-exists or is reinforced by the directive. The process also encouraged monitoring industry practices. R5 mentioned, *"We are definitely keeping an eye on what our peers are doing."*

Identifying Enablers and Success Factors

Despite the numerous challenges, certain "Enablers & Success Factors" were identified, with "Unexpected Positive Factors" being a noteworthy code. Often, the demanding nature of CSRD itself acted as a catalyst for positive internal changes. R2 observed that confronting CSRD complexities *"generated more cohesion, let's say in union. In trying to make a sustainability reporting activity which was better."* R5 also found a positive cultural shift: *"...the process, although challenging, has really raised awareness of sustainability issues across the company in departments that might not have been deeply involved before."* Effective communication and collaboration, as highlighted by Eriksson et al. (2024) and Jokinen et al. (2025), played an important role. While Jokinen et al. (2025) found current networks "loosely connected," the aspiration for *"a more open and balanced network structure, coupled with coordinated collaboration"* was seen as essential by the literature for tackling complex requirements like Scope 3 emissions. One company, R3's, reported a *"very smooth cooperation with our auditors because we have been engaged with them quite early,"* highlighting early engagement as a success factor in the audit process.

Unexpected Findings

A significant unexpected finding was the decisive role of financial investor sentiment in discontinuing comprehensive CSRD reporting for companies exempted by the Omnibus Directive. R1 shared that his company stopped CSRD efforts because their financial investor stated, *"they're not going to fund any big CSRD initiatives unless they're mandatory for us."* This underscores the powerful influence of external financial stakeholders on corporate sustainability commitments when regulatory mandates are relaxed. The extent to which the audit process was a learning curve for auditors was a recurring and somewhat unexpected theme. R2 noted, *"...this is the first year of implementing the CSRD also for them"* emphasizing the newness of the regulation for all parties involved, which sometimes led to perceptions of inflexibility or overly strict interpretations by the reporting companies. Some relatively minor organizations found the CSRD process manageable with lean teams and robust internal data systems. R4's company, a bank with a relatively small number of employees, reported a generally positive implementation experience, stating, *"...it really shows that smaller organizations can also, yeah, implement quite easily."* This finding suggests that organizational agility, existing infrastructure, and a proactive approach can be significant determinants of the reporting experience, potentially mitigating some of the resource constraints often highlighted in literature concerning SMEs (Eriksson et al., 2024).

Discussion

This study aimed to explore how companies subject to CSRD perceive and navigate the operational challenges of the Corporate Sustainability Reporting Directive, focusing on their initial experiences, challenges, key learnings, and the impact of recent regulatory changes like the Omnibus Simplification Package. The primary research question guiding this study was:

"How do companies subject to CSRD perceive and navigate the operational challenges of the Corporate Sustainability Reporting Directive?"

The findings indicate that companies perceive CSRD as a transformative, but a highly demanding undertaking. Navigation involves leveraging internal capabilities alongside essential external support, managing intricate new requirements like the Double Materiality Assessment (DMA), and responding to significant stakeholder influences, particularly from financial investors. The overall experience, as participants (R1-R7) acknowledged, often blends perceived burdens with emerging strategic opportunities and highlights varied preparedness levels despite prior sustainability reporting experience, such as NFRD or GRI. The data compellingly show that organizations heavily rely on a combination of internal resources like existing sustainability knowledge, data management systems, and interdisciplinary teams and external support mechanisms including consultants and auditors. Crucially, stakeholder engagement and influence, particularly from financial investors, emerged as pivotal in shaping strategic responses. Companies utilize these resources and navigate these influences to establish a reliable sustainability reporting basis, manage the complexities of the DMA, and address the directive's extensive data requirements, often viewing CSRD as more than a mere compliance exercise.

SQ1: What are companies' most significant operational challenges during their initial CSRD-compliant process?

The findings consistently highlighted substantial difficulties in “Data Collection & Gaps”, including the struggle to identify required data points and internal sources, and managing the granularity needed for complex areas like ESRS E1 (climate) and Scope 3 emissions across the value chain. Other prominent challenges included navigating the new “Audit process|, characterized by mutual learning for both companies and auditors, the inherent complexity of conducting the Double Materiality Assessment, and overarching “Resource Constraints” regarding time, personnel, and technology.

SQ2: *How does prior experience with sustainability reporting and organizational context influence a company's preparedness and implementation approach to the CSRD?*

The study revealed that while prior experience such as with NFRD or GRI, acknowledged by R1-R7, provided a foundational understanding but was largely insufficient for CSRD's extensive demands, one participant indicated that previous reporting was not comparable in scale or data requirements. More critically, a company’s unique organizational context, encompassing its agility, the complexity of its pre-existing data governance as exemplified by R4’s company, which found implementation relatively straightforward despite its smaller size. “Effective Coordination” from proactive leadership proved highly influential and suggests that such contextual factors can significantly enhance preparedness and adaptive capacity, sometimes more decisively than sheer firm size.

SQ3: How do recent regulatory shifts, such as the Omnibus Simplification Package, influence companies' CSRD commitment and perceptions of the regulatory burden?

The research found tangible impacts. Companies like R1 are exempted due to the Omnibus Package, which directly led to a cessation of comprehensive CSRD reporting efforts, primarily driven by financial investor preferences, thereby altering commitment and reducing the perceived immediate burden. For other companies remaining in scope or preparing for later waves, such regulatory adjustments prompted strategic re-evaluations of timelines and implementation approaches, demonstrating the direct effect of evolving regulations on corporate strategy and resource allocation. Unfortunately, due to the scope of this research, the potential findings for this sub-questions could be much improved and is discussed in the research limitations.

The study’s findings regarding organizational agility and effective resource deployment, particularly how smaller firms like R4’s company can navigate CSRD effectively, offer a nuanced refinement to Resource-Based View (RBV) perspectives. This suggests that the quality and strategic configuration of specific internal resources, such as established data systems and effective coordination, can be more critical than the sheer volume of resources often associated with larger firms, emphasizing the importance of dynamic capabilities within RBV (Barney, 1991).

Furthermore, the reliance on external consultants for complex tasks like the DMA, while a logical resource acquisition strategy under RBV, presents a potential long-term strategic tension. This findings suggests that ongoing reliance on external consultants, a concern also raised by

Eriksson et al. (2024), might unintentionally prevent companies from developing their own crucial and unique internal skills in sustainability reporting. The Resource-Based View (RBV) theory highlights that such specific internal capabilities are essential for a company to achieve a lasting competitive advantage.

The universal data collection challenges and the identified necessity for specialized technology strongly affirm core RBV principles regarding critical resources and capabilities. Similarly, the powerful influence of external stakeholders, exemplified by responses to the Omnibus Simplification Package, provides clear empirical backing for Extended Resource-Based View (ERBV), where relational factors and external valuations directly shape strategic choices and resource allocation. The unexpected findings, such as the decisive power of investor sentiment post-Omnibus, the audit process as a learning curve for auditors themselves, and the proficient navigation of CSRD by agile smaller organizations, further enrich these theoretical discussions by providing novel empirical contexts that challenge common assumptions about SME disadvantages and highlight unique resource bundles and external contingencies.

Theoretically, while corroborating existing literature on CSRD's operational complexity and data challenges, this study offers insights into how specific resources are leveraged and how RBV and ERBV manifest in this novel regulatory environment. It particularly refines RBV by emphasizing resource quality and agility, and vividly illustrates ERBV through investor influence on strategic compliance. A key contribution is illuminating emergent positive factors, such as enhanced internal cohesion and broader sustainability awareness, suggesting CSRD can fasten the development of intangible resources and dynamic capabilities. This study also underscores CSRD's role in compelling a transdisciplinary approach within firms, fostering the integration of diverse expertise such as finance, human resource, and sustainability teams into a complex organizational capability essential for holistic reporting.

This findings concerning the novel and extensive demands of CSRD confirm it pushes organizations into territory previously out of scope for many. This necessary broadening of scope raises the question of whether contemporary business organizations are inherently equipped to intergrate holistic sustainability into their operations. The evidence suggests that significant adaptation efforts and reliance on external drivers point to systemic limitations. However, the CSRD process also fostered positive internal developments like enhanced collaboration and awareness (R2, R5), and some firms (R1, R6) demonstrated pre-existing alignment. Thus, many businesses may not have been fundamentally equipped initially. CSRD can be a powerful catalyst, forcing capability development and a more transdisciplinary mindset and culture.

Conclusions

This research explores how companies subject to the Corporate Sustainability Reporting Directive (CSRD) perceive and navigate its operational challenges, focusing on their initial experiences, key learnings, and the impact of recent regulatory changes like the Omnibus Simplification Package. With increasing global push back in recent months for corporate transparency and accountability on sustainability matters, this study sought to understand the real-world implementation and effectiveness of the new European Union directive.

The findings reveal that companies perceive the CSRD as a highly demanding yet potentially transformative undertaking. Navigating its complexities involves a dynamic interplay of leveraging internal resources, such as existing sustainability knowledge and data systems, and relying on essential external support from consultants and auditors. Stakeholder influence, particularly from financial investors, also emerged as a pivotal factor shaping strategic responses to the directive. In addressing its specific sub-questions, this study found that the most significant operational challenges consistently revolve around “Data Collection & Gaps” , the complexity of the DMA, navigating the new “Audit process”, and overarching “Resource Constraints”.

Regarding the influence of prior experience and organizational context , the research indicated that while previous reporting experience (e.g., NFRD, GRI) provided a foundation, it was largely insufficient for the depth and breadth of CSRD. Critically, a company's unique organizational context, notably its agility, the depth of pre-existing data governance, and effective coordination from leadership, proved to be a more decisive factor in preparedness and adaptive capacity than sheer firm size. The study also examined the impact of regulatory shifts like the Omnibus Simplification Package, finding that such changes had tangible consequences, including altered reporting commitments driven by investor preferences for exempted companies and strategic timeline re-evaluations for others. However, the full depth of these impacts warrants further exploration.

Scientifically, this research contributes to and offers nuances for the Resource-Based View (RBV) and the Extended Resource-Based View (ERBV). It adds to RBV by highlighting that the quality, agility, and strategic deployment of resources, rather than just their sheer volume, are critical in navigating complex regulatory demands. The study also underscores a potential tension within RBV concerning the reliance on external expertise, which, while addressing immediate needs, may hinder the development of internal competencies in companies. Furthermore, the findings provide strong empirical support for ERBV, particularly in demonstrating how external stakeholder pressures, such as investor sentiment following the Omnibus Package, can significantly influence and even override internal strategic decision-making regarding compliance. The research also illuminates how the demanding nature of CSRD can catalyze the development of valuable intangible resources, such as enhanced internal collaboration and sustainability awareness, and compel a transdisciplinary approach, fostering the integration of diverse expertise into new organizational capabilities.

The broader contributions of this study lie in providing crucial early insights into the first time experiences of companies dealing with CSRD. Practically, it underscores the importance of early DMA engagement, strategic investment in appropriate technology, a focus on internal capacity building alongside external support, and proactive auditor engagement for reporting entities. For policymakers, the findings signal a need for continued refinement of guidance, particularly through more sector-specific ESRS standards. This research also prompts a deeper reflection on whether contemporary business organizations are fundamentally equipped for holistic sustainability, suggesting that while CSRD acts as a powerful catalyst for capability development and a more transdisciplinary mindset, the journey towards deeply embedded sustainability is ongoing and not simple.

This study's findings should be considered in light of its limitations. While providing insights, the qualitative methodology was based on a relatively small sample of seven companies selected via convenience sampling, which limits the generalizability of the findings. The research also focused primarily on initial, Wave 1 reporting experiences and did not concentrate on specific sectors or regions, which could offer more contextualized understanding. Furthermore, the analysis was conducted by a single researcher, which, despite systematic procedures, introduces a singular interpretive lens. The timing and scope of the research also constrained the exploration of the Omnibus Package's impact. These limitations open many opportunities for future research. A longitudinal study tracking companies across multiple CSRD reporting cycles would offer valuable insights into the evolution of challenges, strategies, and capabilities, particularly the experiences of Wave 2 companies and more latter on. Larger-scale quantitative research could assess the patterns and challenges' prevalence across different sectors, regions, and company sizes. Further investigation into the long-term implications of reliance on external consultants versus the strategic cultivation of internal sustainability competencies would significantly contribute to RBV theory.

In conclusion, the Corporate Sustainability Reporting Directive represents another milestone in sustainability governance, compelling organizations to reassess their impacts, strategies, and resource allocations. While the initial implementation journey is perceived with operational challenges, it presents an opportunity for profound organizational learning and strategic realignment. This study captures the critical early stages of this adaptation, underscoring that navigating CSRD is not merely a compliance exercise but a complex strategic endeavor that tests, and potentially reshapes, the resources, capabilities, and stakeholder relationships of affected companies as they move towards a more transparent and accountable future.

References

Global Risks Report 2024 | World Economic Forum. (2024, September 10). World Economic Forum. https://www.weforum.org/publications/global-risks-report-2024/

European Parliament. (2022). *Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 1024/2012, as regards corporate sustainability reporting*. European Parliament and Council. https://eur-lex.europa.eu/eli/dir/2022/2464/oj

European Commission. (2019). *Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01)*. Official Journal of the European Union. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52019XC0620(01)

European Union (2019). *Going climate-neutral by 2050 : a strategic long-term vision for a prosperous, modern, competitive and climate-neutral EU economy.* Publications Office of the EU. https://op.europa.eu/en/publication-detail/-/publication/92f6d5bc-76bc-11e9-9f05-01aa75ed71a1

Eriksson, J., Karlsson, L., & Svensson, M. (2024). *(2024). Challenges of the CSRD implementation for SMEs in the supply chain. https://gupea.ub.gu.se/handle/2077/82916*

Feneir, I. M. (2021). Corporate Social Responsibility Disclosure (CSRD). In *Contributions to finance and accounting* (pp. 265–292). https://doi.org/10.1007/978-3-030-72624-9_12

Frieslandcampina (2023). Annual Report 2023. https://www.frieslandcampina.com/about-us/financials/financial-and-sustainability-reports/

Giese, G., Lee, L., Melas, D., Nagy, Z., & Nishikawa, L. (2019). Foundations of ESG Investing: How ESG affects equity valuation, risk, and performance. *The Journal of Portfolio Management*, *45*(5), 69–83. https://www.proquest.com/scholarly-journals/foundations-esg-investing-i-how-affects-equity/docview/2249799015/se-2.

Heineken (2023) *Our 2023 annual report*. The HEINEKEN Company. https://www.theheinekencompany.com/our-company/our-2023-annual-report

InfluenceMap. (2024, December 1). *The Carbon Majors Database: Launch report*. (C) InfluenceMap 2021. https://influencemap.org/briefing/The-Carbon-Majors-Database-26913

Joshi, S., Kansil, R. (2023). Embedding Sustainability into Businesses: Creating Sustainability Culture. In: Looking at and Beyond Corporate Governance in India. Palgrave Macmillan, Singapore. https://doi.org/10.1007/978-981-99-3401-0_6

Martinez, I., Gillet-Monjarret, C., & Rivière-Giordano, G. (n.d.). *The role and effectiveness of corporate social responsibility assurance in a mandatory setting: Professional accountants' perceptions*. SHS Cairn.info. https://shs.cairn.info/revue-management-2021-1-page-59?lang=fr

McKendall, M., Sánchez, C., & Sicilian, P. (1999). Corporate governance and corporate illegality: The effects of board structure on environmental violations. *The International Journal of Organizational Analysis, 7*(3), 201–223.

Kosi, U., & Relard, P. (2024). Are firms (getting) ready for the corporate sustainability reporting directive? *Deleted Journal*, *32*(1). https://doi.org/10.1007/s00550-024-00541-1

Jokinen. L; Harju. N; Kinnunen.K; Hänninen. S (2025). *Implications of Corporate Sustainability Reporting Directive (CSRD) to Company Network Collaboration*. Journal of Sustainability Research, 7(1). https://doi.org/10.20900/jsr20250018

Institutionen, G. U. (2024, August 14). *Challenges of the CSRD implementation for SMEs in the supply chain*. https://gupea.ub.gu.se/handle/2077/82916

Maccarrone, P. (2025, March 27). *Assessing the impact of the CSRD: insights from four large Italian companies*. https://www.politesi.polimi.it/handle/10589/230042

Kornfeld, E. (2024). *Ready or not? : Analysis of the Swedish Energy Sector's Knowledge and View on CSRD*. DIVA. https://www.diva-portal.org/smash/record.jsf?pid=diva2%3A1843931&dswid=6889

Di Tullio, P., La Torre, M., & Rea, M. (2025). Sustainability reporting regulation: hypes, myths and reflections. *Management Decision*. https://doi.org/10.1108/md-10-2024-2462

Ibiyeye, T. O., Iornenge, J. T., & Adegbite, A. (2024). Evaluating Regulatory compliance in the finance and investment sector: An analysis of current practices, challenges, and the impact of emerging technologies. *Iosr Journal of Economics and Finance*, *15*(6), 01–08. https://www.researchgate.net/profile/Tawakalit-Ibiyeye/publication/385717483_Evaluating_Regulatory_Compliance_In_The_Finance_And_Investment_Sector_An_Analysis_Of_Current_Practices_Challenges_And_The_Impact_Of_Emerging_Technologies/links/67327ca937496239b2bc9823/Evaluating-Regulatory-Compliance-In-The-Finance-And-Investment-Sector-An-Analysis-Of-Current-Practices-Challenges-And-The-Impact-Of-Emerging-Technologies.pdf

Rubin, A., & Babbie, E. (2006). Research Methods for Social Work. http://ci.nii.ac.jp/ncid/BB02821508

Schneider, D., Schüler, A., Woerle, M., Schneider, D., Eisold, N., & Reinhart, G. (2025). Sustainability reporting and transitory environmental sustainability risks in manufacturing.

International Journal of Sustainable Engineering, *18*(1). https://doi.org/10.1080/19397038.2025.2461565

Setyaningsih, S., Widjojo, R., & Kelle, P. (2024). Challenges and opportunities in sustainability reporting: a focus on small and medium enterprises (SMEs). *Cogent Business & Management*, *11*(1). https://doi.org/10.1080/23311975.2023.2298215

Schneider, D., Schüler, A., Woerle, M., Schneider, D., Eisold, N., & Reinhart, G. (2025). Sustainability reporting and transitory environmental sustainability risks in manufacturing. *International Journal of Sustainable Engineering*, *18*(1). https://doi.org/10.1080/19397038.2025.2461565

Lavie, D. (2006). The competitive advantage of interconnected Firms: an extension of the Resource-Based View. *The Academy of Management Review*, *31*(3), 638–658. https://www.jstor.org/stable/20159233

Mock, T. J., Rao, S. S., & Srivastava, R. P. (2013). The development of worldwide Sustainability Reporting Assurance. *Australian Accounting Review*, *23*(4), 280–294. https://doi.org/10.1111/auar.12013

PricewaterhouseCoopers. (n.d.). *Corporate Sustainability Reporting Directive*. PwC. https://www.pwc.nl/nl/themas/sustainability/esg/corporate-sustainability-reporting-directive.html?

gad_source=1&gad_campaignid=909560064&gbraid=0AAAAAD93q2ky7sw6ECLrzPMlWou9HizwV&gclid=CjwKCAjwi-DBBhA5EiwAXOHsGQYbo8oh1l-tmW00lemnMpeVu5eK0MOk3urlzGfM7waHkMZXfUHOchoCSkkQAvD_BwE

Boeije, H. (2010). Analysis in qualitative research. *ResearchGate*. https://www.researchgate.net/publication/50205377_Analysis_in_Qualitative_Research

Financial Software Architects GmbH. (2025, March 18). *The GRI standards*. Envoria. https://envoria.com/insights-news/the-gri-standards-the-most-widely-used-sustainability-reporting-framework.

Radu, O. M., Dragomir, V. D., & Hao, N. (2023). Company-Level Factors of Non-Financial Reporting Quality under a Mandatory Regime: A Systematic Review of Empirical Evidence in the European Union. *Sustainability*, *15*(23), 16265. https://doi.org/10.3390/su152316265

O'Dwyer, B., & Unerman, J. (2020). Shifting the focus of sustainability accounting from impacts to risks and dependencies: researching the transformative potential of TCFD reporting. *Accounting Auditing & Accountability Journal*, *33*(5), 1113–1141. https://doi.org/10.1108/aaaj-02-2020-4445

PricewaterhouseCoopers. (n.d.). *The Corporate Sustainability Reporting Directive (CSRD) is already having an impact*. PwC. https://www.pwc.nl/en/topics/sustainability/esg/corporate-sustainability-reporting-directive/the-corporate-sustainability-reporting-directive-csrd-is-already-having-an-impact.html

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, *17*(1), 99–120. https://doi.org/10.1177/014920639101700108

EUR-LEX - 52019XC0620(01) - EN - EUR-LEX. (n.d.). https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=oj:JOC_2019_209_R_0001

Malterud, K. (2001). Qualitative research: standards, challenges, and guidelines. The Lancet, 358, 483-488. https://doi.org/10.1016/S0140-6736(01)05627-6.

Wilson, C. (2014). Semi-Structured Interviews. Interview Techniques for UX Practitioners (pp. 23–41). Elsevier. https://doi.org/10.1016/b978-0-12-410393-1.00002-8

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. Qualitative Research in Psychology, 3(2), 77–101. https://doi.org/10.1191/1478088706qp063oa

Appendices

Appendix 1. Interview Guide

1. Introduction

- Thank the participants for their time.

- Briefly explain the purpose of the interview:
  "This interview explores companies' first experiences with CSRD reporting, the challenges faced, key learnings, and the impact of recent regulatory changes, including the Omnibus Simplification Package. If you are a customer of Datamaran, we will also discuss your experience Datamaran in assisting your CSRD process ."

- Remind them their permission to record the interview (if applicable).

- Confirm their role and involvement in the CSRD reporting process.

2. General Background

- Can you briefly introduce your role in the CSRD reporting process?
- Does your company previously or currently meet the CSRD requirement

- How prepared was your company for the first CSRD reporting cycle?
  (Did you already have a structured sustainability reporting process before CSRD? If so, what changed with CSRD?)

- How did your company first react when the CSRD requirements were introduced?

3. Preparation & Implementation

- When did your company start preparing for CSRD compliance, and what were the first steps?

- How did you structure your internal reporting team?
    - Was there a designated CSRD team, or was it integrated into existing departments?

- How did your company conduct the double materiality assessment?
    - How did you engage stakeholders in this process?
    - What challenges did you encounter in defining material topics with different stakeholders?

- Did you use external consultants or software tools to support the reporting process?

4. Challenges & Difficulties

- What were the most significant challenges your company faced during the first CSRD reporting cycle?
    - *Were they related to data collection, compliance, stakeholder involvement, or internal processes?*

    - *Can you give an example of a particularly difficult issue you encountered?*

- How did you manage data collection and verification?

- How did your company handle the assurance (audit) process for CSRD compliance?

    - *Was it a smooth experience, or did it highlight unexpected gaps?*

    - *Did auditors request any additional data you hadn't anticipated?*

- Looking back, were there any unexpected complexities that made the process harder than expected?

5. Impact of the Omnibus Simplification Package

- Awareness and Understanding
    - Are you aware of the recent Omnibus Simplification Package proposed by the European Commission?

- Anticipated Changes
    - The Omnibus proposals suggest reducing the number of companies required to report under CSRD by raising reporting thresholds, potentially excluding many companies from the scope of the CSRD by 80%. How might this change impact your company's reporting obligations?

    - With the proposed postponement of reporting deadlines, how is your organization adjusting its compliance timeline?

- Operational Implications
    - The proposals aim to simplify due diligence requirements, such as limiting mandatory due diligence to Tier 1 suppliers. How might this affect your company's approach to supply chain assessments and risk management?

    - Do you foresee any challenges in adapting to these simplified requirements, particularly in maintaining transparency and accountability?

- Strategic Considerations
    - How does your company balance the benefits of reduced administrative burdens with the need for comprehensive sustainability reporting?

    - Do you anticipate that these regulatory changes will influence your company's sustainability strategy or stakeholder engagement practices?
- Industry Perspective
    - How do you think these simplifications will impact the broader industry, especially concerning sustainability commitments and competitive positioning?

    - Are there concerns that reducing reporting obligations might lead to decreased transparency or hinder progress toward sustainability goals?

6. Lessons Learned, Reporting Needs & Opportunities for Support

- Looking back, what are the biggest lessons your company has learned from its first CSRD reporting experience?

- What tools, resources, or support would help make future CSRD reporting more efficient and accurate?

- How do you think technology help improve the CSRD reporting process?

7. Closing

- Any final thoughts on CSRD reporting challenges or improvements?
- Would you be open to a follow-up discussion?
- Thank them for their time and insights.

Appendix 2. Code book

Theme	Code	Description	Frequency	Example
Organizational Context & Readiness	Role in CSRD	Participant's specific role and responsibilities concerning sustainability reporting and the company's CSRD implementation	7	"We really started with a long list, did a first shift with the sustainability expert internally..."

Organizational Context & Readiness	Prior Experience	Company's history with sustainability reporting; whether CSRD is their first mandatory/ comprehensive effort or builds on NFRD, GRI, etc.	12	"I would say we were quite prepared in terms of mindset and also some of the data, because of NFRD. But for the depth of CSRD... that was new territory."
Organizational Context & Readiness	Initial Reactions	The company's immediate perceptions, concerns, or strategic considerations upon learning about the CSRD requirements.	7	"although we have been doing sustainability reporting in the past. Just it has not even been close to what these ideas he's asking for."

Organizational Context & Readiness	Preparedness Level	Assessment of the organization's readiness (e.g., existing processes, data systems, internal knowledge, team structure) before starting CSRD.	13	"I would say we were quite prepared in terms of mindset and also some of the data, because of NFRD."
Preparation & Implementation Process	CSRD Timeline	Key dates for when the company began its CSRD preparation, stages of implementation, and milestones reached.	Discussed contextually; no specific frequency for "timeline" as a code.	"Start early, especially with the double materiality and data mapping. It takes much longer than you think."
Preparation & Implementation Process	Team Structure	How the internal team responsible for CSRD reporting was formed, its composition (cross-functional aspects), or how existing teams adapted.	14	"generated more cohesion, let's say in Union. In trying to make a sustainability reporting activity which was better."

Preparation & Implementation Process	DMA Process	The methodology and steps taken by the company to conduct its Double Materiality Assessment as required by CSRD.	15	"We really started with a long list, did a first shift with the sustainability expert internally... then found data points... and then set thresholds and then the maturity assessment from there."
Preparation & Implementation Process	Stakeholder Engagement	Methods used to involve internal and external stakeholders in the CSRD process (especially DMA), and any challenges encountered.	10	"very smooth cooperation with our auditors because we have been engaged with them quite early."

Preparation & Implementation Process	Use of External Support	Reliance on external consultants, auditors (for advisory beyond assurance), or specialized software/tools (e.g., Datamaran) for CSRD.	10	"engaged one of the Big Four audit firms to help us with the initial gap analysis..."
Challenges and Difficulties	Data Collection Issues	Specific problems encountered in sourcing, structuring, validating, or ensuring the quality and completeness of data needed for ESRS.	13	"So the real challenge was to really identifying the data that we need and then internally identifying where do we get them.

Challenges and Difficulties	Audit Challenges	Difficulties encountered during the external assurance or audit process related to CSRD information.	10	"...this is the first year of implementing the CSRD also for them. So they were very strict on applying... every single rule."
Impact of the Omnibus Simplification Package	Scope Reduction/ Exemption	Views and company responses regarding firms being excluded from CSRD scope due to raised financial/ employee thresholds.	7	"...since we are not obliged anymore to report under CSRD, It is most likely we are not going to do it."
Impact of the Omnibus Simplification Package	Timeline Adjustment	Reactions to any changes or delays in reporting deadlines for certain companies or ESRS standards resulting from	5	"But now because of the stop the clock we are, we are not supposed to report for another few years..."

Lessons Learned & Future Support	Key Lessons	Major insights, learnings, or takeaways gained by the company from undergoing its first CSRD reporting cycle.	12	"we decided to keep the double materiality assessment because we feel like it's it's still a perfect starting point."
Lessons Learned & Future Support	Technology Opportunities	Perceived role and potential of technology (software, AI, data analytics) in improving or streamlining the CSRD reporting process.	10	"Well, generally I think doing csid without a tool is not going to work."
Lessons Learned & Future Support	Recommendations	Specific suggestions or changes companies would implement for their next CSRD reporting cycle or recommend to others.	12	"I think the sector specific standards would be a really, really, really nice tool."

Strategic Implications	Sustainability Strategy Shift	How CSRD or the reforms have influenced or changed the company's overall sustainability priorities, goals, or integration into business strategy.	10	"So for us it was always more than just being compliant... being sustainable somehow is part of our... DNA."
Strategic Implications	Stakeholder Expectations	Observed shifts in how stakeholders (investors, customers, employees) communicate their expectations or exert pressure regarding	3	"...we had talked with them our financial investor and then we agreed that since we are not obliged anymore to report..."

Strategic Implications	Industry Trends	Broader reflections on CSRD's impact on industry competitiveness, company positioning, overall transparency, or peer behavior.	11	"We are definitely keeping an eye on what our peers are doing."
Enablers & Success Factors	Smooth Data Collection	Instances where data was readily available, or existing processes significantly facilitated data gathering for CSRD.	5	"...it really shows that smaller organizations can also, yeah, implement quite easily."
Enablers & Success Factors	Effective Coordination	Examples of successful collaboration and communication between different teams or departments during CSRD implementation.	12	"generated more cohesion, let's say in Union. In trying to make a sustainability reporting activity which was better."

Enablers & Success Factors	Positive Audit Experience	Situations where the audit or assurance process was handled efficiently, constructively, or was perceived positively by the	3	"very smooth cooperation with our auditors because we have been engaged with them quite early."
Enablers & Success Factors	Unexpected Facilitators	Factors, internal or external, that unexpectedly helped or eased the CSRD implementation process.	7	"generated more cohesion..." R5: "...raised awareness of sustainability issues across the company..."