Navigating Compliance : Challenges and Strategies for Implementing the Corporate Sustainability Reporting Directive (CSRD)

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Navigating Compliance: Challenges and Strategies for Implementing the Corporate Sustainability Reporting Directive (CSRD)

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Statement of responsibility

I, Nawfal, hereby declare that this master's thesis entitled *"Navigating Compliance: Challenges and Strategies for Implementing the Corporate Sustainability Reporting Directive (CSRD)"* is the result of my own independent research. All sources of information, data, and literature have been properly acknowledged and referenced in accordance with academic standards.

I confirm that this work has not been submitted, either in whole or in part, for any degree or diploma at any other institution. While I gratefully acknowledge the insights provided by interview participants and the academic guidance of my supervisor, the responsibility for the analysis, interpretation, and conclusions presented in this thesis rests solely with me.

Signed,
Nawfal NASR

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Abstract

The Corporate Sustainability Reporting Directive (CSRD), adopted in 2023 and entering into force in 2024, represents a fundamental transformation of corporate non-financial reporting within the European Union. By introducing the principle of double materiality, mandatory assurance, and alignment with the European Sustainability Reporting Standards (ESRS), the CSRD extends reporting obligations to nearly 50,000 companies, demanding a deeper integration of sustainability into strategy, governance, and operations. Despite its ambition to enhance transparency and comparability of sustainability information, the practical implications for companies remain underexplored.

This thesis investigates the challenges and opportunities arising from CSRD implementation, focusing on how companies adapt their governance structures, risk management processes, and strategic orientation in response. Using a qualitative and exploratory design, semi-structured interviews were conducted with Chief Financial Officers (CFOs), Chief Sustainability Officers (CSOs), consultants, and sustainability managers across multiple sectors, including banking, insurance, energy, and asset management. Data were analyzed thematically through coding and triangulation to identify cross-sectoral patterns.

Findings reveal that the CSRD has accelerated the creation of new governance organs, promoted stronger dialogue between finance and sustainability functions, and in many cases elevated sustainability to board-level oversight. However, significant challenges persist: aligning double materiality with existing enterprise risk management frameworks, overcoming methodological immaturity in impact assessments, and addressing organizational resistance. The directive also drives environmental transformation, with companies setting more ambitious climate targets, enhancing disclosure on Scope 3 emissions, and investing in sustainable innovations. Social dimensions, such as due diligence in supply chains and integration of social KPIs, are emerging as strategic priorities but remain unevenly addressed across sectors.

The study concludes that while the CSRD serves as both a compliance obligation and a catalyst for transformation, its impact is differentiated by sectoral maturity, resource capacity, and organizational culture. It highlights tensions between regulatory compliance and genuine sustainability transformation, underscoring the need for capacity-building, methodological guidance, and systemic support from policymakers. This thesis contributes to both academic debates and managerial practice by offering insights into how companies navigate compliance while seeking to embed sustainability at the core of their strategic vision.

List of acronyms

- **AI** – Artificial Intelligence
- **CDP** – Carbon Disclosure Project
- **CEO** – Chief Executive Officer
- **CFO** – Chief Financial Officer
- **CSDDD** – Corporate Sustainability Due Diligence Directive
- **CSO** – Chief Sustainability Officer
- **CSR** – Corporate Social Responsibility
- **CSRD** – Corporate Sustainability Reporting Directive
- **DEI** – Diversity, Equity, and Inclusion
- **EFRAG** – European Financial Reporting Advisory Group
- **ERM** – Enterprise Risk Management
- **ESG** – Environmental, Social, and Governance
- **ESRS** – European Sustainability Reporting Standards
- **EU** – European Union
- **GRI** – Global Reporting Initiative
- **IFRS** – International Financial Reporting Standards
- **IIRC** – International Integrated Reporting Council
- **ISSB** – International Sustainability Standards Board
- **NFRD** – Non-Financial Reporting Directive
- **NGO** – Non-Governmental Organization
- **OECD** – Organisation for Economic Co-operation and Development
- **SASB** – Sustainability Accounting Standards Board
- **SFDR** – Sustainable Finance Disclosure Regulation
- **SRNAV** – Sustainability-Related Non-Audit Services
- **TCFD** – Task Force on Climate-related Financial Disclosures

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1- Introduction

The global rise of sustainable business practices and environmental, social, and governance (ESG) transparency has led to significant regulatory transformations within the European Union (EU). One of the most notable changes is the introduction of the Corporate Sustainability Reporting Directive (CSRD), adopted in December 2022 and implemented from January 2024 onwards. This directive marks a pivotal evolution in non-financial reporting by extending obligations to nearly 50,000 companies, significantly more than the 11,700 companies previously affected by the Non-Financial Reporting Directive (NFRD), and by standardizing the reporting framework through the European Sustainability Reporting Standards (ESRS) (European Commission, 2023).

The CSRD seeks to elevate the quality, comparability, and reliability of sustainability data disclosed by firms. By aligning reporting with the ESRS, EU Taxonomy, and broader sustainable finance objectives, the directive imposes detailed and mandatory disclosures integrated within annual management reports. Moreover, it embeds the principle of double materiality, requiring companies to disclose not only how sustainability issues affect their financial performance but also how their operations impact the environment and society (EFRAG, 2023a). This dual perspective aims to drive informed decision-making by investors, regulators, and stakeholders, thereby promoting more sustainable business practices across the EU.

The introduction of mandatory assurance on sustainability information and digital tagging to ensure machine readability further illustrates the CSRD's ambition to position sustainability reporting on par with financial reporting (EFRAG, 2023b). However, this regulatory ambition introduces a series of operational, technical, and strategic challenges for reporting entities. Recent literature highlights widespread limitations in companies' internal data infrastructures, governance processes, and interpretative capabilities when it comes to the CSRD's granular requirements (Kallestrup & Pedersen, 2024; Larsson & Möller, 2024).

Small and medium-sized enterprises (SMEs), which will fall under the CSRD scope in later phases, also express concerns about the cost, expertise, and resources required to meet compliance (Nguyen & Bergman, 2024). The 2025 Omnibus Amendments addressed some of these worries by revising certain ESRS indicators, aiming to simplify and reduce disclosure burdens for firms with limited capabilities. Despite these revisions, experts and practitioners maintain that the CSRD continues to represent a credible and urgent call for corporate transformation. As noted by Ellie Khazzoum, a sustainability reporting consultant, the CSRD, even with the Omnibus adjustments, remains a credible and timely “call to action” for companies to embed sustainability into the core of their business strategy (E. Khazzoum, personal communication, June 2025).

The credibility and scope of the CSRD also raise important questions about the relationship between regulatory compliance and actual corporate sustainability performance. Some scholars argue that companies with minimal taxonomy-aligned revenue may increasingly turn to third-party sustainability ratings as an alternative means to demonstrate ESG commitment, particularly when compliance indicators are weak or ambiguous (Gürtler et al., 2024). Others warn about the risk of "offsetting" behaviors, whereby firms compensate for limited environmental performance disclosures with high ESG ratings to influence stakeholder perceptions (Gürtler et al., 2024).

In this context, this thesis, titled "Navigating Compliance: Challenges and Strategies for Implementing the CSRD", seeks to explore the tangible challenges and mitigation strategies encountered by companies transitioning to the CSRD framework. The central research question is:

What are the primary challenges faced by companies in aligning their reporting systems with the requirements of the CSRD, and how did this regulation shift the companies global sustainable strategy?

This question is broken down into the following sub-questions:

- What are the key difficulties companies face in collecting, standardizing, and ensuring the accuracy of sustainability-related data for CSRD compliance?
- What are the financial, human, and technical resource constraints companies face in implementing the CSRD?
- How do companies perceive and interpret the complexity of the CSRD requirements?
- How do third-party consultants, auditors, or assurance providers contribute to reducing compliance challenges for companies?
- How has the CSRD influenced companies’ internal governance structures and decision-making processes related to sustainability (ESG)?

This thesis adopts a qualitative methodology based on semi-structured interviews with Chief Financial Officers (CFOs), Chief Sustainability Officers (CSOs), and sustainability professionals across multiple sectors. By exploring real-world implementation experiences, the research aims to contribute practical insights for corporate decision-makers, regulators, and sustainability practitioners.

2- Literature review

The literature on CSRD spans regulatory analyses, practitioner reports and emerging academic studies. At a regulatory level, EU sources explain that CSRD builds upon and supersedes the NFRD. Official EU communications emphasize that CSRD's purpose is to furnish investors, civil society and consumers with high-quality ESG information as part of the European Green Deal (Finance Europe, 2023). The European Commission has published guidance and a timeline for CSRD rollout: companies in scope (large EU and relevant non-EU firms) must start reporting under CSRD-aligned standards for FY2024, with assurance requirements introduce (PWC,2024). The directive enshrines the double-materiality principle: firms must report not only how sustainability risks affect them, but also how their activities impact people and the planet (PWC,2023). In effect, the CSRD quadruples the number of companies covered and mandates much more granular data than before (normative,2025). EU policymakers believe this standardization will curb "greenwashing," strengthen the social market economy, and set a global benchmark for sustainability.

Practitioner and industry sources largely concur on CSRD's objectives and scope. Accounting and consulting firms note that CSRD aligns sustainability reporting with financial reporting standards, aiming to integrate ESG into core governance. For instance, EY highlights that CSRD "extends reporting requirements to a broader spectrum of companies" to improve data quality, standardize disclosures and enhance board. PwC similarly underscores that the directive demands *"comprehensive and granular disclosures covering the entire spectrum of sustainability topics,"* as defined by twelve detailed ESRS. These sources frame CSRD as both a compliance obligation and an opportunity: many emphasize that strong ESG reporting can yield competitive advantage. A global survey by Workiva found that 88% of sustainability professionals believe robust ESG reporting will give their company a competitive advantage, and regulations like CSRD are seen as catalysts for innovation in corporate.

Empirical studies on CSRD are just beginning. Academic work confirms substantial implementation challenges. For example, Kristensen and Madsen (2023) analyze early CSRD adoption and find that firms struggle across reporting areas and data collection. They identify the most significant company challenges as developing a sustainability strategy, establishing trust and reliability in disclosures, and overcoming the manual burden of data gathering (notably for scope 3 emissions). These findings mirror larger surveys: an ESG Today report cites 83–87% of respondents (over 1,000 executives) stating that adapting reporting processes and collecting accurate data under CSRD will be difficult. The same study also finds strong support for CSRD's goals, with over 80% of firms, even those not yet in scope, planning to align voluntarily with CSRD standards due to perceived. Similarly, a survey by #WeAreEurope and HEC Paris shows that about 61% of companies are satisfied with CSRD's current form and that nearly 90% agree it improves ESG transparency and strategy. These results suggest that while organizations anticipate burdens, they also recognize CSRD's value in advancing sustainability.

Research also highlights the organizational and technical hurdles ahead. Qualitative analyses (e.g. Prism Sustainability Directory) describe difficulties in data management, double-materiality assessments, and integrating ESG with financial systems. Key issues include collecting vast quantities of ESG data across dispersed value chains, ensuring its accuracy and consistency, and building new analytics and reporting processes (often requiring investment in technology and cross-department collaboration). These sources stress that companies must close expertise gaps (for example in auditing sustainability metrics) and reconfigure governance to embed ESG metrics in decision-making. The CBS master's thesis (2023) similarly notes that CSRD's new format raises auditor workloads and requires new assurance competences, reinforcing that *"the CSRD will pose significant challenges for both companies and auditors"*https://research.cbs.dk/en/studentProjects/challenges-in-implementing-the-corporate-sustainability-reporting.

Despite these identified challenges, gaps remain in the literature regarding *how* companies can effectively respond. Practitioner publications offer frameworks (e.g. EY's five-workstream model for CSRD transformation) and case examples, but systematic evidence on best practices is scarce. Many calls have been made for deeper study: as one expert observes, policy choices like CSRD "must be grounded on comprehensive, reliable information". In line with this, our interview with sustainability consultant E. Khazzoum (personal communication, 2025) underscores that robust research is needed to guide firms through CSRD's implementation. In sum, existing research paints a picture of an ambitious directive with strong stakeholder support but steep learning curves; this thesis aims to fill the gap by examining the concrete compliance strategies that companies can adopt.

2.1 - History of Sustainability Reporting

Sustainability reporting has undergone a profound transformation over the past three decades, evolving from sporadic environmental disclosures to structured, increasingly mandatory frameworks aligned with international policy and investment standards. Early voluntary reports of the 1990s, often focused narrowly on environmental issues, gradually gave way to broader sustainability and CSR reports influenced by frameworks such as the Global Reporting Initiative (GRI) (KPMG, 2022; Gray, Kouhy & Lavers, 1995). The increasing demand from investors and policymakers for standardized, comparable data has since pushed reporting into the mainstream of corporate governance (Eccles & Krzus, 2018; Ioannou & Serafeim, 2015). This historical trajectory provides essential context for understanding the motivations behind the European Commission's development of the Corporate Sustainability Reporting Directive (CSRD) and its departure from the limitations of the Non-Financial

Reporting Directive (NFRD), which was widely criticized for its flexibility and lack of comparability (European Commission, 2021; EFRAG, 2022)

2.1.1 - From Environmental Disclosures to Sustainability Reporting (1990s–2000s)

The origins of sustainability reporting can be traced back to the early 1990s, when rising environmental awareness and NGO pressure led certain large corporations to publish standalone environmental or social responsibility reports (Gray, 2001). These early disclosures were often voluntary, unstandardized, and driven primarily by reputational or philanthropic motives rather than strategic integration (Adams & Frost, 2008).

A key milestone came with the creation of the Global Reporting Initiative (GRI) in 1997, which formalized non-financial reporting through the introduction of the first globally applicable sustainability reporting guidelines in 2000 (GRI, 2000). The GRI emphasized transparency on environmental, social, and economic impacts, enabling more structured, albeit still voluntary, reporting across sectors.

Throughout the 2000s, the uptake of sustainability reporting grew steadily among multinational corporations, supported by normative pressure from multilateral organizations (e.g., UN Global Compact, OECD Guidelines). However, the field remained fragmented, and reports varied widely in quality, comparability, and scope (Kolk, 2003; Eccles & Krzus, 2018).

2.1.2 - Financial Relevance and the Rise of Framework Convergence (2010s)

The 2010s saw a shift: from sustainability as a corporate social responsibility concern to one increasingly tied to long-term value creation and risk disclosure. The launch of the Sustainability Accounting Standards Board (SASB) in 2011 introduced the notion of *financial materiality* of ESG issues, and the International Integrated Reporting Council (IIRC) advanced the concept of *integrated thinking*, linking sustainability factors with business models and financial performance (IIRC, 2013; SASB, 2018).

This period also saw growing investor demand for consistent, decision-useful ESG data. Yet despite numerous frameworks, GRI, SASB, CDP, TCFD, reporting practices remained largely voluntary and fragmented. The lack of interoperability between standards created confusion and limited the comparability and credibility of disclosures (Eccles & Krzus, 2018).

In the European context, the Non-Financial Reporting Directive (NFRD), implemented in 2017, was one of the first legislative efforts to mandate ESG disclosures for large public-interest entities. However, it allowed significant flexibility in how companies reported, leading to inconsistent, incomplete, and often superficial sustainability reports (European Court of Auditors, 2021).

2.1.3 - Towards Mandatory, Standardized, and Material Reporting (2020s)

By the early 2020s, the sustainability landscape had shifted toward regulatory intervention, reflecting the growing recognition that voluntary approaches were insufficient to meet the data demands of investors, regulators, and civil society. As ESG factors became more material to financial performance and systemic risk,particularly climate and biodiversity-related risks,calls for stronger, more reliable sustainability reporting frameworks intensified.

This paved the way for the Corporate Sustainability Reporting Directive (CSRD), adopted in 2022, which fundamentally redefines the scope, structure, and assurance of sustainability reporting in the EU. It introduces several groundbreaking features that address NFRD’s key shortcomings,including *double materiality*, mandatory alignment with the EU Taxonomy, sector-specific standards, and mandatory limited assurance for sustainability data (European Commission, 2023; EFRAG, 2023a).

Unlike previous frameworks, the CSRD, via the European Sustainability Reporting Standards (ESRS) developed by EFRAG, attempts to merge financial materiality (investor-focused) with impact materiality (stakeholder-focused), thereby institutionalizing double materiality as a core reporting principle (EFRAG, 2023a). This dual perspective reflects the EU's broader policy agenda for sustainable finance and the Green Deal, positioning sustainability reporting not just as a transparency tool, but as a mechanism to steer capital flows and corporate behavior toward sustainability objectives.

2.1.4 - The transition from NFRD to CSRD

The transition from the Non-Financial Reporting Directive (NFRD) to the Corporate Sustainability Reporting Directive (CSRD) marks a decisive regulatory shift in the European Union's sustainability disclosure landscape. The NFRD, implemented in 2014 and applicable from 2017, was a significant milestone in mandating ESG-related disclosures. However, over time, it became the subject of mounting criticism for its limited scope and effectiveness. The NFRD applied only to approximately 11,700 large public-interest companies, offering them considerable discretion in selecting reporting frameworks and in determining materiality, which led to fragmented, non-comparable, and often low-quality data (European Court of Auditors, 2022). As a result, stakeholders, including investors and civil society organizations, struggled to assess and benchmark companies’ sustainability performance in a consistent and reliable manner (Accountancy Europe, 2020).

In response to these shortcomings, the CSRD was introduced with a clear ambition to standardize and enhance the quality of sustainability reporting across the EU. It expands the reporting obligation to nearly 50,000 companies, mandates the use of detailed European Sustainability Reporting Standards (ESRS), and introduces a requirement for limited assurance of the disclosed information (European Commission, 2023). The CSRD's logic of reinforcement rests on three main pillars: improved coherence, increased reliability, and broader scope. Unlike the NFRD, the CSRD introduces a rules-based framework that ensures greater comparability across firms and sectors, thereby reinforcing transparency and investor confidence (Kallestrup & Pedersen, 2024).

Another significant evolution under the CSRD is its explicit alignment with the EU Green Taxonomy. Companies are now expected to report the proportion of their activities that are environmentally sustainable, according to the technical screening criteria set out in the taxonomy (European Commission, 2023). This alignment reinforces the EU's sustainable finance agenda by linking corporate reporting to capital market needs and ensuring that disclosed data contributes to achieving the Union's climate neutrality targets by 2050 (De Santis, 2023).

Perhaps the most conceptual innovation brought by the CSRD is the formal adoption of the principle of double materiality**.** While traditional financial reporting focuses on how sustainability issues affect the company (financial materiality), the CSRD requires companies to also disclose the impacts of their activities on people and the environment (impact materiality). This twofold lens reshapes the very definition of materiality in corporate reporting and aims to reflect the evolving expectations of investors, regulators, and broader civil society (EFRAG, 2023a). As Ellie Khazzoum, a sustainability reporting advisor, noted, "double materiality forces companies to confront the full spectrum of their responsibility, what they suffer and what they cause" (E. Khazzoum, personal communication, June 2025).

2.2 - The CSRD and the ESRS: Content, Innovations, and Strategic Implications

2.2.1- Scope of the CSRD and Implementation Timeline

The Corporate Sustainability Reporting Directive (CSRD) significantly expands the scope of entities subject to sustainability reporting obligations within the European Union. Whereas the Non-Financial Reporting Directive (NFRD) applied to approximately 11,700 public-interest companies, the CSRD extends its reach to an estimated 50,000 firms, including listed small- and medium-sized enterprises (SMEs), large undertakings, and certain non-EU companies generating significant turnover in the EU (European Commission, 2023).

This extension is structured around a progressive implementation timeline:

- From 2024 (reporting in 2025): companies already subject to the NFRD;
- From 2025: large companies not previously subject to NFRD (with more than 250 employees and/or €40 million turnover);
- From 2026: listed SMEs (excluding micro-enterprises);
- From 2028: non-EU companies with net turnover > €150 million in the EU and at least one subsidiary or branch within the EU (EFRAG, 2023a).

Moreover, the CSRD is designed to interface with other key sustainability frameworks, notably the EU Taxonomy Regulation, the Sustainable Finance Disclosure Regulation (SFDR), and the forthcoming

Corporate Sustainability Due Diligence Directive (CSDDD). This alignment aims to create a cohesive and interoperable regulatory ecosystem, ensuring consistency across disclosures and enhancing the comparability of sustainability-related data (De Santis, 2023).

2.2.2- The ESRS: Architecture and Key Requirements

The European Sustainability Reporting Standards (ESRS), developed by the European Financial Reporting Advisory Group (EFRAG), constitute the technical foundation of the CSRD. These standards are structured in a modular and layered fashion:

- **ESRS 1** outlines the general principles underpinning sustainability reporting, including double materiality, connectivity of information, and time horizons.
- **ESRS 2** establishes the mandatory disclosure requirements that all undertakings must comply with, such as governance structures, strategy, and risk management (EFRAG, 2023b).

In addition to these general standards, a series of sector-agnostic thematic standards are introduced:

- **Environmental standards**: ESRS E1 (climate change), E2 (pollution), E3 (water and marine resources), E4 (biodiversity and ecosystems), E5 (resource use and circular economy);
- **Social standards**: ESRS S1 (own workforce), S2 (workers in the value chain), S3 (affected communities), S4 (consumers and end-users);
- **Governance standard**: ESRS G1 (business conduct).

These standards are expected to be supplemented over time by sector-specific standards and proportionate standards for listed SMEs, ensuring scalability and relevance across various business models and industries (Kallestrup & Pedersen, 2024).

2.2.3- The Double Materiality Approach: A Methodological Breakthrough

A central innovation of the CSRD is its embedding of the double materiality principle as a core methodological foundation. This approach requires companies to assess and disclose information based on two dimensions:

- **Impact materiality**: how the company affects the environment and society;
- **Financial materiality**: how sustainability issues influence the company's financial position and performance (EFRAG, 2023a).

This dual perspective marks a departure from the predominantly financial lens of traditional corporate reporting. It compels companies to engage in deeper materiality assessments, integrating stakeholder views and mapping ESG issues against both risk and opportunity matrices. As Ellie Khazzoum highlights, "double materiality requires firms to rewire their materiality assessments, expanding the lens beyond shareholders to encompass broader societal concerns" (E. Khazzoum, personal communication, June 2025).

Methodologically, this approach calls for cross-functional collaboration between sustainability teams, finance departments, and risk managers. It also affects strategic planning, as firms must now embed material ESG topics into long-term scenario analysis and enterprise risk management frameworks (Accountancy Europe, 2022).

2.2.4- Strategic Implications for Companies

The CSRD and ESRS framework are not merely compliance exercises,they entail profound transformations in how companies govern, strategize, and operationalize sustainability. First, they reshape **ESG governance structures**, often leading to the creation of new sustainability committees, changes in board oversight, and redefined roles for CFOs and CSOs (European Commission, 2023).

Second, firms are required to **reallocate internal resources** toward sustainability data collection, capacity building, and integration into core business processes. This includes investments in IT systems, staff training, and external assurance mechanisms. Sustainability is no longer peripheral,it becomes embedded across functions, from procurement and operations to investor relations and audit (De Santis, 2023).

Third, the integration of ESG factors into enterprise strategy has become indispensable. Double materiality assessments feed into risk management and opportunity mapping, while disclosures on transition plans, Scope 3 emissions, or social KPIs directly influence capital allocation and stakeholder engagement strategies (EFRAG, 2023b).

Ultimately, the CSRD establishes a regulatory architecture that requires companies to view sustainability not as a communication tool but as a driver of long-term resilience, innovation, and value creation.

2.3 - Reporting Methodologies and Implementation Challenges

2.3.1- Methodologies: Materiality, Data Systems, and Assurance

Materiality Assessment: Convergence and Divergence in Practice

One of the cornerstones of CSRD compliance is the implementation of the double materiality principle, which requires companies to assess not only how sustainability factors affect financial performance (financial materiality) but also how their operations impact society and the environment (impact materiality). PwC (2024) reports that only 38% of surveyed companies had completed a double materiality assessment, with just 20% having validated data availability, figures that highlight a significant implementation gap.

However, such results must be contextualized. Academic literature has long stressed the complexities of materiality, particularly in sustainability contexts. Eccles and Krzus (2018) argue that the double materiality concept, while theoretically robust, lacks standardization in practical application, making benchmarking difficult and possibly inconsistent. The SRNAV platform, drawing from real company filings, confirms this inconsistency: companies vary significantly in the scope, methodology, and stakeholder involvement in their assessments. For example, few disclose how stakeholders are selected or weighted, and many assessments still neglect external stakeholder input, calling into question their legitimacy and alignment with ESRS guidelines.

This observation is supported by the early empirical analysis of CSRD reports conducted by PwC (2024), which found high variation in the number of reported impacts (from 15 to over 80), and limited disclosure of the assessment process itself. This raises concerns about the comparability and auditability of reports, a key aim of the directive. Academic contributions like those of Dienes et al. (2016) also emphasize the importance of transparent stakeholder mapping and scoring methodologies to reduce subjectivity and improve consistency.

Data Infrastructure and Technology: Fragmentation vs. Integration

Data availability and quality remain among the most critical challenges in CSRD reporting. PwC (2024) highlights that 59% of companies see data availability as their biggest obstacle, and 74% still rely on Excel spreadsheets. Only a minority (26%) have adopted centralized ESG platforms. This aligns with findings from SRNAV, which reveals that few companies possess mature ESG data systems that can integrate with financial ERPs or deliver audit-ready trails.

Yet, contrasting views emerge from research by Kotsantonis and Serafeim (2019), who note that while ESG data quality is widely criticized, it has improved substantially in firms that integrate sustainability performance metrics into core management systems. Moreover, some early adopters in SRNAV case studies demonstrate how data integration enables real-time tracking and alignment with KPIs, suggesting that while adoption is limited, methodological innovations are emerging.

The literature also shows a divide between ESG data reporting and decision-usefulness. Christensen, Hail, and Leuz (2021) argue that compliance-driven reporting risks generating voluminous but immaterial data. Therefore, the challenge is not merely data collection, but ensuring its relevance and usability, a theme underexplored in consulting reports but prominent in academic critiques.

Assurance and Audit Readiness: Still Fragmented

Assurance is a major focus of CSRD. By 2028, all companies will need to provide reasonable assurance over reported sustainability information. Yet PwC’s findings show only 28% of companies are currently coordinating with auditors, indicating low readiness. This raises broader concerns about auditor capacity and regulatory clarity.

While PwC calls for closer coordination between ESG and audit teams, academic literature provides a more skeptical view. Simnett et al. (2009) question whether traditional audit firms possess the expertise required to assure non-financial data credibly. Assurance of environmental data presents unique challenges due to its forward-looking nature and reliance on estimation models (O'Dwyer et al., 2011).

SRNAV reports confirm limited maturity in assurance preparation. Many companies fail to disclose assurance scope, materiality thresholds, or methodologies applied. Furthermore, the inconsistency in assurance statements observed in early reports suggests that assurance providers themselves may lack standardized approaches.

Governance and Organizational Responsibility: Evolving Structures

According to PwC Luxembourg, the main accountability for CSRD now lies with CFOs (34%) and CSOs (22%), reflecting an organizational shift towards integrating sustainability into financial strategy. This aligns with the growing literature emphasizing the need for cross-functional leadership (Stubbs & Higgins, 2018).

However, SRNAV insights suggest that while sustainability is being mainstreamed into financial leadership, operational integration remains a challenge. ESG-related KPIs are being linked to executive performance, but internal coordination between finance, legal, compliance, and operations is still weak. Academic studies, such as those by Hahn et al. (2014), suggest that true integration requires cultural shifts and capacity-building beyond executive-level mandates.

2.3.2- Challenges: Readiness, Standardization, and Strategic Commitment

Readiness Gaps and Overconfidence

PwC (2024) identifies a mismatch between perceived and actual readiness: while 63% of firms believe they will be compliant by the deadline, fewer than half have completed essential steps such as reporting scoping, materiality assessment, or data validation. This optimism bias may reflect an underestimation of the depth and breadth of CSRD requirements.

Academic perspectives echo this concern. Donau and Müller (2025) observe that regulatory pressure leads to rapid formal compliance but slow substantive integration. Their analysis of 55 regulatory events suggests that while disclosures increase post-regulation, their strategic significance often lags, raising concerns that CSRD could be another checkbox exercise unless firms commit more deeply.

Topic-Specific Unevenness

Confidence is high in familiar ESG domains, like climate and workforce issues, but significantly lower in newer areas. PwC (2024) reports only 35–45% confidence in tackling biodiversity, pollution, and value chain labor rights. This mirrors the literature's findings that firms tend to prioritize low-hanging ESG issues (Ioannou & Serafeim, 2017).

Moreover, SRNAV analyses show that many firms apply generic disclosures in areas like biodiversity or circular economy, revealing a lack of tailored metrics or strategic integration. This supports claims by academic critics (e.g., Adams, 2020) that ESG reporting often obscures rather than clarifies corporate sustainability performance.

Capacity Building and Strategic Integration

While 80% of companies report investing in ESG technology, only 48% have rolled out staff training programs (PwC, 2024). The academic literature stresses that reporting quality depends on internal capabilities (Liesen et al., 2015), not just systems.

SRNAV profiles reinforce this: firms with high-quality disclosures often display board-level ESG expertise, dedicated sustainability teams, and embedded cross-functional processes. Conversely, companies that treat reporting as a siloed task produce generic, compliance-driven reports.

Compliance vs. Strategic Mindset

PwC identifies a growing trend of CFO involvement in ESG, suggesting strategic integration. However, SRNAV and academic studies highlight that the compliance mindset remains dominant in many sectors. Eccles et al. (2022) argue that until companies link sustainability disclosures to capital allocation and risk management, CSRD will not drive true transformation.

This tension between form and substance is central to the critical literature on non-financial disclosure. As Flower (2015) warns, even the most sophisticated reporting frameworks can fail if companies treat them as external obligations rather than internal strategic tools.

2.4 - Literature Review and Research Positioning

2.4.1- Research on Sustainable Regulation and Corporate Strategy

A growing body of literature has explored the impact of sustainability-related regulations on corporate behavior. Studies have examined how ESG frameworks influence company performance, governance models, and innovation capacity (Ioannou & Serafeim, 2015; Eccles et al., 2014). The introduction of binding regulatory frameworks such as the CSRD elevates sustainability from a voluntary disclosure practice to a strategic obligation. This transformation raises new challenges, especially regarding the operationalization of ESG reporting. As argued by Kotsantonis and Serafeim (2019), firms often lack the necessary infrastructure, capabilities, and standardization tools to meet complex sustainability requirements, particularly when regulation is evolving.

Moreover, Del Bosco et al. (2022) underline that regulations can create positive spillover effects by improving corporate transparency, stakeholder engagement, and resource allocation. However, they also note a risk of "green compliance," where companies meet minimum disclosure requirements without embedding sustainability into their core strategies.

2.4.2- Literature on Materiality, Reporting, and Organizational Transformation

The concept of materiality has undergone significant evolution. Traditional reporting focused on financial materiality, what affects investors and financial performance. The introduction of **double materiality** in the CSRD expands this scope, requiring disclosures on both financial and impact dimensions. This shift has prompted debates in the academic community about the practical implementation and the inherent tensions between shareholder and stakeholder logics (Baumüller & Sopp, 2022).

Mio et al. (2020) highlight how materiality assessments require firms to make normative and strategic choices, especially in defining sustainability priorities across their value chains. The literature also connects materiality to broader organizational transformations. For instance, the integration of sustainability into corporate strategy involves cross-departmental cooperation, new metrics, and often a cultural shift (Perego et al., 2016).

In the context of climate strategy and just transition, research by Sachs et al. (2019) and Köhler et al. (2022) emphasizes the importance of aligning reporting practices with value chain impacts and long-term decarbonization pathways. These studies support the idea that regulatory standards like the CSRD can catalyze organizational learning and ESG integration, but only if companies go beyond compliance.

2.4.3- Identified Gaps and Research Contribution

Despite the rich body of research, there is a noticeable lack of **qualitative studies** focusing specifically on the **CSRD's effects on corporate decision-making**. Most analyses to date have been theoretical or focused on disclosure content, without sufficiently exploring how firms navigate the implementation process.

This research aims to address that gap by adopting a qualitative, interview-based approach targeting CFOs and CSOs across sectors. These two roles are critical in shaping how sustainability is operationalized, bridging financial rigor and ESG ambition. As indicated by Khazzoum (personal communication, June 2025), this dual perspective is key to understanding the strategic tensions and synergies induced by the CSRD.

Furthermore, this thesis proposes to contribute a **strategic integration lens**, focusing not only on how companies comply with new regulations but how they transform their governance, risk, and strategy frameworks in response. This approach aligns with calls in the literature for a deeper understanding of ESG integration beyond disclosure (Busch et al., 2022).

3- Research methodology

3.1- Methodological Choice: A Qualitative and Exploratory Approach

Given the novelty of the Corporate Sustainability Reporting Directive (CSRD) and its far-reaching implications for corporate strategy, this study adopts a qualitative and exploratory research design. The complexity of regulatory change, the multifaceted nature of sustainability integration, and the strategic tensions associated with the CSRD call for an interpretive understanding of professionals' lived experiences (Miles & Huberman, 1994; Denzin & Lincoln, 2018).

Qualitative research is particularly suited to investigating how organisational actors interpret and respond to such transformations (Gioia, Corley & Hamilton, 2013). It enables the exploration of perceptions, institutional frictions, and governance dynamics that are not easily quantifiable but are central to understanding the CSRD's impact (Eisenhardt, 1989). In line with an abductive logic (Dubois & Gadde, 2002), the objective is not to test pre-formulated hypotheses but to generate insights grounded in emerging narratives and patterns.

This study specifically examines how companies operationalise the CSRD and the European Sustainability Reporting Standards (ESRS), with a focus on strategic, organisational, and governance-related implications of double materiality. By doing so, it addresses a gap in the literature regarding the practical integration challenges of the CSRD (Adams & Abhayawansa, 2022; Boiral, 2023).

3.2- Semi-Structured Interview Method

To explore the subjective experiences and strategic choices of key actors within organizations, semi-structured interviews were conducted. This method allows for both comparability across themes and flexibility in adapting to respondents' specific contexts (Kvale & Brinkmann, 2009). The interview guide was structured around five thematic blocks reflecting the main pillars of the CSRD and ESRS framework:

1. **Sustainability Strategy**
2. **Double Materiality**
3. **Environmental Transformation**
4. **Social and Human Rights Considerations**
5. **Governance, Risk, and Control Mechanisms**

Each interview began with open-ended questions and progressively narrowed towards specific challenges and adaptations related to CSRD reporting. Interviewees were encouraged to share concrete examples, perceived barriers, and internal strategic debates to uncover the interplay between compliance and transformation logics.

3.3- Sample Size

The empirical research is based on a targeted sample selected to capture diversity in sectoral context, company size, and CSRD implementation stage. The final sample includes respondents from companies falling into CSRD Waves 1 and 2, as well as early voluntary adopters outside the immediate scope. This variety ensures the collection of rich, comparative perspectives across industries with differing levels of regulatory maturity and readiness.

The sample size was determined by the principle of theoretical saturation (Glaser & Strauss, 1967), where new interviews ceased to produce substantially novel insights. This approach balances breadth, capturing multiple sectors and geographies, and depth, allowing for detailed exploration of individual organisational experiences.

3.4- Description of Respondents

The participants comprise Chief Financial Officers (CFOs), Chief Sustainability Officers (CSOs), sustainability managers, and external sustainability consultants, ensuring coverage of both internal corporate and advisory perspectives. Respondents represent a mix of heavily regulated sectors, such as banking and insurance, as well as high-impact industries like energy and manufacturing. Several respondents also came from professional services and consulting firms directly supporting CSRD compliance projects.

Organisational sizes ranged from large multinational corporations to medium-sized enterprises undergoing their first structured sustainability reporting process. Geographically, the sample spans companies headquartered in various EU member states, ensuring diversity in regulatory interpretation and national-level implementation contexts. This heterogeneity strengthens the study's capacity to identify both sector-specific challenges and transversal patterns across industries.

3.5- Data Analysis

All recorded interviews were transcribed and coded using a thematic approach. Initial coding was based on the five blocks of the interview guide but was progressively refined to capture emergent themes such as "compliance vs. transformation", "role of the CFO", "barriers to materiality assessment", or "integration of ESG into risk mapping".

The analysis followed a hybrid inductive-deductive strategy: pre-established categories grounded in CSRD/ESRS standards guided the coding framework, while open coding allowed for the emergence of insights beyond regulatory language (Saldaña, 2016). Cross-case comparisons were used to identify common challenges, enabling triangulation across sectors and roles.

Lastly, the inclusion of informal testimonies was treated cautiously: while not cited individually, these inputs informed the interpretive lens and added depth to recurring themes. This combination of formal and informal data sources strengthens the internal validity of the research and reflects a realist perspective on field-level transformations (Maxwell, 2005).

In facts, this methodology is consistent with the study’s objective to assess how the CSRD is reshaping corporate sustainability practices, not only in terms of technical compliance but as a broader shift in governance, materiality logic, and strategic orientation.

4- Results

4.1- Strategic Impact of the CSRD on Governance and Long-Term Vision

Most respondents indicated that new governance bodies dedicated to sustainability were created to prepare and organize for CSRD compliance. This was particularly evident among companies in Wave 1 and Wave 2, with the banking sector showing relatively higher readiness, as many institutions were already subject to the NFRD. Several interviewees emphasized that these changes were accompanied by new hires. For instance, a respondent from a major insurance group in Wave 1 reported recruiting additional staff to join a newly established sustainability department.

One informal respondent from a global energy group highlighted a structural transformation: sustainability functions, previously under marketing and communications, were elevated to a standalone department focusing exclusively on sustainability matters. Across all respondents, there was consensus that the sustainability department now reports directly to the CEO or the board.

However, participants from Wave 1 also stressed that this governance change alone is insufficient. Consultant respondents argued that sustainability should be integrated across all departments, including operations, legal, and finance, rather than confined to a single unit. They emphasized that embedding sustainability into every core function is key to achieving the CSRD's objectives and ensuring it becomes a fundamental part of business strategy rather than an isolated compliance exercise.

4.2- Challenges of Double Materiality

When addressing double materiality, companies with specialised sustainability departments, particularly in heavily regulated sectors such as banking and insurance, were generally better prepared. These organisations had prior exposure to structured non-financial reporting under the NFRD, enabling them to anticipate the outcomes of the materiality assessment and establish processes to address them from the outset. Respondents from these sectors reported that internal systems for data collection, stakeholder engagement, and risk assessment were already in place, making the integration of CSRD requirements smoother, though still resource-intensive.

In contrast, smaller companies and those outside of highly regulated industries faced significant difficulties. For them, the materiality assessment posed a steep learning curve, with the extensive data requirements seen as a disproportionate burden. Several respondents noted that even when undertaken voluntarily, aligning these assessments with CSRD expectations was daunting due to the overwhelming number of data points and the lack of clarity in interpreting certain ESRS indicators. The challenge was amplified for organisations without dedicated sustainability teams, where responsibilities were often distributed among staff with limited ESG expertise.

A recurring theme across respondents was the limited capacity to identify new material topics without external input. Few companies uncovered additional material issues independently; the majority relied on external consultants, who played a critical role in challenging pre-existing assumptions and introducing sector-specific considerations that internal teams had overlooked. Consultants confirmed their interventions often led to more comprehensive and strategically relevant materiality maps, especially when cross-functional workshops and structured stakeholder dialogues were incorporated.

Despite the general consensus that the results of the materiality assessment were taken seriously, a degree of uncertainty persisted, particularly among informal respondents, regarding how these findings should be prioritised and operationalised. In some cases, newly identified topics were acknowledged in reports but lacked a clear link to concrete strategic actions, creating a gap between compliance and transformation. Several consultants observed that this disconnect often stemmed from organisational silos, where sustainability teams struggled to integrate materiality insights into broader enterprise risk management and strategic planning processes.

Moreover, respondents highlighted cultural and organisational resistance as a subtle but real barrier. In departments unaccustomed to ESG considerations, the introduction of double materiality was met with scepticism or a perception that it distracted from core business priorities. This resistance further complicated alignment with enterprise risk management frameworks, especially in organisations without established mechanisms to reconcile financial and non-financial risk perspectives. Overall, while double materiality has the potential to drive more holistic strategic thinking, the results indicate that its successful implementation hinges on organisational maturity, cross-functional collaboration, and sustained investment in ESG capabilities.

4.3- Environmental Transformation and Opportunities for Innovation

In terms of environmental transformation, the majority of respondents agreed that the CSRD has been a decisive trigger for setting or refining climate-related objectives. This was particularly evident among respondents managing financial assets, who reported integrating climate criteria into investment selection processes, often guided by alignment with the EU Taxonomy and Paris Agreement targets. Several noted that the directive had accelerated their adoption of science-based targets, prompting more rigorous scenario analyses and decarbonization pathways.

Respondents from the energy sector emphasized the introduction of structured decarbonization trajectories, in some cases supported by substantial capital investment in low-carbon technologies. While these trajectories were often operationalised internally, some participants disclosed hesitancy to make them public. They cited the risk that once disclosed, such commitments would become binding and expose the organisation to reputational or compliance risks if progress lagged.

Across interviews, a consistent theme emerged: the CSRD has elevated the ambition of environmental actions. Even sectors already advanced in sustainability, such as large insurance groups with long-standing climate commitments, acknowledged that the directive reinforced the integration of environmental priorities into decision-making. For less mature companies, the CSRD acted as a catalyst for innovation, stimulating investments in circular economy initiatives, expanding Scope 3 emissions monitoring, and embedding environmental transition plans into strategic planning. In some cases, this led to cross-departmental collaboration, with procurement, operations, and finance jointly engaging in sustainability-driven innovation projects.

Several respondents also highlighted spillover effects on stakeholder relationships, with increased transparency around environmental metrics improving investor confidence and fostering partnerships with technology providers specialising in emissions reduction and resource efficiency. Overall, the CSRD was seen as both a compliance obligation and a strategic lever, capable of unlocking competitive advantages through innovation and long-term environmental resilience.

4.4- Social Dimension and Stakeholder Relations

When discussing the social dimension of ESG under the CSRD, respondents displayed a wide range of perspectives, yet some clear patterns emerged. The majority of companies maintained their diversity, equity, and inclusion (DEI) programs, even amid shifting political climates. No participant reported abandoning these initiatives. However, perceptions varied significantly: larger, more mature organisations, particularly frontrunners such as major insurance groups, found the social requirements easier to integrate, citing pre-existing frameworks for gender representation, human rights due diligence, and supply chain monitoring. For these companies, the CSRD primarily reinforced practices already embedded in strategy.

In contrast, smaller firms and those with less experience in social reporting described this dimension as highly challenging. They noted that while some indicators (e.g., gender ratios or training hours) were straightforward to measure, others, such as sexual orientation or minority status, posed sensitivity and privacy concerns. These organisations often relied on proxies, qualitative assessments, or voluntary disclosure from employees, which limited data completeness.

Consultants who participated in the study observed that many companies initially focused almost exclusively on the environmental pillar, underestimating the strategic importance of social factors. They reported that a significant part of their role involved rebalancing attention toward the “S” in ESG, ensuring that human rights, working conditions, and community impacts were addressed systematically. Approximately 95% of respondents recognized a marked shift after CSRD implementation: social topics gained prominence in materiality assessments, with companies extending their evaluations to encompass the entire value chain rather than just internal operations.

Respondents across sectors confirmed that the CSRD had expanded stakeholder engagement processes. Dialogue with trade unions, NGOs, and local communities became more structured and data-driven, while supplier relationships increasingly incorporated formal social performance requirements. This shift not only enhanced transparency but also positioned companies to respond proactively to reputational risks, strengthen trust with stakeholders, and align corporate identity with evolving societal expectations.

4.5- Strengthening Governance and Control Mechanisms

In the governance pillar of ESG, respondents across sectors consistently reported the integration of new categories of risks, both physical and transitional, into enterprise risk mapping. This enhancement was largely facilitated by the double materiality assessment required under the CSRD, enabling companies to identify, classify, and prioritise emerging sustainability risks in a more structured manner. Regulated industries such as banking, insurance, and energy demonstrated the highest degree of preparedness, having already established comprehensive risk assessment frameworks prior to the directive.

A major change observed was the redefinition of accountability for sustainability. In nearly all cases, sustainability functions now report directly to the board or CEO, marking a significant elevation in organisational importance. Several participants noted that this structural shift had been advocated internally for years, but the CSRD accelerated its implementation, compelling companies to act within a tighter timeframe. In some instances, new board-level ESG committees were formed, while CFOs assumed greater responsibility for integrating ESG considerations into financial governance.

Respondents also highlighted a transformation in corporate culture, where sustainability is no longer viewed as a peripheral initiative but as an essential component of strategic decision-making and risk oversight. This cultural shift has fostered deeper collaboration between sustainability, compliance, and internal audit teams, ensuring ESG-related controls are embedded within the broader corporate risk management framework. Consultants corroborated this trend, adding that the CSRD has driven organisations to adopt more rigorous internal controls, enhance data verification processes, and align governance practices with evolving market and stakeholder expectations. As a result, ESG considerations are now more closely tied to corporate resilience, long-term strategy, and investor confidence.

4.6- Cultural and Organisational Change

Across sectors, most respondents acknowledged that the CSRD has prompted significant internal cultural shifts, with targeted sustainability training increasingly rolled out to employees at multiple organisational levels. In heavily regulated sectors such as banking and insurance, respondents noted that these training modules were integrated into established compliance and risk frameworks, often leveraging existing e-learning platforms and mandatory certification processes. In manufacturing and energy, where formal ESG training was less common before the directive, entirely new programs were introduced, sometimes supported by external consultants to accelerate capability-building.

Middle management emerged as a critical “bridge” between strategic ESG directives set at the board level and operational teams, translating high-level objectives into actionable workflows. Several respondents in mid-to-large firms reported that middle managers were tasked with cascading ESG priorities across departments, ensuring measurable contributions to sustainability KPIs. However, resistance was evident in certain departments historically removed from ESG concerns, such as sales, procurement, and specific operational units, where sustainability was perceived as an additional compliance burden or a diversion from core business targets.

While the majority of respondents recognised these cultural changes as positive and necessary for long-term alignment with CSRD objectives, a minority, particularly from smaller companies, expressed concerns over change fatigue and resource strain. Some described the challenge of sustaining momentum once the initial compliance deadlines passed, with employees reverting to pre-CSRD habits. Consultants emphasised that overcoming these hurdles required not only sustained leadership advocacy but also the integration of ESG objectives into performance reviews, incentives, and recognition schemes. Clear communication linking sustainability to business value, risk mitigation, and competitive positioning was identified as a decisive factor in embedding these cultural shifts into the organisational DNA.

4.7- External Pressures and Market Perception

Respondents across all sectors agreed that external pressures, particularly from investors and credit rating agencies, have intensified since the introduction of the CSRD, accelerating the pace and depth of compliance initiatives. In finance and asset management, interviewees highlighted that investor-driven demands for granular, verifiable ESG data are now on par with regulatory requirements in shaping disclosure strategies. The heightened scrutiny from financial stakeholders has, in some cases, resulted in parallel reporting streams: one to meet regulatory standards, and another tailored to specific investor expectations.

In manufacturing, energy, and other sectors with complex supply chains, most respondents reported actively revising supplier agreements to incorporate ESG clauses aligned with CSRD requirements. This process often involved cascading sustainability obligations through multiple tiers of the supply chain. While large corporations leveraged their market position to enforce these changes, consultants noted that SMEs struggled with limited bargaining power, making it difficult to secure supplier compliance in non-EU jurisdictions.

From a market perception standpoint, the majority of respondents, especially those in industries with visible environmental footprints, reported that proactive CSRD alignment significantly enhanced their reputation, stakeholder trust, and market positioning. Several early adopters framed their ESG leadership as a competitive differentiator in tenders, investor pitches, and brand marketing. However, some participants cautioned that these advantages may be temporary, as widespread compliance will eventually level the playing field. This dynamic underscores the need for companies to go beyond minimum CSRD requirements, using ESG performance as a platform for innovation, customer engagement, and long-term value creation.

5- Discussion

5.1- Differential Effects by Sector and Company Profiles

The results of this study reveal sector-specific variations in how companies experience and respond to CSRD obligations, aligning with patterns noted in the literature. Research consistently indicates that ESG maturity is uneven across industries, with financial services, energy, and large multinational corporations demonstrating higher levels of preparedness due to prior regulatory exposure, stakeholder pressure, and established sustainability infrastructures (KPMG, 2022; Eccles & Klimenko, 2019). This was confirmed in the interviews: banks, insurers, and regulated energy firms not only had more advanced reporting capabilities but also stronger internal governance mechanisms and dedicated ESG expertise.

The degree of ESG maturity shaped the capacity for strategic alignment. High-maturity firms integrated CSRD requirements into existing frameworks, using them to refine investment strategies, risk mapping, and stakeholder engagement. In contrast, companies with lower maturity, particularly SMEs and firms in sectors with historically lower ESG exposure, faced steeper learning curves. They often required significant external support to interpret double materiality, design data collection processes, and align ESG goals with core business strategies.

Literature on institutional isomorphism (DiMaggio & Powell, 1983) helps explain the convergence in practices among early adopters, especially within high-maturity sectors. Respondents in these industries described CSRD as reinforcing pre-existing sustainability commitments, enabling a smoother transition toward integrated reporting and ESG-driven innovation. Conversely, in lower-maturity contexts, the directive functioned more as a disruptive force, prompting foundational governance reforms and catalyzing the first systematic consideration of social and environmental risks.

These findings suggest that the transformative impact of CSRD is closely tied to a company's initial ESG maturity and its ability to strategically align sustainability with business objectives. While high-maturity firms leveraged the directive to deepen integration, low-maturity firms are still navigating the transition from compliance-driven responses to proactive, value-creating ESG strategies.

5.2- Internal Tensions Between Compliance and Transformation

The study's findings also highlight persistent tensions between the compliance-driven imperatives of CSRD and the transformative potential it offers for embedding sustainability into corporate strategy.

The literature warns of the risk that regulatory compliance can lead to a “checklist mentality,” where companies focus on meeting disclosure requirements without meaningfully changing their business models (Boiral, 2013). Several respondents acknowledged this tension, noting that the short-term pressure to produce complete and auditable reports often diverted resources from longer-term initiatives aimed at systemic change.

Financial logic often competed with impact-oriented logic. CFOs and finance teams tended to prioritise cost control, regulatory risk mitigation, and assurance-readiness, while sustainability teams sought to leverage CSRD to drive innovation, develop low-carbon products, and reorient investment portfolios toward positive impact. In some organisations, this created friction over resource allocation, particularly when proposed sustainability initiatives carried high upfront costs with benefits that were harder to quantify.

Operational trade-offs were also evident. Respondents from manufacturing and energy sectors described cases where achieving near-term compliance required postponing deeper operational transformations, such as supply chain decarbonisation or the adoption of circular economy models. In contrast, firms with higher ESG maturity often found ways to integrate compliance and transformation, using CSRD timelines as milestones for advancing broader strategic goals.

This aligns with the concept of “integrated thinking” in the literature (Adams, 2017), which suggests that organisations best able to reconcile compliance and transformation are those embedding ESG considerations across all functions rather than confining them to a dedicated sustainability silo. However, the interviews suggest that such integration remains the exception rather than the norm, with many companies still managing ESG as a parallel track rather than a fully embedded dimension of corporate strategy.

5.3- Implications for Research, Practice, and Public Policy

The results also point to significant implications for academia, business practice, and policymaking. The literature has already emphasised the need for targeted capacity building to enable firms, particularly SMEs and low-maturity sectors, to operationalise the CSRD’s double materiality approach and integrate ESG data into strategic decision-making (EFRAG, 2023; European Commission, 2022). Interviews confirmed that many companies lack the internal expertise to interpret standards and design efficient reporting systems without external guidance. This reinforces calls for structured support mechanisms, such as sector-specific implementation guidelines, technical assistance programs, and collaborative industry platforms.

From a systemic transformation perspective, several respondents noted that while CSRD creates a common language and minimum disclosure baseline, its transformative potential depends heavily on the robustness and harmonisation of underlying standards. This echoes findings in the literature that convergence between European Sustainability Reporting Standards (ESRS) and global frameworks like

ISSB or GRI is crucial to avoid reporting fatigue and ensure comparability (KPMG, 2022; Eccles & Klimenko, 2019). Respondents warned that inconsistent interpretations across jurisdictions risk diluting the strategic clarity CSRD aims to achieve.

For public policy, the findings suggest that beyond enforcement, regulators could play a proactive role in fostering innovation by linking compliance incentives to measurable impact outcomes. Literature on policy-driven sustainability transitions (Geels, 2011) supports the view that regulatory frameworks must not only set boundaries but also enable experimentation and collaborative problem-solving. The CSRD, as part of the EU's sustainable finance architecture, is thus both a compliance mechanism and a lever for systemic change, provided it is supported by coherent policies, robust standards, and sustained capacity-building efforts.

5.4- Long-Term Strategic Shifts Triggered by CSRD

The movement from reactive compliance to proactive value creation, as observed among certain respondents, aligns with the European Commission's (2023) framing of the CSRD as a lever for strategic innovation rather than merely a regulatory requirement. In several regulated industries, respondents indicated that sustainability performance is increasingly being integrated into executive remuneration frameworks, a development supported by EFRAG (2023a) as a way to align leadership incentives with long-term ESG goals. This shift represents a deepening of governance practices, embedding ESG metrics into corporate performance management systems and linking the quality of disclosures to strategic decision-making. The literature notes that such integration can solidify organisational commitment to sustainability, but warns, as Larsson and Möller (2024) emphasise, that without transparent, verifiable metrics, these links risk degenerating into symbolic gestures.

Findings from this study suggest that the CSRD serves as a catalyst for rethinking corporate value creation models, where sustainability is positioned as a driver of competitiveness, innovation, and resilience. Companies embracing this proactive stance may secure long-term advantages in markets increasingly shaped by ESG expectations, while those that limit their engagement to compliance risk lagging behind as norms and investor demands evolve. Moreover, the alignment of executive incentives with sustainability objectives reflects the governance literature's emphasis on accountability structures as a cornerstone of sustained transformation (Kallestrup & Pedersen, 2024). This highlights a strategic inflection point: embedding ESG at the highest levels of decision-making not only strengthens internal governance but also signals to markets, regulators, and stakeholders that sustainability is a core business imperative rather than a peripheral obligation.

5.5- Cross-Border and Supply Chain Implications in Light of Literature

The results related to cross-border and supply chain implications resonate strongly with the literature emphasising the complexity of harmonising CSRD compliance across multinational operations (European Commission, 2023; EFRAG, 2023b). Respondents from multinational groups highlighted significant challenges in ensuring consistent reporting practices across jurisdictions, particularly where local regulations and ESG disclosure norms diverge from EU requirements. This reflects Larsson and Möller's (2024) observation that the alignment of sustainability reporting frameworks becomes more difficult when companies operate in countries lacking robust ESG reporting traditions. In such contexts, harmonisation often requires substantial investment in training, systems integration, and centralised oversight to avoid inconsistencies in data quality and disclosure.

Impacts on suppliers outside the EU emerged as a recurring theme. Many respondents noted that non-EU suppliers, especially SMEs in developing markets, often lacked the capacity or understanding to provide the detailed data required under the CSRD's value chain reporting provisions. This mirrors Nguyen and Bergman's (2024) finding that supply chain compliance burdens tend to cascade downstream, creating disproportionate strain on smaller partners. EFRAG (2023b) underscores that value chain due diligence is integral to the CSRD, and the findings here suggest that meeting these obligations may necessitate supplier engagement programs, capacity-building initiatives, and in some cases, re-evaluation of supplier relationships.

The literature also warns of potential competitive tensions, as Gürtler et al. (2024) note that the pressure on non-EU suppliers to align with EU sustainability standards could influence sourcing strategies, market access, and long-term trade partnerships. Respondents confirmed that these dynamics are already prompting strategic discussions within procurement and risk teams, particularly about diversifying supplier bases or concentrating on partners with demonstrated ESG readiness. Ultimately, the cross-border and supply chain challenges identified here underscore the CSRD's role in extending sustainability accountability beyond the reporting entity itself, transforming ESG compliance into a network-wide responsibility that bridges organisational and geographical boundaries.

5.6- Environmental dimension of CSRD and ESG :

The findings confirm that the environmental pillar is the most advanced dimension of CSRD implementation, reflecting its longstanding centrality in sustainability debates. Interviewees in energy and finance described how CSRD acted as a catalyst for refining climate strategies, setting science-based targets, and integrating decarbonization pathways into investment decisions. This aligns with earlier research emphasizing the growing importance of environmental disclosure in driving corporate transformation (Krueger et al., 2020). However, energy sector participants also expressed concerns about the reputational risks of committing to long-term climate targets, echoing literature on the unintended consequences of increased transparency (Boiral, 2016).

The directive's principle of double materiality reinforced these dynamics by requiring firms to account for both the financial risks of climate change and their own environmental impacts (European Commission, 2022; EFRAG, 2023). These findings indicate that the CSRD is elevating environmental issues from peripheral CSR initiatives to strategic imperatives, consistent with the argument that regulatory pressure accelerates eco-innovation and organizational change (Porter & van der Linde, 1995).

5.7- Social dimension of CSRD and ESG :

The results highlight that the social dimension remains less mature and more fragmented than environmental disclosure, though CSRD has expanded its importance. Respondents confirmed that larger firms, particularly in finance and insurance, were better prepared to comply with social reporting obligations due to pre-existing diversity, equity, and inclusion programs, as well as supplier monitoring systems. For smaller firms, however, social disclosures presented significant challenges, especially regarding sensitive workforce data and the lack of standardized measurement frameworks. This reflects broader research noting the relative weakness of social metrics compared to environmental ones (Ioannou & Serafeim, 2015). Consultants interviewed stressed that many companies initially underestimated the importance of social factors, focusing disproportionately on climate issues until CSRD broadened materiality assessments to include human rights, labor practices, and community impacts. This rebalancing is consistent with scholarship that emphasizes the increasing strategic salience of social sustainability for legitimacy and resilience (Aguilera et al., 2007; Maniora, 2017).

5.8- Governance dimension of CSRD and ESG :

Governance emerged as the critical enabler of effective CSRD adaptation. Firms with established board-level ESG committees or direct CEO involvement in sustainability oversight reported smoother integration of CSRD requirements, in line with research demonstrating the role of governance in ensuring credible ESG performance (Eccles et al., 2014; Krüger, 2015). The directive prompted the elevation of sustainability functions from peripheral CSR units to core strategic departments reporting to executive management.

This reflects the literature on integrated governance, which argues that sustainability becomes embedded when non-financial reporting aligns with financial oversight (Adams, 2017). Respondents also described how CSRD encouraged the integration of climate and social risks into enterprise risk management systems, confirming the perspective that external regulatory pressure reshapes internal governance logics (Gond et al., 2012). These findings underscore that governance structures are not merely procedural but determine the depth of ESG integration into corporate strategy.

5.9- Forward-looking implications beyond 2030:

Looking beyond 2030, the trajectory of CSRD implementation suggests both challenges and opportunities. One recurring concern in the interviews was the risk of “change fatigue,” particularly for SMEs, once initial compliance is achieved. This highlights the importance of institutionalizing sustainability into corporate culture to prevent backsliding. Literature on sustainability transitions supports the idea that embedding ESG objectives into incentives and performance evaluations is critical to sustaining momentum over the long term (Eccles et al., 2014).

Another forward-looking implication concerns the regulatory landscape. Several respondents anticipated further convergence between CSRD’s European Sustainability Reporting Standards and global frameworks such as those of the ISSB. As studies stress, greater harmonization will be necessary to reduce reporting burdens and ensure comparability across markets (EFRAG, 2023). The post-2030 era may also witness a shift from disclosure to performance, with stakeholders demanding evidence of tangible impact rather than compliance alone. This transition aligns with calls in the literature for sustainability reporting to evolve from a transparency exercise toward a mechanism of accountability for outcomes (Maniora, 2017).

Finally, interviews highlighted the potential role of technology in shaping the future of CSRD compliance. Firms expect to rely increasingly on digital tools, AI, and blockchain to improve ESG data quality and reduce the administrative burden of reporting. This evolution could allow companies not only to satisfy regulatory demands more efficiently but also to extract strategic insights from sustainability data, fostering innovation and value creation. In this sense, the period beyond 2030 may represent a decisive shift: CSRD could cease to be viewed as a compliance burden and instead become a platform for strategic transformation, innovation, and long-term resilience.

6- Conclusion

6.1- Syntheis of the results

This thesis set out to examine the challenges and strategies companies adopt in implementing the CSRD, assessing its impact on sustainability strategy, governance structures, and sectoral dynamics. The literature review established that the CSRD represents a fundamental shift from the NFRD, introducing double materiality, mandatory assurance, and alignment with the EU Taxonomy (European Commission, 2023; EFRAG, 2023a). Prior research highlighted varying levels of ESG maturity across industries, with financial services, energy, and large multinationals typically more advanced due to prior regulatory exposure and established sustainability infrastructures (KPMG, 2022; Eccles & Klimenko, 2019). This context provided the framework for interpreting the qualitative findings.

The results confirmed that ESG maturity is a critical determinant of preparedness. High-maturity sectors, such as banking, insurance, and regulated energy, integrated CSRD requirements into existing governance and reporting frameworks, often using them to refine investment strategies, risk mapping, and stakeholder engagement. By contrast, lower-maturity sectors, particularly SMEs, faced significant learning curves, needing external consultancy support to interpret double materiality, develop data collection systems, and align ESG objectives with business priorities. This aligns with institutional isomorphism theory (DiMaggio & Powell, 1983), which explains the convergence in practices among early adopters.

The discussion revealed that the CSRD functions as both a reinforcing and transformative force. For mature companies, it reinforced pre-existing commitments and accelerated integration of ESG into strategic decision-making. For less mature firms, it acted as a disruptive catalyst, sparking foundational governance reforms, cultural change, and the first systematic consideration of environmental and social risks. Across sectors, the directive also elevated sustainability's organisational status, with many companies restructuring to have ESG functions report directly to boards or CEOs.

Beyond structural adjustments, the CSRD prompted shifts in corporate culture, training, and internal communication, though resistance persisted in some operational departments. Social and environmental dimensions evolved unevenly, with most companies initially more comfortable addressing environmental targets than social metrics, requiring a rebalancing to ensure comprehensive ESG integration. External pressures from investors, credit rating agencies, and supply chain requirements amplified the urgency of compliance and influenced market perception, with early adopters using CSRD alignment as a differentiator in competitive contexts.

In conclusion, the CSRD is emerging as more than a compliance framework; it is a strategic lever with the potential to drive long-term transformation. The trajectory from reactive compliance to proactive value creation depends heavily on initial ESG maturity, governance adaptability, and the ability to link sustainability performance with strategic incentives such as executive remuneration. For policymakers and practitioners, these findings underscore the importance of sector-specific support, capacity-building for SMEs, and continued refinement of standards to ensure that the CSRD fosters not only transparency but also meaningful, systemic change.

6.2- Limits of the Research

While this research provides valuable insights into the challenges and strategies associated with implementing the CSRD, several limitations should be acknowledged. First, the study relied on a qualitative methodology based on semi-structured interviews, which, while offering rich and nuanced data, limits the generalisability of the findings. The perspectives gathered reflect the specific contexts, industries, and geographies of the respondents, which may not fully capture the diversity of experiences across all EU companies subject to the CSRD.

Second, the sample included a higher proportion of respondents from high-maturity sectors such as financial services, insurance, and energy. Although efforts were made to include SMEs and lower-ESG-maturity industries, the representation of these groups was relatively smaller, potentially skewing the results toward more prepared organisations.

Third, the research was conducted during the early phases of CSRD implementation, meaning that the long-term effects, adaptive strategies, and market dynamics triggered by the directive are still evolving. This timing limits the ability to assess the full scope of strategic transformation and the eventual convergence, or divergence, of practices across sectors.

Additionally, the study did not incorporate a quantitative component that could have provided measurable comparisons of ESG performance or resource allocation pre- and post-CSRD. Such data could have strengthened the link between qualitative perceptions and tangible organisational outcomes.

Finally, given that the CSRD and associated ESRS standards are subject to ongoing amendments, such as the 2025 Omnibus adjustments, some findings may be impacted by future regulatory changes. The dynamic nature of the regulatory environment suggests that continued research will be necessary to track evolving compliance approaches, best practices, and unintended consequences.

6.3- Avenues for Future Research

Future research could expand on the present findings in several ways. First, targeted studies on SMEs would provide valuable insights into the unique challenges faced by smaller organisations, particularly those with limited resources and weaker bargaining power over suppliers. This is especially relevant for understanding proportionality measures and their effectiveness in easing compliance burdens without undermining reporting quality.

Second, longitudinal research post-2026, when more companies will have gone through at least one full CSRD reporting cycle, could shed light on long-term strategic shifts, the durability of governance changes, and whether the initial cultural transformations observed persist over time.

Third, cross-country comparative studies could examine how multinational firms manage harmonisation challenges across jurisdictions, particularly when engaging suppliers in non-EU countries that are indirectly affected by CSRD obligations. Such research could also explore the interplay between EU sustainability regulations and emerging non-EU frameworks, identifying risks of fragmentation or opportunities for global convergence.

In another way, future work could investigate the integration of digital tools, such as AI, blockchain, and advanced data analytics, into sustainability reporting processes, evaluating their potential to streamline double materiality assessments, improve data accuracy, and enhance transparency for stakeholders.

6.4- Managerial Implications

The findings of this thesis highlight important managerial priorities for organisations navigating CSRD compliance, underscoring that leadership must approach sustainability as a strategic transformation rather than a regulatory formality. The CSRD offers an opportunity for companies to embed ESG principles into the heart of their corporate strategy, shifting from reactive reporting to proactive value creation.

Firstly, strong leadership alignment is essential. The evidence shows that in more mature sectors, sustainability departments increasingly report directly to the CEO or board. Extending this governance model across sectors can enhance accountability, secure resources for ESG initiatives, and send a clear commitment signal to internal and external stakeholders.

Secondly, middle management plays a pivotal role in bridging strategic ESG objectives and operational execution. Managers at this level must be equipped through targeted training and incentives to integrate sustainability into daily operations, overcoming resistance from departments traditionally less engaged with ESG, such as sales, procurement, or production.

Thirdly, companies must significantly improve their data governance and analytical capabilities. The double materiality requirement necessitates advanced ESG data collection, validation, and analysis systems. Investment in technologies such as AI-driven analytics and blockchain-based traceability can not only improve compliance but also generate actionable strategic insights.

Fourthly, supply chain engagement has become a critical managerial responsibility. CSRD requirements extend beyond organisational boundaries, meaning managers must ensure ESG compliance throughout the value chain, especially for suppliers located outside the EU. This may require training programs, capacity-building partnerships, or contractual ESG clauses.

Fifthly, investor relations and brand positioning now hinge on transparent and credible sustainability disclosures. As investors and credit rating agencies demand more granular ESG data, managers should leverage CSRD-aligned reporting to strengthen market reputation, attract sustainability-linked financing, and position the organisation competitively.

Finally, integrating sustainability performance into incentive structures, including executive remuneration, can align leadership behaviour with long-term ESG goals. This fosters a culture of accountability and positions the company as a forward-thinking leader in sustainable business practices.

Collectively, these implications suggest that CSRD compliance, when approached strategically, can be a driver of organisational resilience, innovation, and competitive differentiation.

6.5- Theoretical Implications

This thesis advances the academic conversation on corporate sustainability transformation under regulatory influence by weaving together insights from institutional theory, strategic alignment, corporate governance, and risk management. The evidence gathered illustrates how the CSRD operates as a powerful form of coercive institutional pressure (DiMaggio & Powell, 1983), driving convergence in governance and reporting practices, particularly among organisations in highly regulated or high-ESG-maturity sectors. Rather than producing mere compliance, this convergence also aligns firms with emerging best practices and sectoral norms.

The findings further nuance the literature on strategic alignment, showing that the impact of CSRD varies according to a company's initial ESG maturity. Organisations with robust pre-existing frameworks leveraged the directive as a springboard for deeper integration of sustainability into corporate strategy, whereas those with limited prior experience tended toward reactive compliance.

This variation supports contingency-based perspectives, highlighting the importance of contextual factors in shaping organisational adaptation.

In terms of governance theory, the elevation of sustainability oversight to the board level emerges as a key driver of systemic change. This structural shift strengthens leadership accountability, embeds ESG considerations in core decision-making, and aligns with prior research emphasising governance as a lever for long-term sustainability.

By embedding double materiality into corporate risk mapping, the CSRD also creates a conceptual link between sustainability and enterprise risk management (ERM). This integration supports a holistic view of organisational performance in which ESG issues are treated as central, not peripheral, to strategic and operational planning.

Finally, the study positions the CSRD as a catalyst for a broader organisational transformation, from a compliance-focused approach to one centred on value creation, innovation, and stakeholder trust. This echoes transformative sustainability theories that view regulation as a driver of learning, capability-building, and sustained competitive advantage.

Collectively, these contributions deepen theoretical debates about the ways regulatory frameworks can shape organisational behaviour, governance evolution, and the strategic integration of sustainability into the corporate core.

7- Glossary

Circular Economy: An economic model that seeks to minimize waste and make the most of resources by reusing, recycling, and regenerating products and materials. In the context of CSRD and ESG, companies are increasingly expected to demonstrate how their operations contribute to resource efficiency and long-term sustainability.

Corporate Governance: The system of rules, practices, and processes by which a company is directed and controlled. Under CSRD, governance structures must ensure accountability for ESG reporting and integrate sustainability into strategic decision-making.

CSRD (Corporate Sustainability Reporting Directive): A European Union directive that significantly expands and standardizes sustainability reporting obligations for companies. It replaces the Non-Financial Reporting Directive (NFRD) and requires more detailed and comparable disclosures across environmental, social, and governance dimensions.

Decarbonization: The process of reducing greenhouse gas emissions produced by human activities. Companies often implement decarbonization strategies in energy use, production processes, and supply chains to align with climate targets and regulatory requirements.

Double Materiality: A core principle of CSRD that requires companies to report on two dimensions: (1) how sustainability issues affect their financial performance, and (2) how their activities impact the environment and society. This dual perspective ensures a more holistic approach to sustainability.

EFRAG (European Financial Reporting Advisory Group): The institution responsible for developing the European Sustainability Reporting Standards (ESRS) that provide detailed guidance for CSRD compliance.

Environmental Dimension (E in ESG): Covers how a company’s operations impact the environment and how environmental factors, such as climate risks, affect the company. Reporting includes data on emissions, resource use, pollution, biodiversity, and climate adaptation strategies.

ESG (Environmental, Social, Governance): A widely used framework for assessing corporate performance in non-financial areas. It guides companies, investors, and regulators in evaluating risks and opportunities related to sustainability.

ESRS (European Sustainability Reporting Standards): The reporting standards developed under CSRD to specify how companies should disclose ESG information in a consistent, detailed, and comparable manner.

Governance Dimension (G in ESG): Refers to the structures and practices by which a company is directed. It includes board oversight, transparency, risk management, executive accountability, and anti-corruption measures, all of which are reinforced under CSRD.

ISSB (International Sustainability Standards Board): A global body tasked with developing sustainability disclosure standards that aim to harmonize reporting practices worldwide and ensure comparability across markets.

Non-Financial Reporting Directive (NFRD): The predecessor to CSRD, which required certain large companies to disclose non-financial information but was criticized for its flexibility and lack of standardization.

Reporting Fatigue: The risk that companies, particularly small and medium-sized enterprises (SMEs), become overwhelmed by the complexity and frequency of sustainability reporting requirements. This challenge underlines the importance of capacity building and streamlined processes.

Science-Based Targets: Corporate climate goals that align with scientific recommendations to limit global warming to well below 2°C, ideally 1.5°C. Companies adopt these targets to demonstrate credible climate strategies.

SMEs (Small and Medium-sized Enterprises): Companies that are smaller in scale and resources compared to large multinationals. Under CSRD, SMEs face specific challenges in meeting reporting requirements due to limited financial and human resources.

Social Dimension (S in ESG): Focuses on a company’s relationships with employees, suppliers, customers, and communities. It includes issues such as diversity and inclusion, human rights, labor practices, health and safety, and community engagement.

Stakeholder Pressure: The influence exerted by investors, regulators, employees, consumers, and society at large, encouraging companies to improve their ESG performance and disclosure practices. Under CSRD, stakeholder expectations play a critical role in shaping corporate strategies.

Sustainability Reporting: The process through which companies disclose information on their environmental, social, and governance performance. Over the past three decades, it has evolved from voluntary initiatives into structured, mandatory frameworks aligned with international standards.

Sustainable Finance: Financial practices and investment strategies that take into account environmental, social, and governance considerations, aiming to support long-term sustainable development and resilience.

Value Creation: The process by which companies generate economic, social, and environmental benefits. In the context of CSRD, value creation goes beyond profitability to include positive contributions to stakeholders and society.

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9- Appendices

Interview Questionnaire: CSRD Impact on Strategic Sustainability (CFOs/CSOs)

Part 1: CSRD and Strategic Transformation

Recent surveys indicate companies are already embedding CSRD-driven sustainability metrics into strategy. For example, PwC finds roughly three-quarters of firms say CSRD has led them to factor sustainability more heavily into decision-making. Experts advise CFOs to “embed sustainability into financial strategy,” using CSRD disclosures to highlight decarbonization progress and align with EU policy goals.

1. In what ways has the CSRD already influenced your company’s sustainability strategy and governance structures?

Follow-up: Has the board or executive team created any new sustainability committees, roles (e.g. a dedicated sustainability controller), or cross-functional teams in response? (One study found some firms even set up a separate climate/sustainability reporting division to handle CSRD data.)

Follow-up: How have the roles of the CFO, CSO, or other executives shifted? Are finance and legal teams now more integrated into sustainability planning?

Follow-up: Have you redefined key strategic KPIs or linked executive incentives to ESG outcomes? For instance, are traditional financial metrics supplemented by carbon or energy targets under CSRD?

2. To what extent do you expect the CSRD to lead to a redefinition of your company’s long-term strategic objectives?

Follow-up: Do you anticipate CSRD will force changes in your core business model or product roadmap (e.g. new low-carbon products or divesting high-impact assets)?

Follow-up: Will CSRD alter your M\&A strategy, capital allocation, or R\&D priorities? (For example, will you invest more in circular economy innovations or sustainable technologies?)

Follow-up: Early studies suggest many companies feel their existing sustainability agenda already aligns with CSRD, so major strategic shifts may be limited. Do you agree, or do you foresee deeper changes?

3. How does the CSRD affect the internal allocation of resources (investment, recruitment, training) towards sustainability?

Follow-up: Have you allocated more budget or personnel to ESG data collection and reporting? (E.g., hiring carbon accountants or sustainability analysts, or upskilling financial controllers in ESG metrics.)

Follow-up: Are you investing in new systems, software or data platforms to handle CSRD requirements? For instance, moving away from spreadsheets toward integrated reporting tools (PwC found 74% still rely on spreadsheets, a key obstacle).

Follow-up: Has CSRD driven changes in capital spending (e.g. energy-efficient equipment) or R\&D funding for cleaner processes?

4. What types of organizational or cultural resistance have you encountered in implementing CSRD-aligned practices?

Follow-up: Which departments or stakeholders have been skeptical (e.g. operations, sales, or legacy business units)? How have you addressed inertia or “we’ve always done it this way” attitudes?

Follow-up: Have employees or managers questioned the benefits versus costs of extensive reporting? (One case study noted frustration over the extra time and resources CSRD requires.)

Follow-up: What strategies have helped overcome resistance (e.g. leadership buy-in, training programs, or pilot initiatives)?

5. What are the three biggest strategic opportunities the CSRD presents for your company or industry?

Follow-up: Possibilities might include improved investor confidence through transparency, entry into green markets, efficiency gains, risk mitigation, or enhanced brand value. Which resonate most?

Follow-up: How might CSRD help identify growth areas (e.g. circular services, sustainable product lines) or partnerships (e.g. with green tech startups)?

Follow-up: Are there specific EU policies (Taxonomy, Green Deal) or funding programs that CSRD makes you better able to leverage?

Part 2: Double Materiality and Risk Integration

The CSRD's double materiality concept forces firms to combine an "inside-out" impact perspective with an "outside-in" financial risk perspective. In practice, this means assessing both the company's effect on society/environment *and* how ESG issues (climate, biodiversity, social change, etc.) affect the business. This panel explores how companies are adapting their materiality and risk processes to these requirements.

1. How has the introduction of double materiality changed your materiality assessment process?

Follow-up: Have you revised your stakeholder engagement to gather input on social/environmental impacts as well as business risks? (PwC notes CSRD now asks stakeholders to identify a company's significant impacts and risks.)

Follow-up: Are you using new tools or frameworks to map impacts vs risks (for example, aligning with ESRS guidance or the EU's Impact Materiality Implementation Guidance)?

Follow-up: How do you balance qualitative judgement and quantitative data? (EFRAG studies report a shift toward more evidence-based materiality analyses, combining data with stakeholder views.)

2. What challenges have you faced when aligning double materiality with existing risk management and financial materiality frameworks?

Follow-up: Have you encountered conflicts between impact-focused issues and financial risk priorities? For instance, issues material to society (like biodiversity) may not yet have clear financial metrics.

Follow-up: How do you avoid duplication or gaps between your ERM processes and your CSRD materiality outputs? (For example, integrating climate scenarios under TCFD vs. ESRS needs.)

Follow-up: Have you had to upskill risk managers or hire sustainability risk experts to bridge the gap?

3. How do you ensure coherence between sustainability materiality assessments and overall enterprise risk management (ERM)?

Follow-up: Do you have joint committees or integrated reporting systems linking ESG risks and traditional risks?

Follow-up: How do you handle areas where one framework (e.g. credit risk models) and sustainability view diverge?

Follow-up: Have you encountered practical issues (e.g. scope or timeline mismatches) in lining them up?

4. What tools or frameworks do you use to assess impacts, risks, and opportunities from a double materiality perspective?

Follow-up: Are you leveraging standards like GRI, SASB/IFRS-S1, Task Force on Climate-related Financial Disclosures (TCFD), or EU frameworks (Taxonomy, SFDR) as part of your assessment?

Follow-up: Do you use specialized software or analytic tools for materiality (e.g. sustainability data platforms, stakeholder survey tools)?

Follow-up: How are you incorporating scenario analysis (e.g. climate scenarios) into risk/opportunity evaluation?

5. In your view, does double materiality promote or complicate stakeholder engagement?

Follow-up: Double materiality requires asking stakeholders to comment on impacts *and* risks. Does this broaden dialogue by including communities, NGOs, and regulators? Or does it confuse stakeholders who are accustomed to financial materiality only?

Follow-up: Are stakeholders (investors, communities, employees) providing useful input on impact topics, or is additional guidance needed?

Follow-up: Do you see long-term benefits in stakeholder trust and innovation by taking this broader view?

Part 3: Environmental Strategy Alignment

CSRD's Climate Change standard (ESRS E1) explicitly requires scenario analysis and robust transition planning. KPMG notes firms must set science-based targets and link strategy to a 1.5°C pathway. This part examines how CSRD is influencing climate and environmental strategy, including decarbonization roadmaps, resilience planning, and integration of broader environmental disclosures.

1. What role does the CSRD play in shaping your decarbonization roadmap and climate targets?

Follow-up: Are you revising your net-zero targets or emissions reduction plans to align with CSRD disclosure timelines?

Follow-up: Does CSRD motivate you to define interim targets (2025, 2030) or explicit transition levers (e.g. energy mix changes)?

Follow-up: How are you using ESRS E1 requirements to communicate progress to stakeholders? (For example, CFOs can use CSRD reports to showcase decarbonization efforts.)

2. How do you approach scenario analysis and climate resilience planning under the CSRD framework?

Follow-up: Which climate scenarios (2°C, 1.5°C, National Determined Contributions, etc.) do you use? How were they chosen?

Follow-up: Who leads the scenario exercise (risk team, sustainability, external consultants), and how are results integrated into strategy? (KPMG emphasizes climate risk as a "board-level issue" requiring cross-department collaboration.)

Follow-up: How do you use scenario outputs to adjust operations or risk management (e.g. asset reinforcement, insurance, supply changes)?

3. What are the three most significant challenges in integrating CSRD-aligned environmental disclosures (e.g. Scope 3 emissions, biodiversity, pollution) into strategic planning?

Follow-up: Scope 3 emissions often require extensive supplier data. Have you found this challenging? (One case noted difficulty getting data from smaller suppliers.)

Follow-up: Biodiversity and ecosystem impacts have newly mandatory disclosures (ESRS E3/E4). How are you measuring and setting targets for nature-related issues without established metrics?

Follow-up: Pollution disclosures (e.g. air, water emissions). How do these feature in strategic decisions, are there regulatory pressures or community risks driving focus here?

4. How do you align your environmental transition plan with the EU Taxonomy and 1.5°C targets?

Follow-up: Have you conducted a Taxonomy eligibility assessment? Are you mapping your activities to “green” criteria, and does CSRD reporting feed into that?

Follow-up: Do your climate targets explicitly follow science-based criteria (1.5°C pathway)? How do you reconcile taxonomy thresholds with your own decarbonization scenarios?

Follow-up: Have you identified any trade-offs (e.g. a tech that reduces emissions but harms biodiversity) and how to manage them under the “do no significant harm” principle?

5. Has the CSRD prompted new investments or innovations in circular economy models or resource efficiency?

Follow-up: Are you funding R\&D in recyclability, product life-extension, or clean tech as part of compliance readiness?

Follow-up: Has transparency on resource use led to process improvements (e.g. less waste, water reuse) or collaborations to reuse materials?

Follow-up: Do you see market or regulatory demand (partly signaled by CSRD/ESRS) as spurring these innovations?

Part 4: Social and Human Capital Strategy

The CSRD expands social disclosures (e.g. ESRS S1 for own workforce, S2 for value chain), requiring detailed data on diversity, wages, working conditions, etc. A recent analysis notes CSRD is "elevating human capital management to a strategic priority," demanding structured reporting on 30+ workforce metrics (diversity ratios, training hours, health & safety incidents, and more). This part explores how companies are integrating these requirements into policies and strategy.

1. Has the CSRD led to a reassessment of your company's policies regarding employee rights, diversity, or community impact?

Follow-up: For example, are you revisiting pay equity, labor rights policies, or community engagement programs now that you must disclose them?

Follow-up: Are CSR initiatives (e.g. community investment, volunteer programs) being formalized into long-term strategy?

Follow-up: Have you faced difficult decisions balancing social goals with cost pressures, and how are those communicated?

2. How are social indicators (e.g., fair wages, working conditions, DEI) being embedded into your corporate KPIs and strategic objectives?

Follow-up: Have you set specific targets (e.g., % women in leadership, closing wage gaps, worker training hours) tied to performance reviews or incentives?

Follow-up: Are these metrics now included in executive scorecards or board reports as regularly as financial KPIs?

Follow-up: Do you provide training or tools to business units to help meet these new social targets?

3. What are the most difficult social disclosures to measure and integrate strategically?

Follow-up: Are some metrics (like living wage coverage across suppliers, or community impact) particularly hard to quantify?

Follow-up: How about DEI: collecting and verifying data on underrepresented groups, accessibility, etc.?

Follow-up: Does any requirement seem less material to business strategy (making it hard to integrate), and how do you handle it?

4. How does your company work with suppliers and partners to ensure compliance with social sustainability expectations?

Follow-up: Do you have social due diligence processes (audits, codes of conduct, supplier scorecards) in place to gather data up and down the value chain?

Follow-up: How are you responding to ESRS S2 requirements (e.g. risks of forced labor, engagement with workers' representatives)?

Follow-up: Have you provided support or incentives to help smaller suppliers meet your standards (given known data-collection challenges in the value chain)?

5. What positive changes have emerged in your stakeholder relations because of CSRD-related social transparency?

Follow-up: Have you noticed improved trust from investors or customers due to clear social disclosures? (PwC found companies expect "improved engagement with stakeholders" from CSRD reporting.)

Follow-up: Have employees reacted positively to better transparency on, e.g., DEI or labor practices?

Follow-up: Are there new partnerships or initiatives (with NGOs, communities, etc.) that have grown out of these reporting efforts?

Part 5: Governance and Strategic Oversight

Under CSRD and ESRS, governance structures and controls must adapt to encompass sustainability. Boards are advised to revisit roles and expertise in light of double materiality, ensuring sustainability is integrated into risk oversight. IESE notes companies will need "robust internal controls" for ESG data and greater coordination between finance and sustainability teams. This part investigates how firms are strengthening governance, compliance, and board engagement on sustainability.

1. What adjustments have been made in your company's governance structure to comply with CSRD and ESRS requirements?

Follow-up: Have you formed dedicated ESG or sustainability committees at the board level, or added ESG expertise to the board? (Directors are increasingly creating such committees to oversee sustainability data and compliance.)

Follow-up: How is the CSO or sustainability function positioned within the organization (e.g. reporting to CEO vs CFO)?

Follow-up: Are cross-department teams (finance, legal, operations) formalized to handle CSRD reporting?

2. Has the CSRD changed the role or responsibilities of the board and executive management in sustainability matters?

Follow-up: How have board oversight duties expanded? For instance, are directors now regularly reviewing sustainability targets, risks, and progress reports?

Follow-up: Are board members receiving training on CSRD/ESRS issues? Are executives (beyond the CFO/CSO) being held accountable for ESG results?

Follow-up: Is sustainability explicitly integrated into the company's risk management framework at the board or executive level? (IESE emphasizes boards must integrate sustainability into risk processes.)

3. What internal controls or systems have been established to ensure compliance and data integrity in sustainability reporting?

Follow-up: Do you leverage the financial controls framework (internal audit, data governance) for ESG data? (PwC suggests combining CFO teams' control skills with sustainability expertise to ensure data reliability.)

Follow-up: Are there dedicated data management systems for ESG metrics (to replace manual spreadsheets)? Who is responsible for verifying ESG data quality?

Follow-up: How are you preparing for the required external assurance (initially limited, then reasonable) on sustainability data?

4. What are the key ethical or compliance risks your company monitors under the CSRD scope (e.g., greenwashing, corruption)?

Follow-up: Have you identified risks like inaccurate sustainability claims (greenwashing) or gaps in governance (e.g. lack of anti-corruption controls)?

Follow-up: What processes do you have to detect and prevent greenwashing? (For example, the board should ensure sustainability reports are evidence-backed and verified.)

Follow-up: Are environmental and social misconduct issues escalated through existing compliance channels (whistleblower hotlines, audits) now that they may affect CSRD disclosures?

5. How does your company measure the effectiveness of its sustainability governance mechanisms post-CSRD?

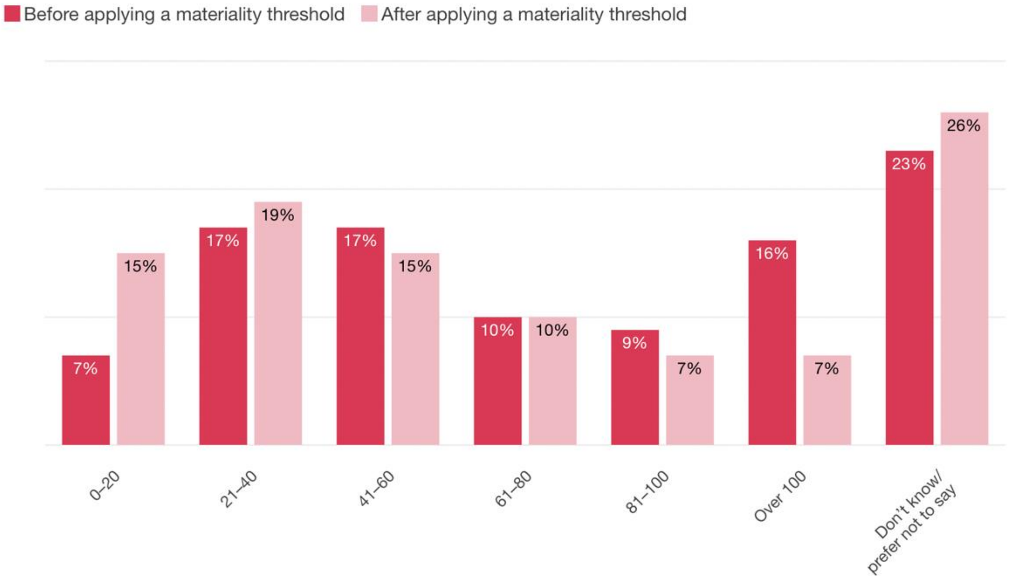
Follow-up: What metrics or indicators do you use (e.g. audit findings, data accuracy rates, achievement of ESG targets) to evaluate governance performance?

Follow-up: Have you set up any periodic reviews (by internal audit or board committees) of sustainability management and reporting?

Follow-up: How do stakeholders provide feedback on your governance (e.g. investor ESG questionnaires, ratings agency evaluations), and how is this used to improve processes?

There is a wide spread in the number of impacts, risks and opportunities (IROs) that companies are evaluating, even after applying a materiality threshold

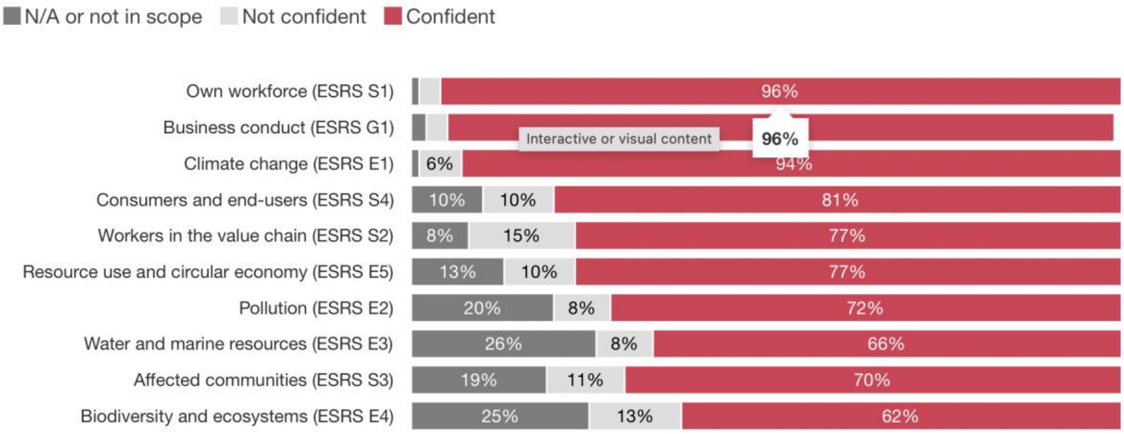
Question: How many IROs are you evaluating before and after applying a materiality threshold?



Note: Percentages shown may not total 100 due to rounding.
Base: Respondents who selected 'in progress' or 'complete' for double materiality assessment in the question, 'What level of progress has your company made in each of the following stages of CSRD preparation and implementation, if at all?' (439).
Source: PwC Global CSRD Survey 2024

Companies are more confident reporting on topics that are typically included in existing sustainability reports

Question: How confident do you feel in your company's ability to meet the reporting requirements of the following topics?

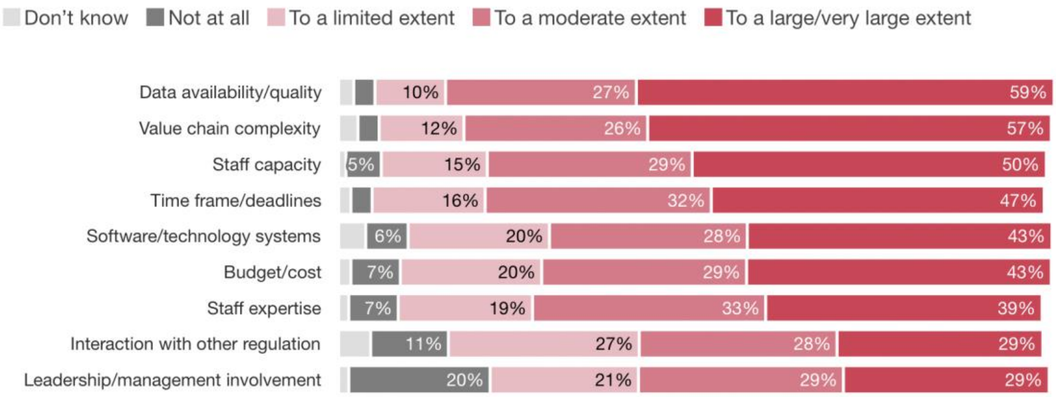


Note: *Not confident* respondents are those who said they were not very or not at all confident. *Confident* respondents are those who said they were somewhat, very or extremely confident.
ESRS refers to the European Sustainability Reporting Standards under the EU's Corporate Sustainability Reporting Directive (CSRD).
Percentages shown may not total 100 due to rounding.
Source: PwC Global CSRD Survey 2024

Interactive or visual content

The biggest obstacles to CSRD implementation facing companies are data availability/quality and the complexity of their value chains

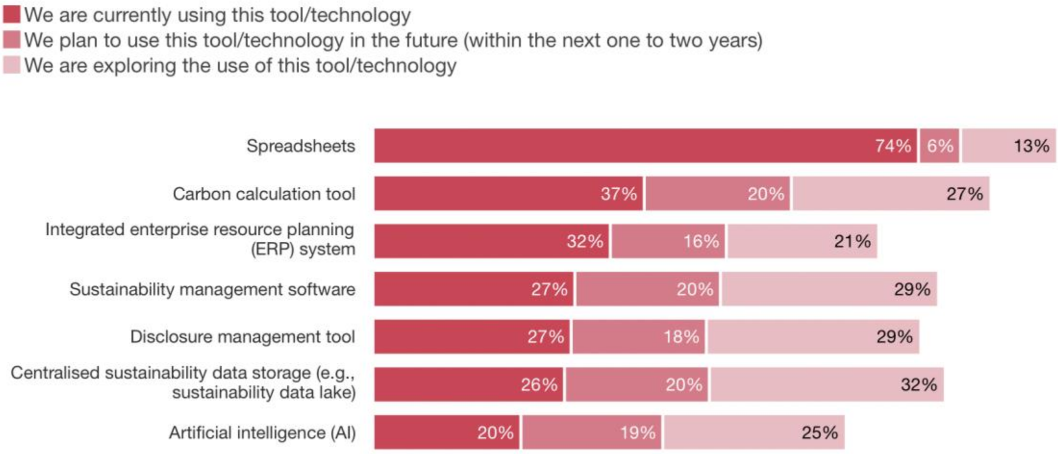
Question: To what extent, if at all, are the following factors obstacles to your company's implementation of the CSRD?



Note: Percentages shown may not total 100 due to rounding.
Source: PwC Global CSRD Survey 2024

Relatively few companies are using specialist tools and technology for sustainability reporting

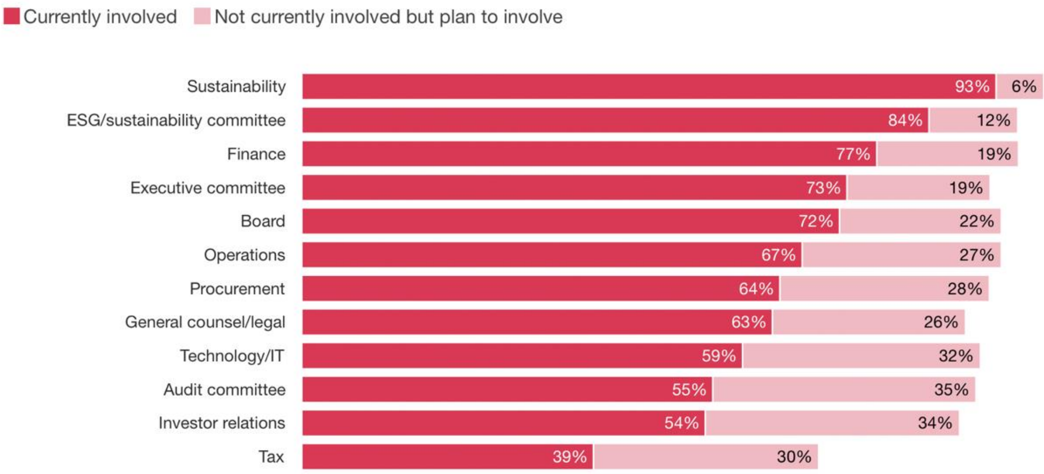
Question: Please indicate the extent to which your company uses the following tools/technology for sustainability reporting.



Note: Excludes respondents who selected 'we do not use/are not considering the use of this tool/technology' and 'don't know.'
Source: PwC Global CSRD Survey 2024

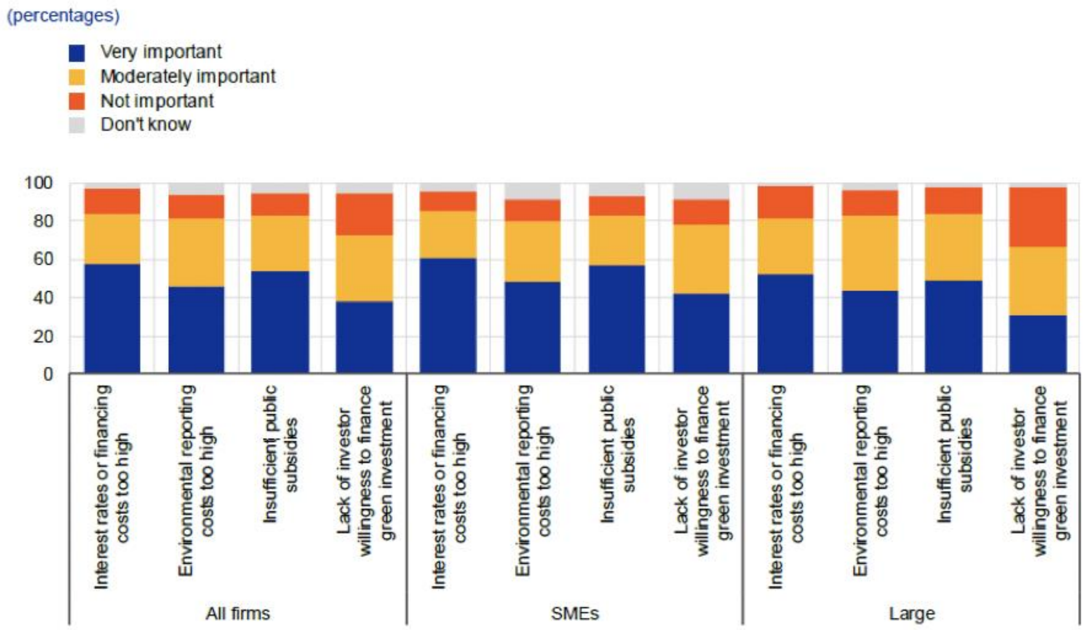
Most companies are approaching CSRD implementation as a broad cross-functional effort reaching far beyond sustainability

Question: Please indicate the level to which the following functional groups will be involved in responding to the requirements of the CSRD in your company.



Note: Excludes respondents who selected 'not currently involved and no plan to involve,' and 'don't know'.
Base: Data rebased with those saying not applicable removed (482 - 540).
Source: PwC Global CSRD Survey 2024

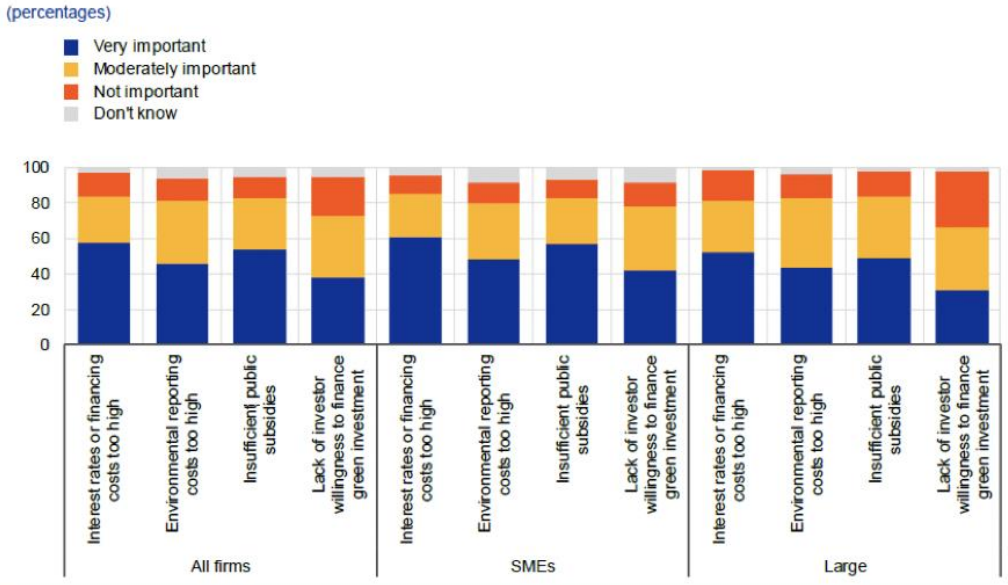
Figure 1: Obstacles to securing financing for planned investment for climate transition



Sources: ECB and European Commission SAFE and ECB calculations.
Notes: Firms were asked to indicate how important the obstacles are to securing financing for planned investment over the next five years to comply with stricter climate standards on a scale of 1 (not at all important) to 10 (extremely important). On the chart, the scale has been divided into three categories: not important (1-3), moderately important (4-6) and very important (7-10).

Source: (Nerlich, et al., 2025)

Figure 3: Obstacles to securing financing for planned investment for climate transition[7]



Sources: ECB and European Commission SAFE and ECB calculations.
Notes: Firms were asked to indicate how important the obstacles are to securing financing for planned investment over the next five years to comply with stricter climate standards on a scale of 1 (not at all important) to 10 (extremely important). On the chart, the scale has been divided into three categories: not important (1-3), moderately important (4-6) and very important (7-10).

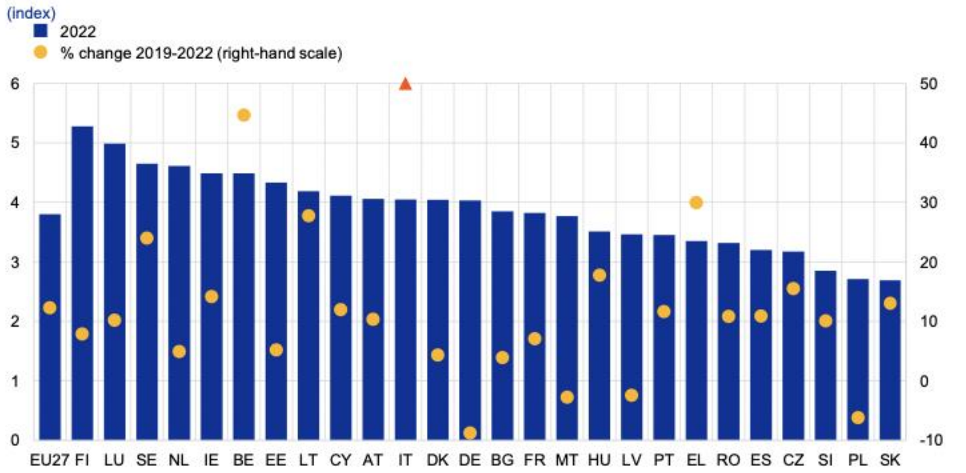
Source: (Nerlich, et al., 2025)

Table 5: Commission estimates of costs for preparers of CSRD by Package/Option (2021)

Package cost estimates (million EUR)				Stratified recurring costs				Stratified one-off costs		
	Total number of companies	Number of companies new to reporting/ assurance /tagging	Number of companies with non-standard reporting before/ with assurance that needs to be elevated	Current costs	Future costs	Increment al costs	Increase vs previous package	Total one-off costs	Increment al one-off costs	Increase vs previous package
Baseline	**11,653**			**974**				**276**		
administrative costs	*11,653*			*612*				*276*		
assurance costs	*11,653*			*362*				*0*		
Subtotal admin+assur.	**11,653**			**974**				**276**		
tagging costs	*11,653*			*0*				*0*		
Package 0	**11,653**			**974**	**1,393**	**419**	**419**	**420**	**143**	**143**
administrative costs	*11,653*	*0*	*6,000*	*612*	*822*	*211*	*211*	*305*	*29*	*29*
assurance costs	*11,653*	*2,295*	*3,835*	*362*	*551*	*189*	*189*	*0*	*0*	*0*
Subtotal admin+assur.	**11,653**			**974**	**1,373**	**399**	**399**	**305**	**29**	**29**
tagging costs	*11,653*	*11,653*		*0*	*20*	*20*	*20*	*114*	*114*	*114*
Package 1	**12,810**			**990**	**1,512**	**522**	**103**	**457**	**176**	**32**
administrative costs	*12,810*	*897*	*6,173*	*623*	*896*	*273*	*63*	*332*	*50*	*21*
assurance costs	*12,810*	*3,287*	*3,901*	*367*	*595*	*227*	*38*	*0*	*0*	*0*
Subtotal admin+assur.	**12,810**			**990**	**1,490**	**500**	**101**	**332**	**50**	**21**
tagging costs	*12,810*	*12,810*		*0*	*22*	*22*	*2*	*126*	*126*	*11*
Package 2	**48,080**			**1,618**	**5,144**	**3,526**	**3,004**	**1,605**	**1,144**	**968**
administrative costs	*48,080*	*27,845*	*9,608*	*1,041*	*3,135*	*2,095*	*1,822*	*1,134*	*673*	*623*
assurance costs	*48,080*	*32,724*	*5,219*	*577*	*1,927*	*1,349*	*1,122*	*0*	*0*	*0*
Subtotal admin+assur.	**48,080**			**1,618**	**5,062**	**3,444**	**2,944**	**1,134**	**673**	**623**
tagging costs	*48,080*	*48,080*		*0*	*82*	*82*	*60*	*471*	*471*	*346*
Package 3	**49,139**			**1,620**	**5,187**	**3,567**	**41**	**1,625**	**1,164**	**20**
administrative costs	*49,139*	*28,845*	*9,629*	*1,042*	*3,159*	*2,118*	*23*	*1,144*	*682*	*9*
assurance costs	*49,139*	*33,742*	*5,227*	*578*	*1,944*	*1,366*	*16*	*0*	*0*	*0*
Subtotal admin+assur.	**49,139**			**1,620**	**5,103**	**3,484**	**39**	**1,144**	**682**	**9**
tagging costs	*49,139*	*49,139*		*0*	*84*	*84*	*2*	*482*	*482*	*10*
Package 4	**209,344**			**1,893**	**9,307**	**7,414**	**3,847**	**4,093**	**3,561**	**2,398**
administrative costs	*209,344*	*180,239*	*12,833*	*1,204*	*4,985*	*3,781*	*1,663*	*2,041*	*1,510*	*828*
assurance costs	*209,344*	*187,658*	*6,456*	*689*	*3,966*	*3,277*	*1,911*	*0*	*0*	*0*
Subtotal admin+assur.	**209,344**			**1,893**	**8,951**	**7,058**	**3,574**	**2,041**	**1,510**	**828**
tagging costs	*209,344*	*209,344*		*0*	*356*	*356*	*272*	*2,052*	*2,052*	*1,570*

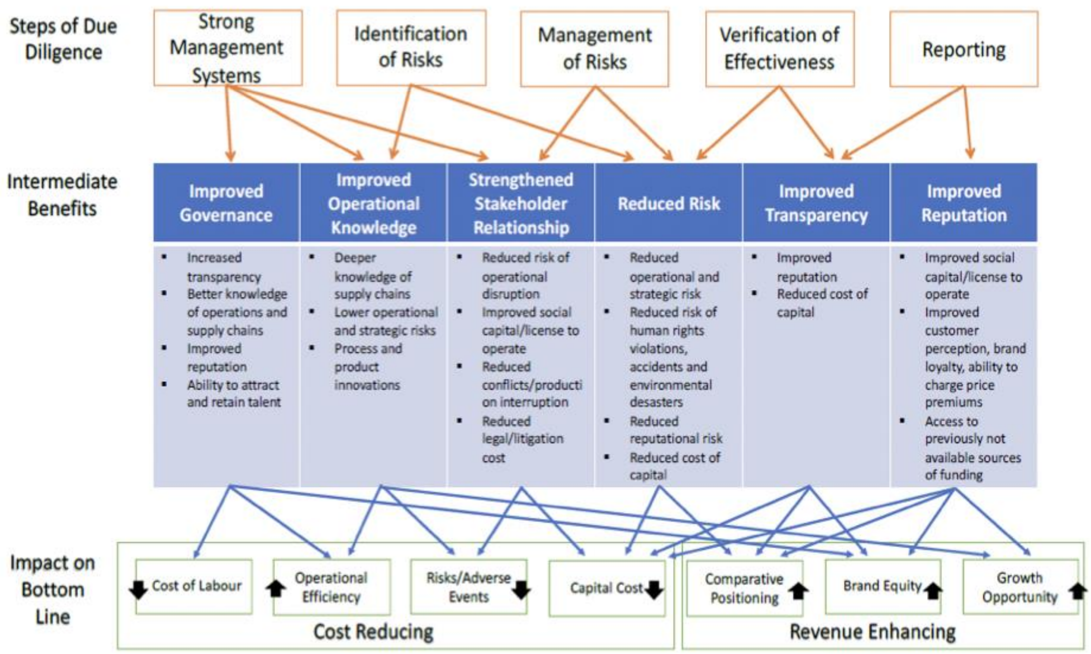
Source: (European Commission (CSRD IA), 2021, p. 223).

Burden of regulation for EU firms



Sources: World Economic Forum, via European Commission Single Market Scoreboard.
Notes: Higher values indicate higher regulation, based on the reply to the question "In your country, how easy is it for companies to comply with government regulation and administrative requirements (e.g. permits, reporting, legislation)? (1 = extremely easy; 7 = overly complex)". Percentage change 2019-22 for IT: 96.92%; no data for HR.

Figure 10: Impact chain for benefits from due diligence activities



Source: (Smit, et al., 2020, p. 453).

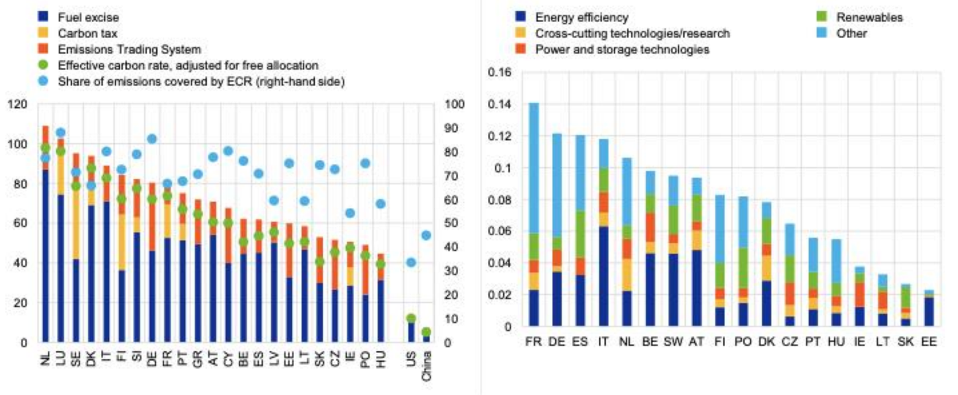
National fiscal instruments supporting the green transition

a) Level and emissions coverage of the effective carbon rate (ECR)

(EUR/tCO2 (lhs); percentage (rhs), 2021)

b) Public R&D in energy technology

(percentage of general government expenditure, 2020-23 average)



Sources: Panel a): OECD (2023), ECB calculations. Panel b): IEA, ECB calculations.
Notes: In panel a), the left-hand scale shows the effective carbon rate indicator of the OECD as the emissions-weighted sum of the average ETS price (in 2021) and the carbon and fuel excise tax rates (April 2021). The green bars account for free allocation of permits under the ETS. The triangles refer to the right-hand axis and show the share of emissions covered by the effective carbon rate per country. No data are available for Malta. In panel b), there are data available for GR, LU, MT, CY, LV, HR, SI, BG and RO. “Other” include public R&D in nuclear and hydrogen.

10- Executive summary :

This thesis investigates the transformative impact of the Corporate Sustainability Reporting Directive (CSRD) on European companies, with particular attention to its influence on Environmental, Social, and Governance (ESG) dimensions, as well as sector-specific differences in adaptation. Drawing on qualitative interviews and a review of academic and professional literature, the study assesses how firms navigate CSRD's requirements, the obstacles they encounter, and the opportunities for embedding sustainability into long-term strategy.

The findings show that the environmental pillar is the most advanced under CSRD. By operationalizing the principle of double materiality, the directive requires companies to disclose both the financial risks of climate change and their environmental impacts. High-emitting industries reported that CSRD accelerated the integration of science-based targets, decarbonization strategies, and circular economy initiatives. This finding aligns with research emphasizing the centrality of environmental disclosure for corporate transformation (Krueger et al., 2020; Porter & van der Linde, 1995). However, some firms highlighted reputational risks associated with binding climate commitments, echoing concerns about the unintended consequences of transparency (Boiral, 2016).

The social dimension remains comparatively underdeveloped but has gained significance with the introduction of CSRD. The directive broadens disclosures to include workforce conditions, diversity, human rights, and supply-chain practices. Larger firms with existing frameworks adapted more readily, whereas SMEs faced difficulties collecting reliable data. These results confirm observations in the literature that social indicators are less standardized and harder to measure (Ioannou & Serafeim, 2015). Nonetheless, the directive has compelled firms to rebalance their ESG priorities, embedding social sustainability into materiality assessments and strengthening stakeholder engagement (Aguilera et al., 2007; Maniora, 2017).

Governance emerged as a decisive factor for successful CSRD integration. Companies with established board-level ESG committees or direct CEO oversight implemented requirements more smoothly, consistent with studies highlighting governance as essential to credible ESG performance (Eccles et al., 2014; Krüger, 2015). CSRD prompted the institutionalization of sustainability functions, elevating them from CSR roles to strategic departments aligned with financial reporting (Adams, 2017). Respondents also described how governance reforms expanded enterprise risk management to include environmental and social risks, reflecting how external regulation reshapes internal practices (Gond et al., 2012).

Sectoral context strongly influenced how companies adapted to CSRD. Financial services, energy, and large multinationals, already under regulatory and investor scrutiny, leveraged existing infrastructures to comply and innovate, demonstrating patterns of institutional isomorphism (DiMaggio & Powell, 1983). In contrast, SMEs and firms in less regulated industries faced disruptive challenges, relying heavily on external expertise to establish governance processes and reporting systems. This divergence echoes literature on the heterogeneity of sustainability transitions (Eccles & Klimenko, 2019).

Looking ahead, CSRD is expected to shift from disclosure-driven compliance toward demonstrable sustainability performance. Interviews revealed concerns about “reporting fatigue,” particularly for SMEs, but also highlighted opportunities for global harmonization with ISSB standards, as well as the role of digital tools such as AI and blockchain in improving ESG data quality (EFRAG, 2023). The future challenge lies in ensuring that disclosures translate into measurable impact, moving beyond transparency to accountability (Maniora, 2017). Firms that leverage ESG data strategically for innovation, resilience, and stakeholder trust are positioned to secure long-term competitive advantage.

In conclusion, the CSRD marks a turning point in corporate sustainability reporting, addressing the shortcomings of the Non-Financial Reporting Directive (NFRD) and establishing a comprehensive, standardized framework. While its impact varies by sector and ESG maturity, across the board it has accelerated the integration of sustainability into governance, strategy, and risk management. The directive not only enforces compliance but also catalyzes cultural and strategic change, redefining corporate value creation by aligning profitability with purpose and resilience in a post-2030 world.