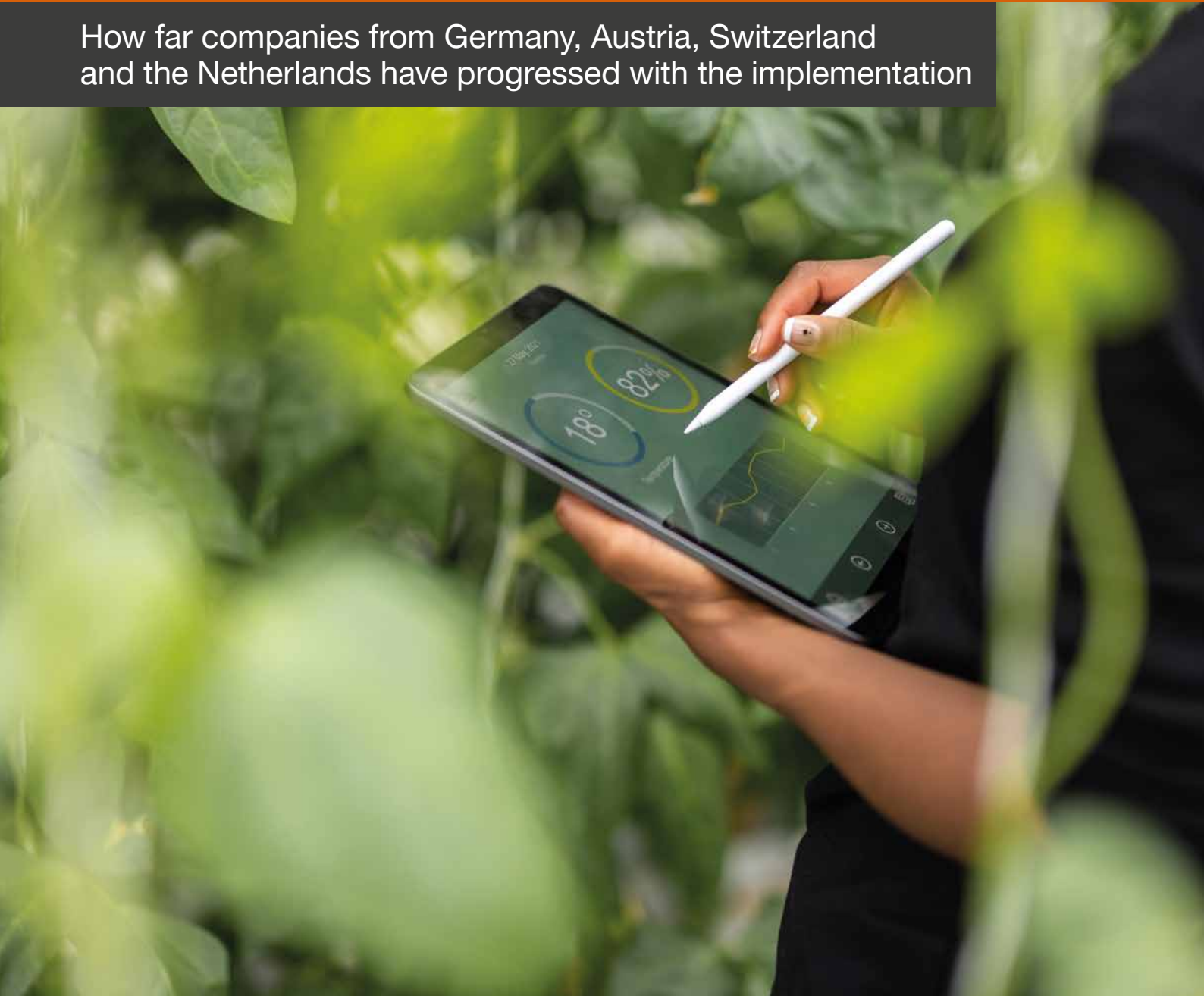


# Corporate Sustainability Reporting Directive (CSRD) 2023 – an analysis

How far companies from Germany, Austria, Switzerland and the Netherlands have progressed with the implementation



## **Corporate Sustainability Reporting Directive (CSRD) 2023 – an analysis**

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# Foreword

Dear Readers,

On January 5, 2023, an EU directive on corporate sustainability reporting came into force: the EU's Corporate Sustainability Reporting Directive (CSRD). It significantly expands the previous Non-Financial Reporting Directive (NFRD). The new regulations must be implemented by the member states within 18 months, i.e., by mid-2024. The consequence: companies must publish significantly more information on sustainability issues than before – and significantly more companies have to report.

The group of companies subject to reporting requirements is estimated to increase more than fourfold across the EU – from around 11,600 to around 49,000. From the 2025 financial year onwards, all companies are affected (public-interest companies and non-public-interest companies) that are classified as “large” and therefore meet two of the following three criteria on two consecutive reporting dates:

- more than 250 employees
- more than 20 million euros balance sheet total
- more than 40 million euros in net revenue

In addition – with a time lag – all public-interest companies small and medium-sized enterprises (SMEs) fall within the scope of the CSRD. Listed micro-entities are excluded.

It had been known for some time that the CSRD was coming. The drafts of the underlying European Sustainability Reporting Standards (ESRS) were also already available.

We therefore wanted to know: What is the current status of CSRD implementation? To this end, we conducted an intensive survey of 170 companies from Germany, Austria, Switzerland and the Netherlands. One comment on this: Switzerland, as a non-EU member, is not necessarily affected by the CSRD; however, Swiss companies often follow the reporting requirements of EU countries. In addition, Swiss companies may also be indirectly affected if they have subsidiaries based in the EU, which in turn are then covered by the CSRD regulations.

You can read the results in this study, divided into the following three main topics:

1. Current Sustainability reporting
2. Implementation
3. Investments, Resources and Impact

If you also have questions about CSRD in general and its implementation in particular, please contact us. We are happy to be there for you!

And now we wish you an enlightening read!



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# Executive Summary

## The CSRD is already having an effect

The CSRD has not yet been comprehensively implemented in national law, but it is already having a discernible influence on how companies act. Many of the companies we interviewed have started to implement the new sustainability reporting guideline with the European Sustainability Reporting Standards (ESRS). What are the biggest hurdles in implementation? How do financial reporting and sustainability reporting relate to each other? And what about the (planned) use of software for CSRD reporting? You can read answers to these and other questions in the following summary of the most important results.

### Sustainability is now largely part of the corporate strategy

Almost three quarters of the companies surveyed (72%) now have a sustainability strategy that is relevant for management (that figure was less than a quarter (24%) before 2021). Of those companies with a sustainability strategy, nearly eight out of ten have integrated it into their overall corporate strategy.

This shows just how quickly and strongly sustainability issues have gained importance. Still, 26% of the companies surveyed do not yet have a sustainability strategy. They would be wise to develop such a strategy – and see it as an integral part of their overall corporate strategy. This is because the changes resulting from comprehensive and constantly increasing sustainability requirements are very diverse. Companies should therefore by no means consider their

sustainability strategy separately from their fundamental orientation. Only by embedding sustainability into the corporate strategy, can risks be controlled and values realized.

### Demand for reliable sustainability information is increasing noticeably

The companies we surveyed named various drivers for changes in the sustainability strategy: first and foremost, customers (70%), followed by regulatory (55%), image and marketing (53%), and investors (48%). They also cited banks (45%), other stakeholders (40%) and their employees (35%) as relevant drivers. This shows us: The orientation towards sustainability has clearly arrived in society – and companies must orient themselves accordingly, whether they are reportable according to CSRD or not.

Already 55% of the companies surveyed voluntarily produce a sustainability report. However, 50% do not want to have this report externally audited until it becomes mandatory. However, around one in three companies (35%) already have their sustainability reporting externally audited (22% with limited assurance, 13% with reasonable assurance).

In particular, the 13% who have already had their report externally audited with reasonable assurance is, in our estimation, a high figure. The result underlines, once again, how relevant the topic of sustainability has become.

However, it also shows that companies' need for reliable information is growing. We see this as a sign that the importance of non-financial reporting is moving closer to that of financial reporting.

### Financial reporting and sustainability reporting move closer together organizationally

This is also evident at the organizational level: At 42%, most companies' sustainability departments are responsible for implementation. Often (30%), however, the accounting department is also in charge. We also observe a more frequent “dual leadership” from sustainability and accounting departments. This is indeed a new development, as in the past these departments often had hardly any points of contact.

Nevertheless, there are many hurdles for CSRD implementation: the complexity of the technical implementation and resource constraints (64%) are the most commonly cited barriers, followed by time pressure (50%), technical requirements and organizational anchoring (49% each). Strikingly, a lack of management support was cited by only 14% of the respondents. Sustainability has thus reached most management levels.

One complexity driver in particular is the consideration of the entire value chain required by the CSRD – according to 74% of respondents. The data basis (61%), scope for interpretation (53%), definitional issues (52%) and company-specific features (50%) are further drivers.

What is clear at this point is that, in order to implement CSRD, companies have to overcome very different challenges at the same time – and do so in the comparatively short time they have available for implementation.

### Majority wants to use Excel for non-financial reporting

Slightly more than half of the companies surveyed want to use software solutions for CSRD reporting. One in five companies wants to do it without tools and 28% are still unsure. Excel is the most frequently mentioned software solution with 27%. In each case, 19% want to rely on dedicated ESG software solutions or their ERP system.

In this regard, we can only emphasize: Excel is not an optimal software solution for reporting in the long term, because the program does not allow secure, verifiable documentation. Different processing versions are not completely traceable, and user role management and the potential changeability of content are also problematic. In this respect, it is critical to see that the respondents most frequently want to use Excel for CSRD implementation – at least against the background of a future audit.

### Differences between software solutions for CSRD reporting are still largely unknown

Only 14% of companies know to what extent the individual software solutions available for sustainability reporting differ. More than half of the respondents (53%) state that they have yet to learn about the differences. Just under a third (31%) have not yet dealt with the topic at all.

These results mainly reflect the supply side. The differences between the software solutions are small at first glance, but quite significant in detail – from user-friendliness to the depth of detail of the application options, with which the technical topics can be mapped. In this respect, it is positive that many companies are already making an effort to learn about the differences. However, we consider the proportion of those who do not inform themselves about the differences in software solutions (31%) to be too large, especially because the speed of development of software solutions is very high as a result of rapid regulatory changes.

### Sustainability will remain a permanent task for companies

Last but not least, two results that we would not have expected: six out of ten companies surveyed say that the CSRD reporting obligations already influence operational decisions, for example on investments. 24% say CSRD has no influence on this, 15% are still undecided. And: 25% of the companies expect that the future reporting requirements will bring about changes in their business portfolio. 59% do not expect this to happen, and 16% do not provide any information in this regard.

We consider the stated influence of the CSRD on operational decisions and the business portfolio to be significant. With the CSRD, the EU Commission is introducing a reporting obligation for companies. In terms of transparency, companies must therefore do more than simply formulate targets and measures. And it is precisely this obligation for more transparency that already seems to have a strong influence on corporate decisions today – although the reporting obligations do not yet apply completely and not yet to all potentially affected companies. In this respect, our study proves that the call for more sustainable action has arrived. Companies are faced with the permanent task of integrating sustainability into their business activities.



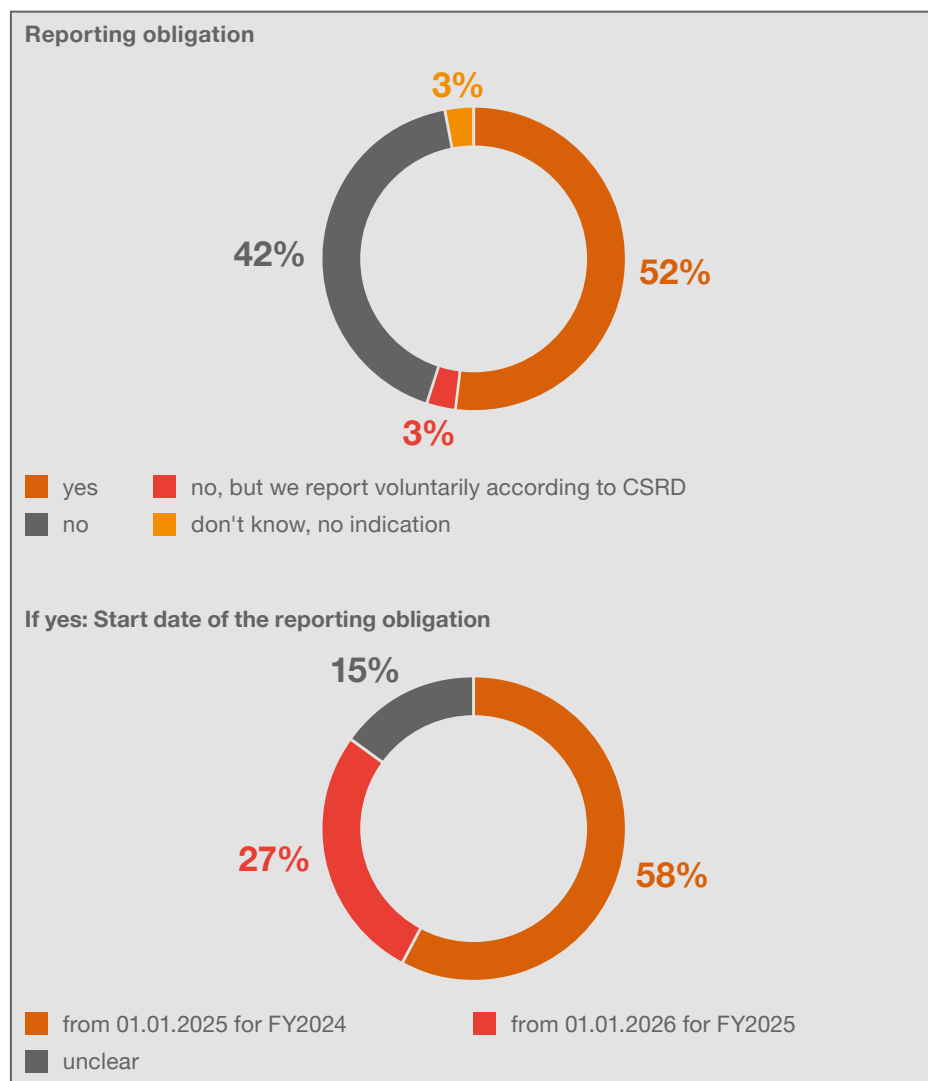
**Sustainability has come to stay. And the CSRD is visibly having its intended effect – even before the reporting.”**



## A Current sustainability reporting

How many companies are currently already required to report in accordance with the CSRD? According to which standards do they report? And to what extent do they already have their published sustainability information externally audited? Answers to these and other questions can be found in this study chapter.

Fig. 1 CSRD reporting obligation



**A slight majority of the surveyed companies is currently obliged to reporting requirements under CSRD**

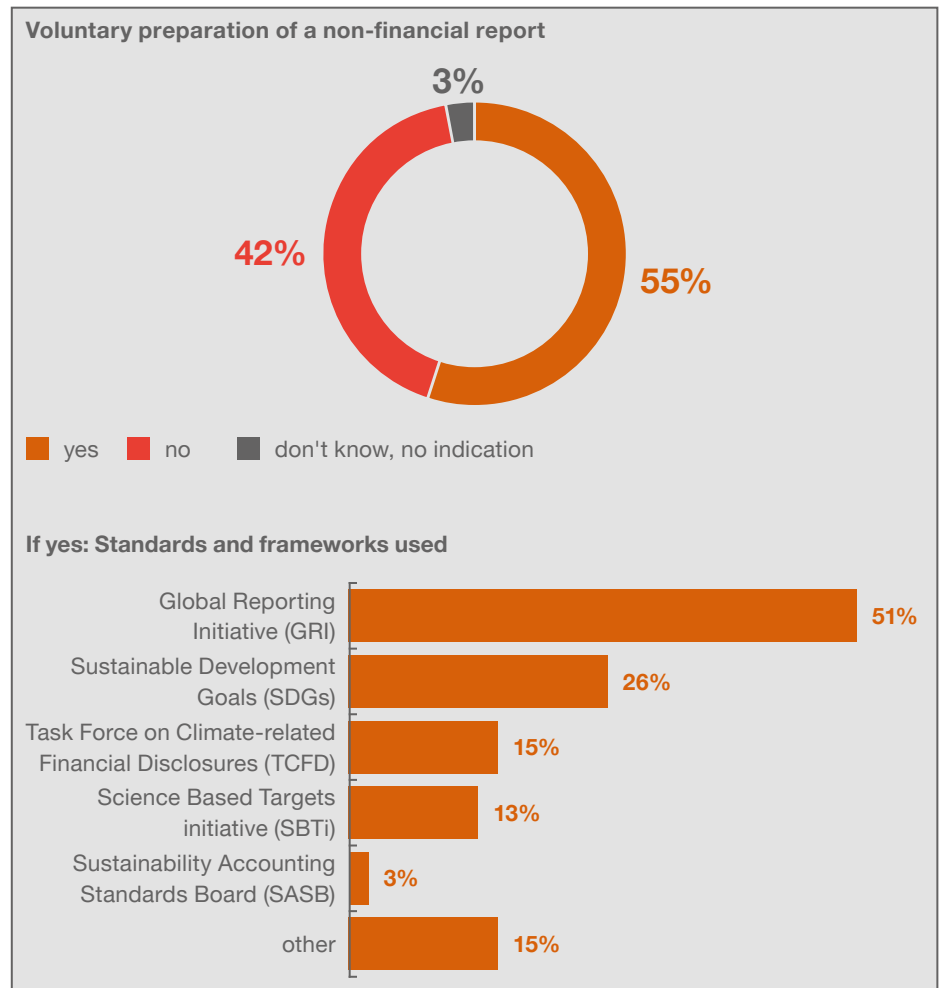
More than half of companies surveyed (52%) are subject to the reporting obligation under the CSRD. Only a small proportion of 3% report voluntarily. For almost six out of ten of those in scope of CSRD (58%), the reporting obligation begins with the 2024 fiscal year, and in about a quarter of the cases with fiscal year 2025. For 15% the start date is still unclear. The reporting companies have not had to publish a sustainability report before – most are doing so for the first time.



## Voluntary reporting takes place predominantly according to GRI standard

More than half (55%) voluntarily prepares a sustainability report. 51% of them use the framework of the Global Reporting Initiative (GRI). 26% use the Sustainable Development Goals (SDGs) for their reporting, 15% those of the Task Force on Climate-Related Financial Disclosures (TCFD) and almost as many (13%) the standards of the Science Based Targets initiative (SBTi).

Fig. 2 Voluntary sustainability reporting



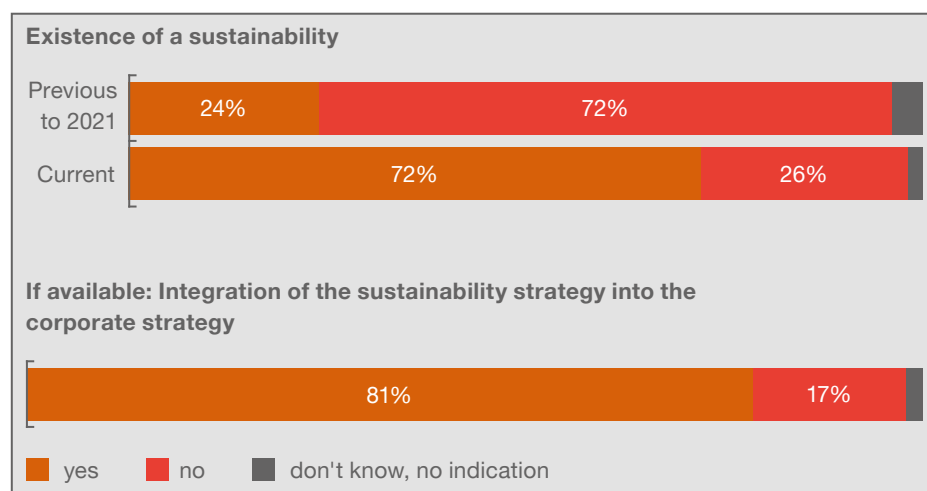
### This is what PwC has to say

It is gratifying to see the high priority that many companies now attach to sustainability; already more than half of those we surveyed voluntarily produce a sustainability report. However, as a rule, companies do not report on their own initiative. In addition to regulators, there are other stakeholders such as customers, banks and investors who increasingly need – and demand – reliable sustainability information. In this way, very different stakeholders are driving sustainability forward.

## Sustainability is mostly embedded in the corporate strategy

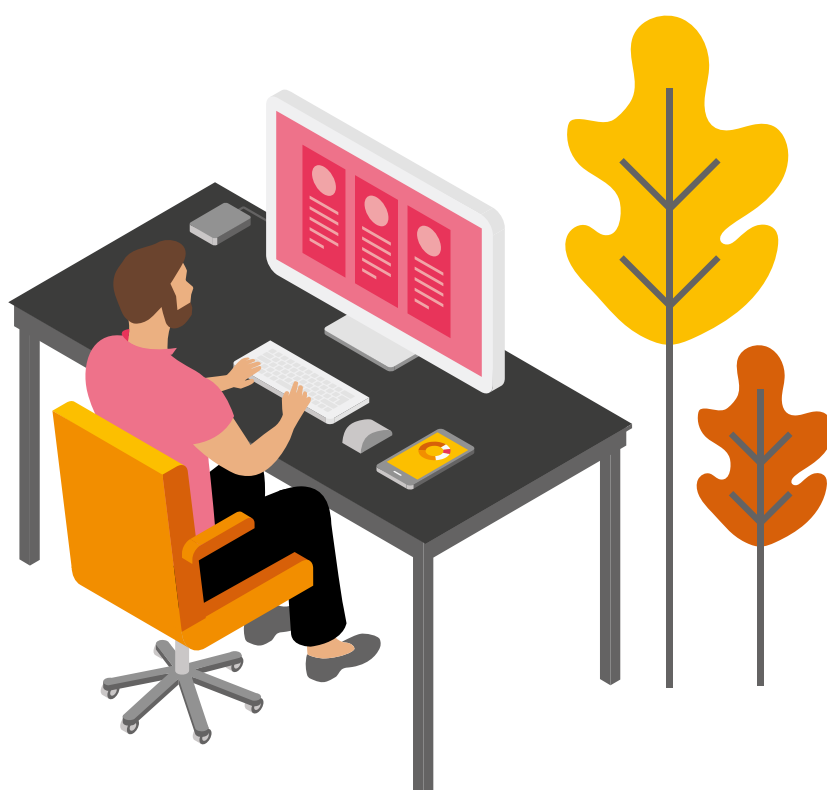
Whereas prior to 2021, just under one in four companies (24%) had a steering relevant ESG strategy, this proportion has tripled (72%) as of May 2023. More than four in five of the companies (81%) with an ESG strategy stated that this was integrated into the overarching corporate strategy.

Fig. 3 Sustainability and corporate strategy



### This is what PwC has to say

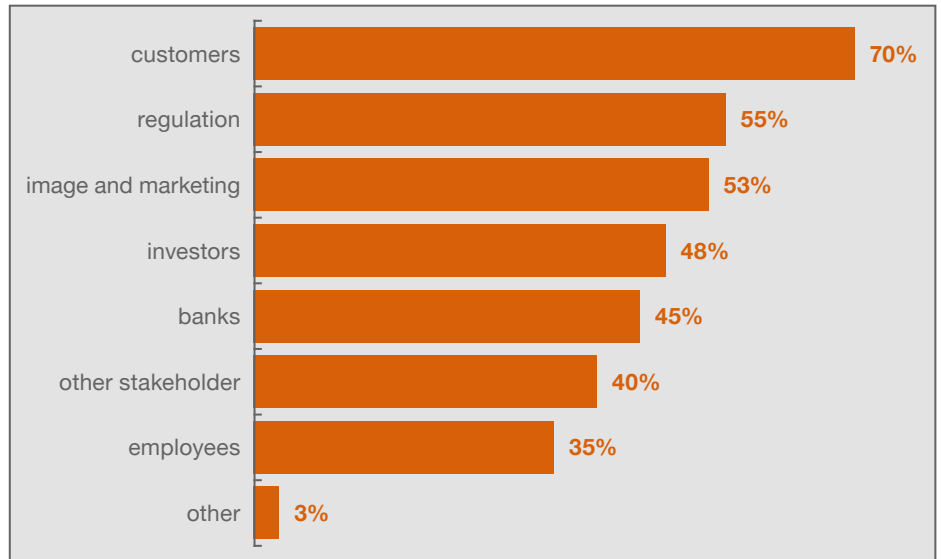
This clearly shows an impressive change: 72% of the companies surveyed now have a sustainability strategy. But let's also look at the flip side: 26% have not yet developed a strategy – a clear omission in our view. And we believe that the sustainability strategy must be part of the corporate strategy and cannot stand on its own. The growing sustainability requirements of stakeholders and regulators are too comprehensive to be considered and implemented separately from the overarching corporate strategy.



### Customer requirements are by far the biggest sustainability driver

The vast majority of respondents (70%) cite their customers as a key driver for changes in the control relevant sustainability strategy. Furthermore, about half of the companies cite regulation (55%), their image and marketing (53%) and investors (48%) as drivers. But banks (45%), other stakeholders (40%) and their employees (35%) are also cited as relevant factors.

Fig. 4 Drivers for changes in the ESG strategy



### This is what PwC has to say

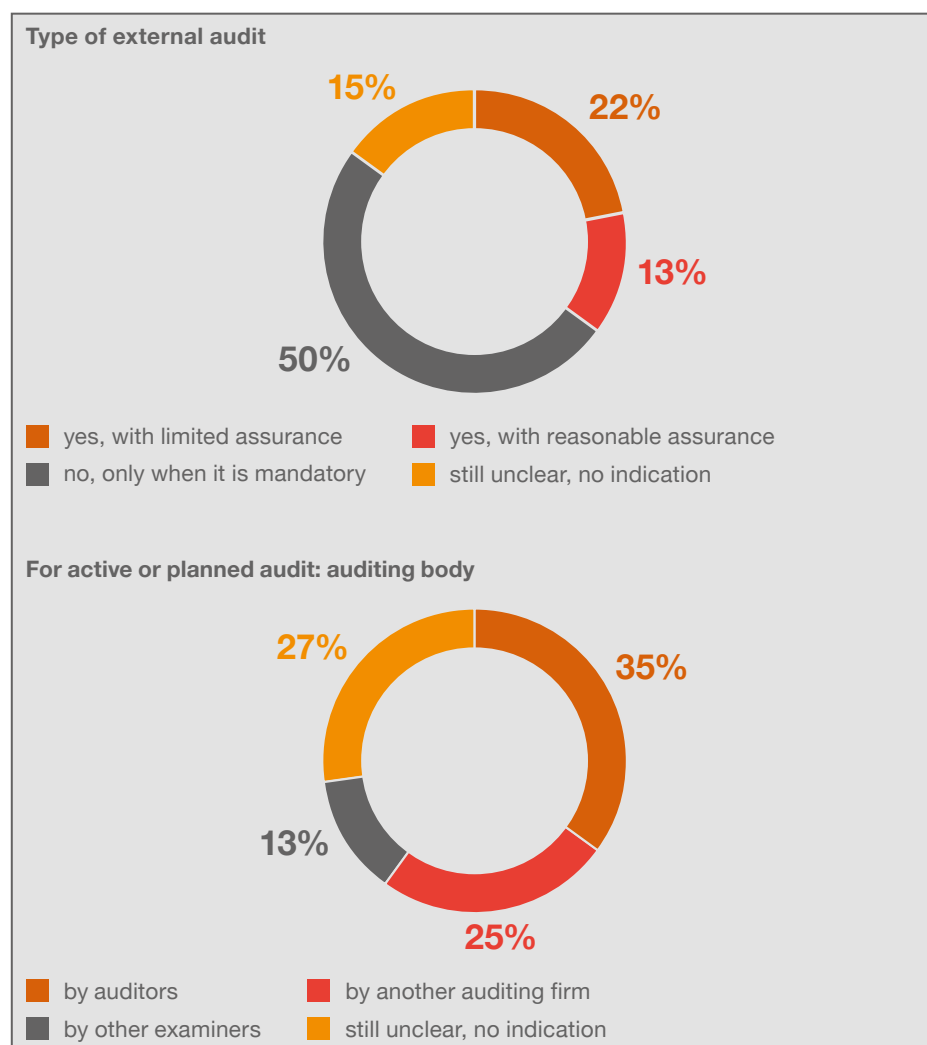
This result shows how many different stakeholder groups are now driving sustainability issues: Customers want sustainably produced products and ask for sustainability information, and banks are increasingly linking the granting of loans or loan conditions to sustainable action. Likewise, investors are increasingly making their investment decisions dependent on sustainability aspects, and legislators are also demanding transparency in order to implement their sustainability goals. In short: The topic of sustainability has clearly arrived in the breadth of society – and it is here to stay. Companies must respond to this and take appropriate action, even if they are not reportable.



## Majority does not yet have non-financial reporting audited externally

The majority (50%) of companies that report voluntarily or are required to report in accordance with the CSRD do not intend to have their sustainability reporting externally audited until the time at which the audit becomes mandatory. At around one in three companies (35%), external auditing of sustainability reporting is already taking place (22% with limited assurance, 13% with reasonable assurance). Around one in three respondents (35%) use their current auditors; other auditing firms or auditors are used in 25% and 13% of cases, respectively.

Fig. 5 External audit of sustainability reporting



### This is what PwC has to say

A total of 35% of the companies surveyed state that they already have their CSRD reporting audited with limited or reasonable assurance. Especially the 13% with reasonable assurance is a high figure. It underlines how relevant sustainability is. And it shows how great the need is for companies – especially the supervisory board or audit committee – to ensure that the information published is reliable. This is certainly also about the external effect. However, we see this primarily as a sign that financial and non-financial reporting are increasingly converging



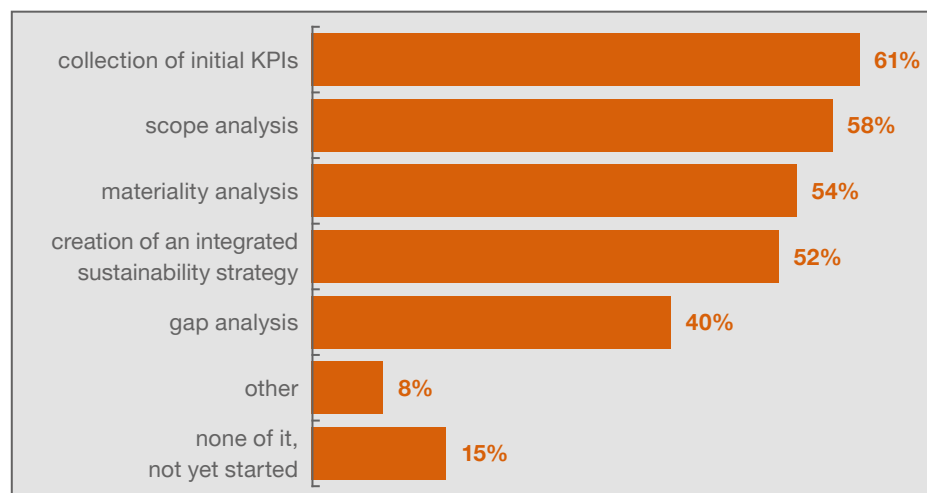
## B Implementation

In the second chapter of the study, you will find out, among other things, how far advanced the companies surveyed are in implementing CSRD and which departments are primarily responsible for this. We also examine the biggest obstacles to implementation.

## CSRD implementation is already underway in most companies

The vast majority (61%) of the companies surveyed have already collected initial key performance indicators (KPIs). 58% have carried out a scope analysis and 54% a materiality analysis. 52% have created an integrated sustainability strategy. In contrast, more than one in six companies (15%) have not yet begun to address CSRD implementation.

**Fig. 6 CSRD implementation status**

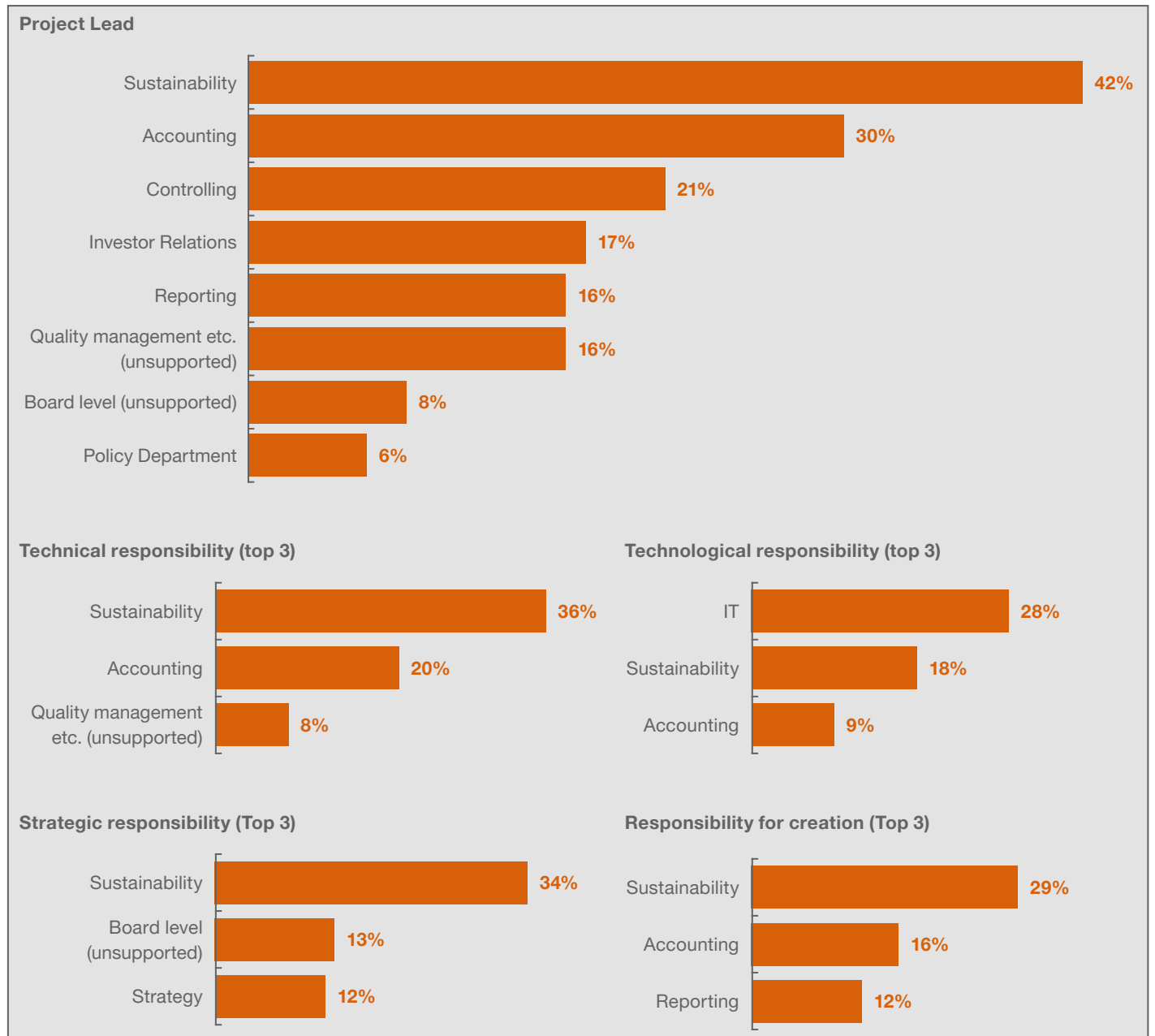


## Sustainability department is mainly responsible for CSRD implementation

In most companies (42%), the sustainability departments are responsible for CSRD implementation. The respondents also see the technical and strategic responsibility as well as the responsibility for the preparation of the CSRD report by far most frequently with this department (36%, 34% and

29% respectively). In some cases, the accounting departments are also primarily responsible for implementing CSRD (30%). Only in the case of technical responsibility are the IT departments ahead of the others, with 28%.

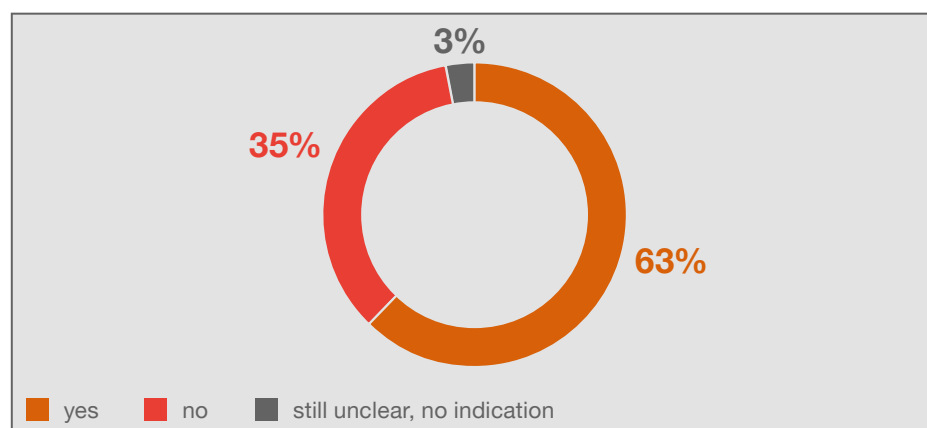
**Fig. 7** Departments responsible for CSRD implementation



## EU taxonomy and CSRD report to be implemented by the same department

In more than six out of ten of the companies surveyed (63%) that have designated the department responsible for preparing the CSRD report, the sustainability department is also responsible for implementing the EU taxonomy. About one in three respondents (35%) assigns this responsibility to another department. A small proportion (3%) are still undecided about this.

Fig. 8 Department responsible for implementing EU taxonomy



### This is what PwC has to say

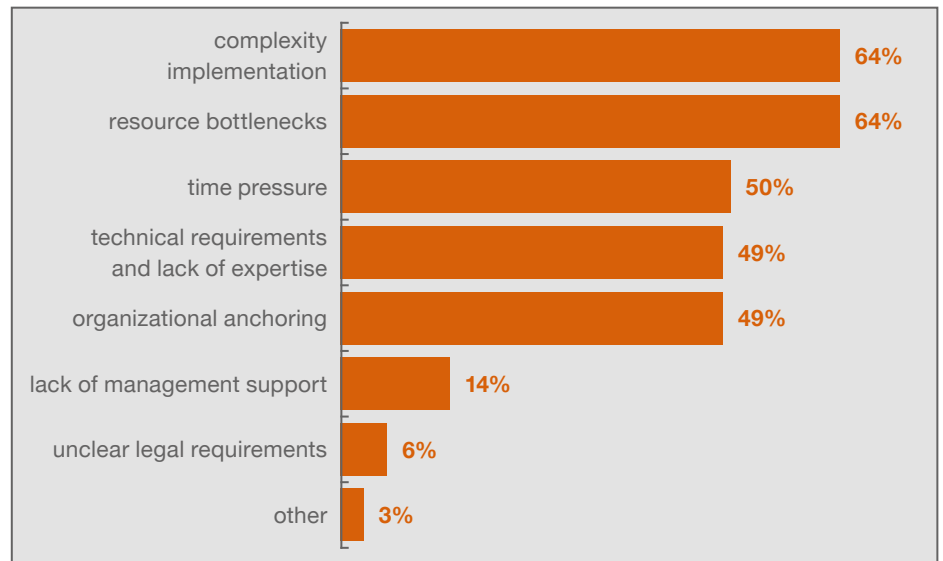
It is encouraging to see that the CSRD implementation process is already quite advanced among companies. However, they will have to deal with the European Sustainability Reporting Standards (ESRS), which will now be adapted in June 2023. This may lead to further effort if necessary.

The results on accountability correspond in principle to our practical experience: In fact, the sustainability departments are often responsible for CSRD implementation. Dual heads from sustainability and accounting departments are also more common – and this in turn also suggests that financial reporting and sustainability reporting are gradually converging in organizational terms. We had expected this result because the EU Commission is aiming precisely at this convergence; and also because of the fact that the CSRD report will become part of the management report and thus subject to audit. Even though responsibility already seems to be clearly assigned to a department, organizational anchoring remains a problem (see Fig. 8). This also corresponds to our experience – there is still a lot of discussion in the companies about the how and who of preparing the reports.

## CSRD Implementation poses complex challenges

Almost two-thirds of respondents (64%) cite the complexity of technical implementation and resource bottlenecks as the greatest challenges in CSRD implementation. Half (or nearly half) cite time pressure, the high technical requirements, and the lack of organizational anchoring. Only 14% see the lack of management support as an implementation hurdle.

**Fig. 9 Challenges in CSRD implementation**



### This is what PwC has to say

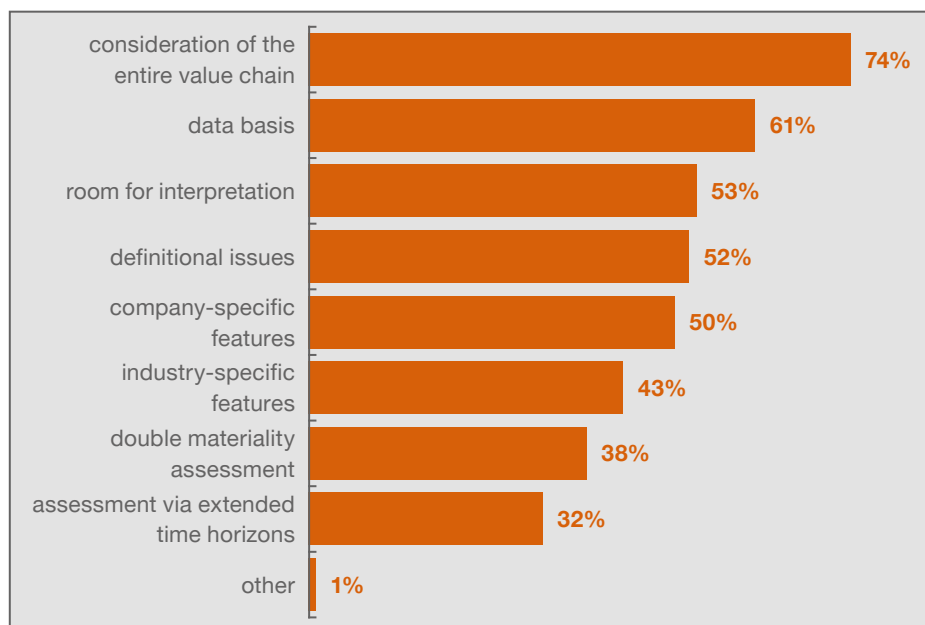
Complex technical implementation, lack of resources, high time pressure and lack of expertise – these are the challenges currently occupying the surveyed companies most in connection with CSRD implementation. The topics mentioned also correspond to our experience from practice. From our point of view, the survey result shows above all how diverse the challenges are in CSRD implementation. Companies must overcome several hurdles at the same time. That is indeed demanding. And something else stands out: Only 14% mention the lack of support from management – CSRD and its consequences have thus reached the management level. This underlines how important the topic has become for companies.



### The consideration of the entire value chain increases technical complexity

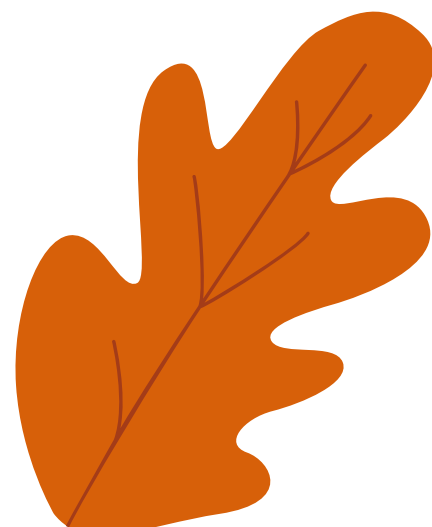
Almost three quarters of the companies (74%) state that the consideration of the entire value chain is the main reason for the increased technical complexity. In second place, around six out of ten respondents (61%) cite the data basis. At least half of the companies see room for interpretation (53%), definitional issues (52%) and company-specific features (50%) as further drivers.

Fig. 10 Business complexity drivers



#### This is what PwC has to say

A detailed look at the technical challenges also illustrates how many issues companies have to deal with within a relatively short period of time. The additional time and resources required for CSRD implementation are considerable. We can confirm that the data basis often causes greater difficulties. This is because data is often scattered or collected inconsistently and then has to be consolidated. Or the companies have not yet collected them at all, for example, for the consideration of the entire value chain, to which the CSRD obliges the companies: Here, they often first have to obtain information from suppliers and service providers. And that usually involves considerable effort. Companies subject to reporting requirements should in any case allow sufficient time for this.



## Excursus

# For the financial sector, CSRD is a double challenge

The CSRD is part of the European Union's Green Deal. The directive is intended to help steer economic activities more strongly in the direction of sustainability. The financial sector, in its role as lender, investor, insurer and asset manager, has a key role to play.

The CSRD in turn affects the financial sector in two ways: Since 2022, financial companies have had to disclose certain sustainability criteria of their financial products in accordance with the EU Sustainable Finance Disclosure Regulation (SFDR) and thus also report on how the companies in their portfolio act in terms of sustainability. To do this, they rely on ESG-related data from their business partners, including industrial companies. The CSRD is intended to provide the data basis for this. And financial companies, this is the second aspect, must also implement the CSRD themselves and report on sustainability-related activities.

Through the SFDR, most of the financial sector has already been required to disclose detailed data on the ESG performance of the companies in its portfolio since 2022. Since July 2023, another part of the SFDR legislation is applicable – the obligation to report on the negative sustainability impacts of financial products. The lack of available data currently poses a major challenge in this regard.

### **Greater standardization promises better comparability**

In principle, the CSRD promises significant improvements in terms of data quality for financial companies compared to its predecessor, the NFRD. In particular, the CSRD is expected to lead to a significantly greater standardisation of sustainability reporting. The directive is linked to uniform European standards according to which all parties concerned must report. Previously, those obliged to report could choose which standard to use, which significantly limited the comparability of the data. The CSRD changes this.

The new guideline also deepens reporting by asking for much more sustainability-related information. In addition, the scope of application has been expanded considerably, meaning that significantly more companies will have to report on their sustainability activities than before. And last but not least, the audit requirement associated with the CSRD alone will substantially improve the quality of reporting.

### **Materiality principle potentially leaves data gaps**

Overall, the financial sector therefore associates the CSRD with the justified hope that the new directive will significantly improve the data situation and thus transparency in terms of sustainability. Nevertheless, this has so far been the case only to a

limited extent. While the SFDR already applies to certain financial products of some financial market participants, the CSRD is only to be applied from 2025 onwards, staggered according to company groups. This creates a data gap – the information that the financial sector needs for its own reporting is unavailable. In addition, many companies are only at the beginning of meaningful sustainability reporting and still have to overcome some major hurdles with regard to data collection and evaluation.

The data gap may be growing for another reason: due to the application of the materiality principle that accompanies the CSRD for the first set of sustainability standards, only those sustainability data points that are material for them – material in financial terms and in terms of impacts – are mandatory (double materiality). With this principle, the European Commission is meeting the desire of industrial companies for simplification of reporting requirements – although the materiality analysis alone involves considerable effort.

Nevertheless, the application of the materiality principle in the CSRD may create further data gaps in the financial sector, as companies do not include certain information in their reporting, which the financial sector needs for its own reporting.



The final delegated act on the first set of European sustainability reporting standards clarifies: Companies must indicate in a tabular overview which data points are not disclosed due to the materiality analysis. Nevertheless, with the stipulation that reporting according to the sustainability reporting standards is subject to materiality analysis, data gaps are to be expected. It is possible that this point will be taken into account in the announced review and revision of the SFDR by the EU Commission by the end of 2023.

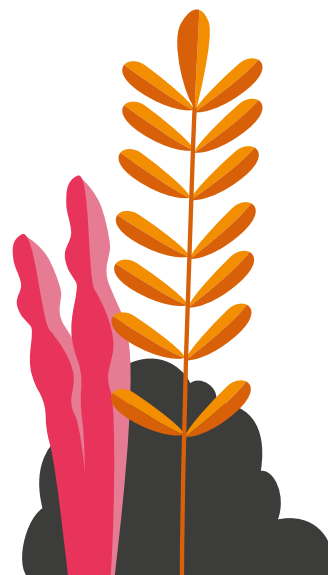
#### **Scope of the value chain not yet clearly defined**

With regard to sustainability reporting on its own activities, the greatest challenge for the financial sector is currently, that information on its own value chain must be disclosed. At present, the scope of the value chain has not yet been precisely defined. The ESRS only contain an overarching definition of the value chain, which includes not only the company's own business activities (such as human resources) but also upstream and downstream activities (e.g. suppliers and sales). In the process all business relationships associated with the entity are included. The first draft of the European Financial Reporting Advisory Group's (EFRAG) guidance on the value chain clarifies that, in particular, financial assets such as loans, equity and loan participations represent

business relationships within the value chain. EFRAG's value chain guidance is currently being consulted on and is expected to be finalized by fall 2023.

#### **Clarify open issues as quickly as possible**

Overall, the CSRD for the financial sector is associated with the hope of greater standardization and thus comparability of sustainability information. It is also supposed to bring deeper, more meaningful reporting. It is already foreseeable that the CSRD can largely fulfil these expectations. However, there are currently still particular challenges for the financial sector in the limited availability and quality of business partner data from industrial companies and in the lack of a reliable definition of the value chain. These open questions must be clarified as quickly as possible so that the CSRD can achieve its full potential and thus its associated goal – significantly deeper and more transparent sustainability reporting in the EU and beyond – as quickly as possible.





## C Investments, resources and effects

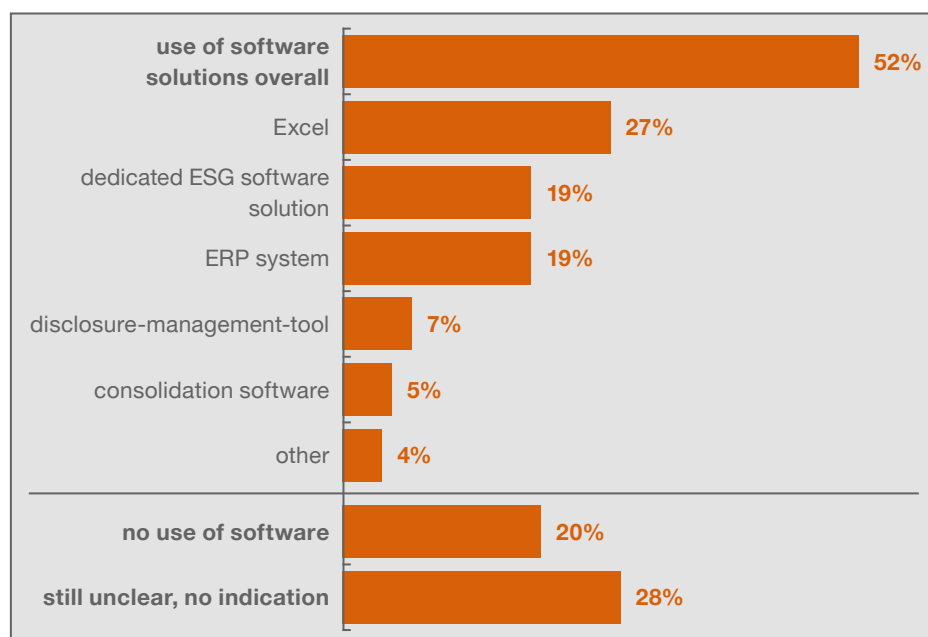
What about the use of software solutions? And to what extent does CSRD already influence operational decisions today? This and more is the subject of the third and final chapter of the study.

## One in five companies wants to do without software solutions for CSRD reporting

Just over half of the companies plan to use software solutions for CSRD reporting. In contrast, one in five wants to manage without tools. Excel is the most frequently mentioned

software solution at 27%. In each case, 19% want to rely on dedicated ESG software solutions or their ERP system.

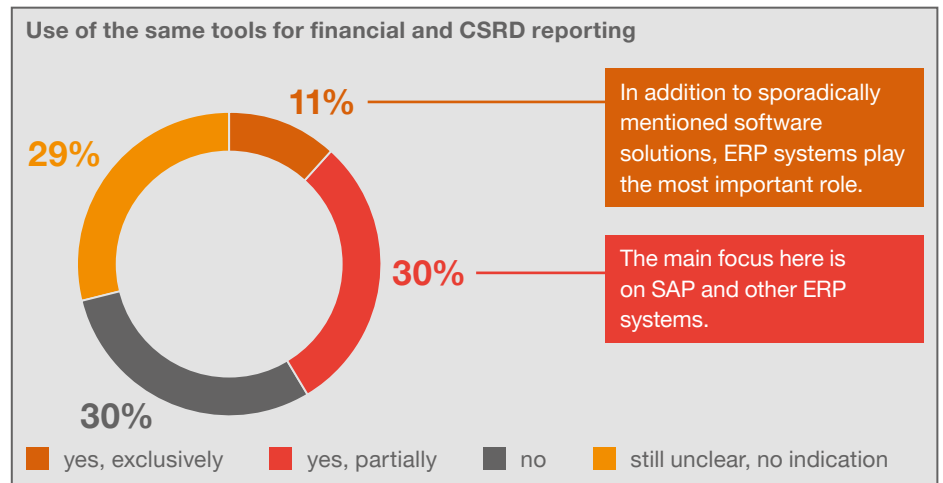
**Fig. 11 Use of CSRD software solutions**



## Relatively large indecisiveness in the use of software solutions for CSRD reporting

For CSRD reporting, 12% of respondents exclusively use the same software solutions as for financial reporting, predominantly ERP systems. In addition, just under a third of the companies (30%) use other software solutions (like SAP or other ERP software), while another just under a third (30%) rely exclusively on other software solutions. Almost every third company (29%) is still undecided about the use of software solutions.

Fig. 12 Use of software solutions for financial and CSRD reporting



### This is what PwC has to say

Excel is not an optimal software solution for reporting in the long run, because it does not allow secure documentation. In particular, different processing versions are not fully traceable. User role management and the potential changeability of content are also problematic. Data entry and referencing, formula creation and import are also extremely error-prone. In this respect, it is concerning to see that the respondents most frequently want to use Excel for CSRD implementation – after all, we are talking about a part of the management report that will soon be subject to audit.

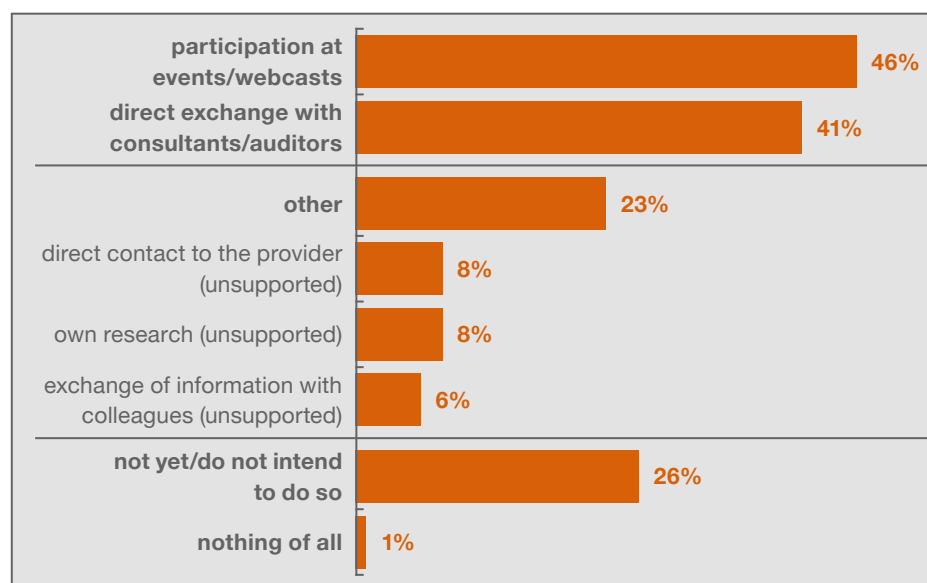
12% of the companies surveyed plan to use the same software solutions for financial and CSRD reporting. In our view, this is not necessarily their goal, especially since even the major software providers are not yet able to offer companies any fully integrated solutions that fit exactly but are still developing them. It will certainly take some time here before seamless financial and sustainability reporting is possible without any problems using software solutions that are as compatible as possible.



## Events and Consultancy as primary sources of information on CSRD software solutions

Almost three quarters of the companies (74%) have already informed themselves about the software solutions available on the market for sustainability reporting. For almost half, this was done via events and webcasts, and for around two out of five respondents (41%) via a direct exchange with consultants or auditors. 8% contacted the providers directly or conducted their own research, 6% exchanged information with colleagues.

**Fig. 13 Information behavior on CSRD Software solutions**



### This is what PwC has to say

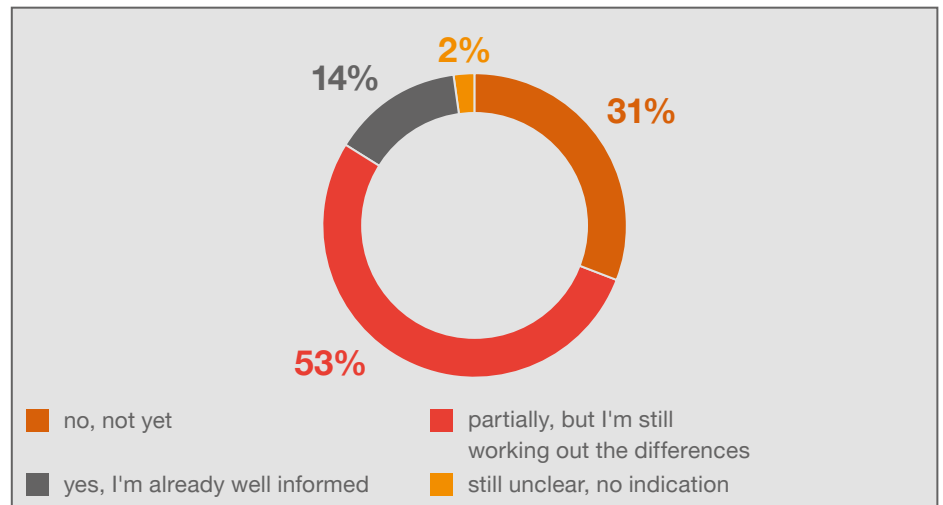
The results are broadly in line with our expectations. However, we are struck by the 26% of companies surveyed that have not yet informed themselves about CSRD software solutions or do not intend to do so. In our view, they should urgently become active and review the available software solutions, also against the background of possible targeted increases in efficiency and quality. Differences between the individual software solutions may be comparatively small at first glance – but upon further examination, they become quite large. It is therefore worth taking a closer look and finding the solution that best suits one's own needs.



## Differences between individual CSRD software solutions still little known

As far as the differences between the individual software solutions for sustainability reporting are concerned, only 14% feel well informed. More than half of the respondents (53%), on the other hand, state that they still have to work out the differences. Just under a third (31%) have not yet dealt with the issue at all.

Fig. 14 Differences between the CSRD software solutions



### This is what PwC has to say

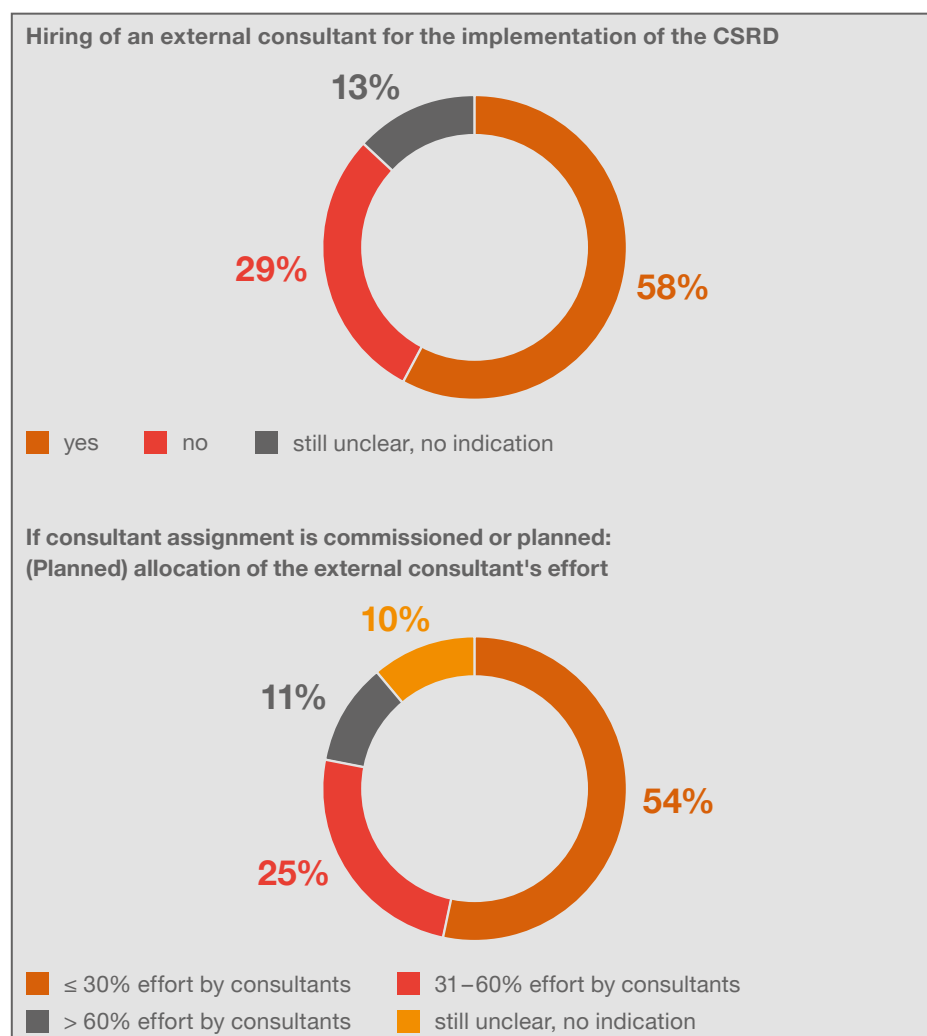
According to their own statements, almost one third of the respondents are not even aware of the differences between the individual CSRD software solutions. This does not surprise us, however, because their development is currently changing at a considerable speed – in response to the regulatory changes that software providers have to keep a constant eye on. All the more reason for companies to keep an eye on the solutions and, above all, the differences between them. Because as described above, the differences between the solutions are significant from the user-friendliness to the depth of detail of the application options with which the technical topics can be mapped. However, it is positive that more than half of the respondents are already working out the differences.



## External consultants to play a major role in CSRD implementation

The majority of companies (58%) want to be supported by external consultants in implementing CSRD. By contrast, almost one in three respondents (29%) want to manage without external advice. If external consultants are commissioned, in just over half of the cases (54%) up to 30% of the implementation effort is to be borne by the consulting firm, in every fourth case (25%) up to 60% and in just over every tenth case (11%) more than 60%.

Fig. 15 External consulting for CSRD implementation



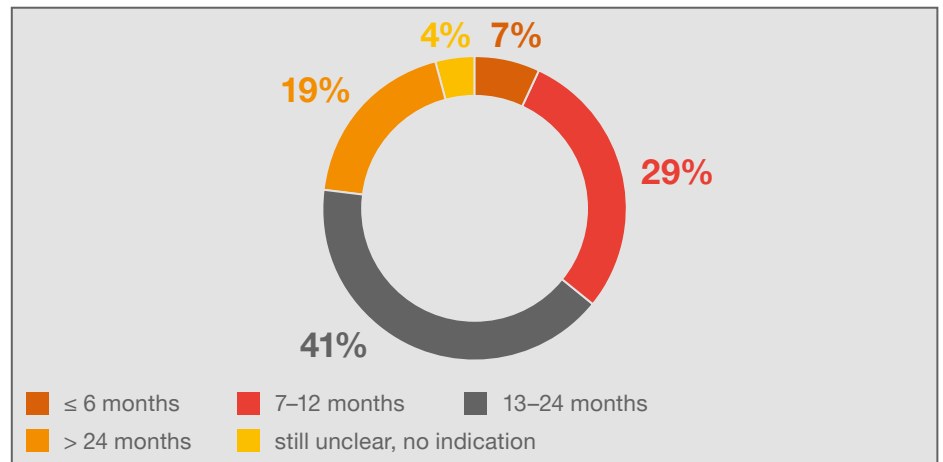
### This is what PwC has to say

The result is clear: most companies want to rely on external support for CSRD implementation. It still seems unclear to what extent external consultants should help them. At present, the companies apparently see them more as sparring partners, but want to implement the CSRD mainly with their own resources. 29% currently believe they can do without external support altogether.

### Considerable lead time planned for the CSRD implementation

The majority of respondents (60%) intend to start implementing the CSRD requirements more than one year before the reporting obligation begins. A further third of the companies (29%) plan a lead time of seven to twelve months. In contrast, only 7% plan to get by with less than half a year's lead time.

Fig. 16 Time to market for CSRD implementation



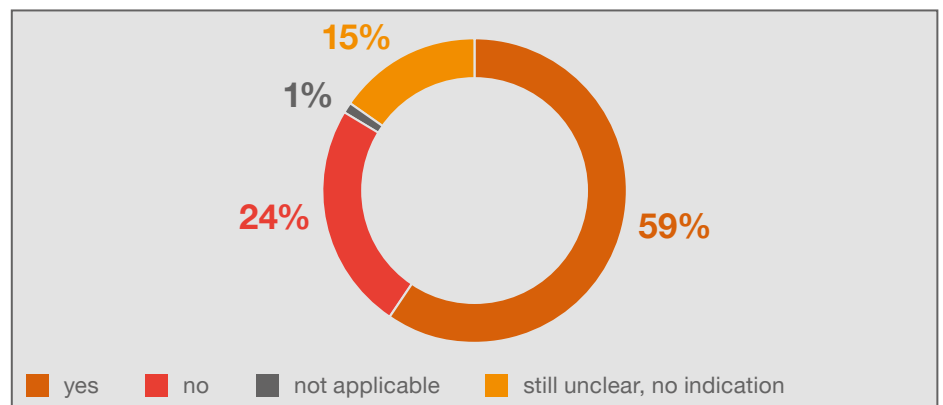
### This is what PwC has to say

Six out of ten companies expect implementation to take one year or more – a realistic result in our view. We believe that the seven to twelve months that almost one third of companies expect is rather too optimistic. Our experience: CSRD implementation requires new processes, new data, new software solutions and, if necessary, organizational changes – all of which companies should approach with foresight and build for the future.

### CSRD requirements influence operational decisions significantly

Around six out of ten companies (59%) state that CSRD reporting requirements influence their operational decisions, such as investment plans. Just under one in four respondents (24%) deny this, and around one in six respondents (15%) are still undecided in this regard.

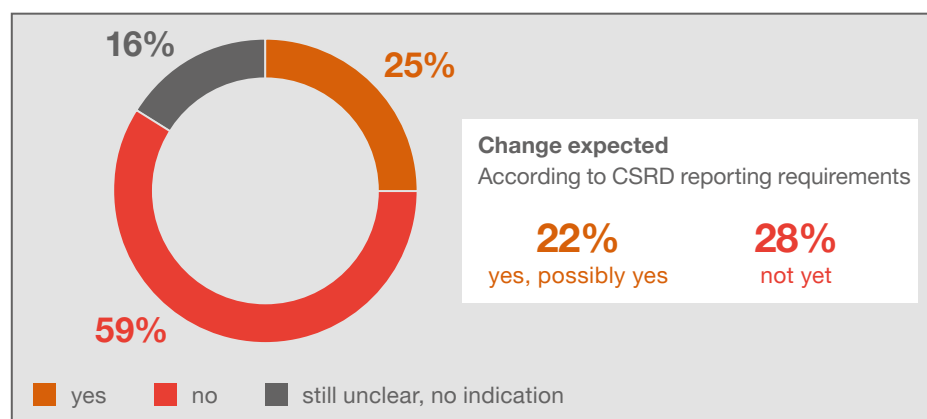
Fig. 17 CSRD influence on operational decisions



## One quarter expects changes to the business portfolio due to CSRD requirements

A quarter of respondents (25%) expect future reporting requirements to change their business portfolio. Of these respondents, 28% are not yet subject to any reporting requirements; 22% (potentially) are.

Fig. 18 Change in business portfolio due to future reporting requirements



### This is what PwC has to say

We were surprised by these results: although CSRD reporting is not yet mandatory, the announcement was apparently already enough to influence operational decisions, such as investments, at the majority of companies. This proportion will certainly increase when the reporting requirement applies to more and more companies from 2025 or 2026. And already today, a quarter of companies say that the reporting requirements will influence their business portfolio – a very high figure. In other words, the CSRD seems not only to lead to the reporting obligation imposed by the EU Commission, but also to have an impact on the operational business of companies.





## D Conclusion

The results of the CSRD study can be summed up as follows: The results illustrate how relevant the topic of sustainability has become, how many different groups are driving it forward, and how strong the need for reliable, verifiable non-financial information has become.

The sustainability departments of the companies are usually responsible for the concrete implementation of CSRD. However, accounting and controlling are also frequently involved, often even in a leading role. This underlines the organisational change that CSRD and sustainability issues as a whole have brought about and continue to bring about in many companies – financial reporting and sustainability reporting are converging more and more.

Nevertheless, hurdles still exist for the concrete implementation. The challenge for companies is that they must tackle very different issues simultaneously in connection with CSRD implementation – and often with limited time and human resources.

There is often still a lack of clarity in the choice of software solutions. This is not surprising: the development of software solutions is just as dynamic as the further development of the regulatory requirements that the software solutions are supposed to reflect. Despite, and precisely because of the high speed of change, companies should make sure that they stay informed about current developments. A suitable software solution can accompany and facilitate the process.

Perhaps most surprising was that sustainability issues already have an influence on operational decisions in many cases, for example regarding investments. To some extent, the future reporting requirements will also influence the business portfolios of the companies we surveyed. In other words, CSRD brings with it considerable upheaval at the technical, organizational, process, and financial levels. Companies will have to find viable answers here, and many are already recognizably in the midst of sustainability transformation – a very exciting process that we will continue to keep an eye on for you.



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