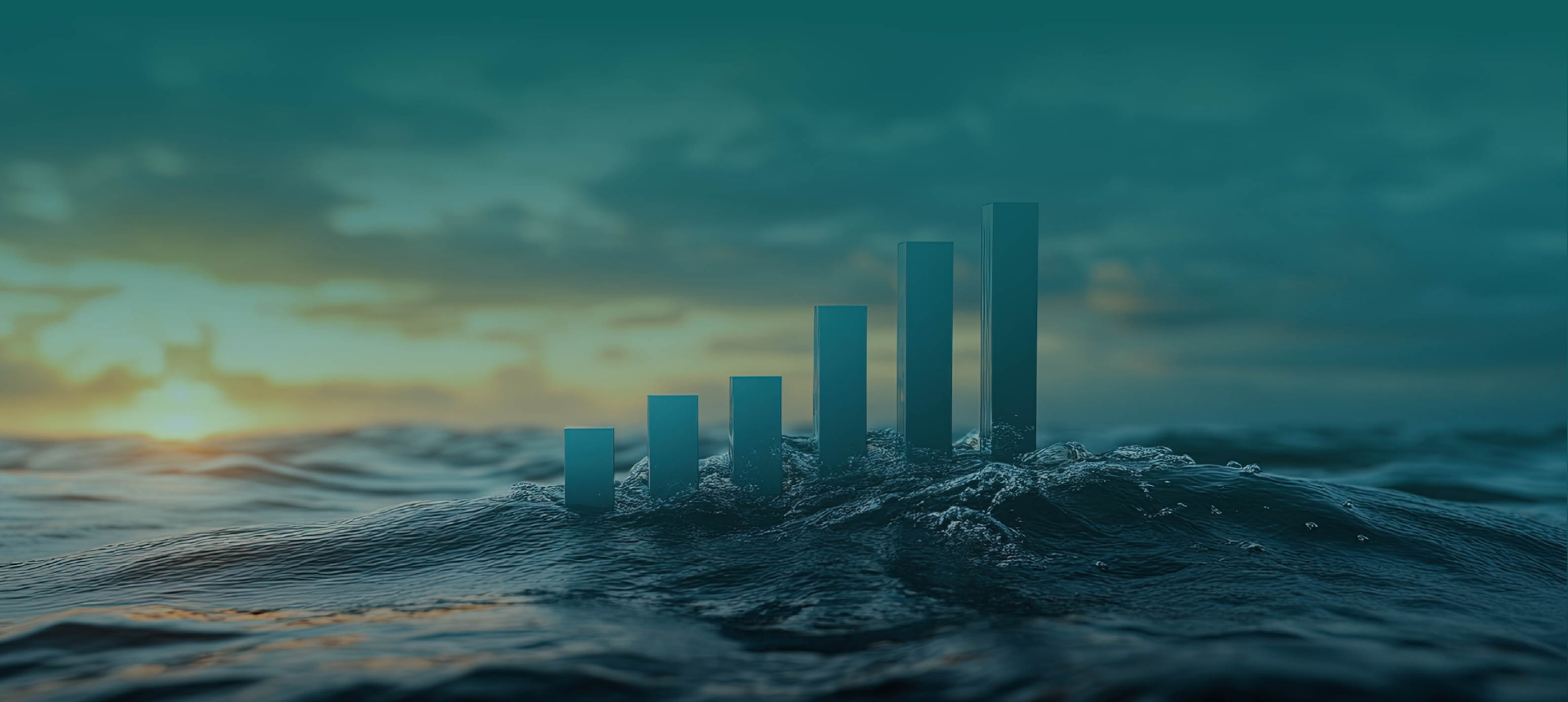
MAY 2025

REPORT

CSRD Reports Uncovered: Benchmarking the First Wave of 2025 Disclosures

Evidence-Based Insights to Navigate Strategic Uncertainty, Benchmark Effectively, and Focus Resources Under CSRD



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1. Introduction

Research, Evidence-Based Insights, and Practical Advice for Leaders.

The 2025 reporting cycle marks a pivotal moment for corporate sustainability.

For the first time, companies across Europe have published disclosures aligned with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), setting a new bar for transparency, strategic rigor, and accountability.

With over 11,000 companies expected to report by the end of the year – and many more preparing to align voluntarily – the CSRD is no longer an abstract regulatory concept. It's a real pressing challenge being navigated by business leaders in real time.

At the core of CSRD disclosures are Impacts, Risks, and Opportunities (IROs): the operational backbone of double materiality. IROs are not just compliance checkboxes. They reveal how companies understand their role in the world, manage environmental, social, and governance (ESG)-related risks, and how they position themselves to create and protect long-term value.

This focus is backed by the findings of our **2025 CSRD Pulse Check Survey**, where corporate leaders identified IROs as the most valuable component of CSRD reporting for strategic decision-making. This insight reinforced the need to go deeper, not just into what companies are reporting, but how they are interpreting and disclosing IROs in practice.

This research-led report offers a first-of-its-kind, data-driven analysis of how companies in the first wave of CSRD reporting have approached IROs.

Based on a review of 304 CSRD sustainability statements and 11,208 individual IRO statements from companies across 21 countries and 11 broad business sectors spanning 57 industries, the findings offer the most detailed benchmark to date.

Building on the foundations laid in our **white paper on IRO fundamentals**, this report reveals, for the first time at scale, how companies are articulating where they see potential for value creation and value erosion across ESG topics. This level of insight is not only a major step forward for sustainability reporting, but it is also critical for driving strategic planning, risk management, and accountability. By mapping disclosure trends, this data-driven analysis helps companies internalize and operationalize their double materiality results as part of a broader transformation toward more sustainable and resilient business practices. The analysis reveals:

- Where companies are focused – and where they are not
- How different sectors interpret materiality under CSRD
- What "good' reporting looks like in a fast-evolving environment

Whether you're leading sustainability, risk, finance, legal, or compliance functions, this report is designed to help you benchmark, anticipate assurance trends, and focus resources where they matter most.

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2. Executive Summary

CSRD at a Tipping Point: **From Reporting to Strategic Integration**

CSRD reporting is raising the bar for sustainability disclosures, demanding greater depth, rigor, and alignment with core business strategy.

CSRD reporting can be challenging, but it's far from impossible. In fact, the reality is proving to be much less daunting than many initially feared. The first CSRD reports are not hundreds of pages long or overloaded with thousands of data points. Instead, the issuers have applied the double materiality process to make their disclosures proportionate, focused, and highly relevant to their strategies & business models. CSRD is not about reporting everything – it's about reporting material impacts, risks, and opportunities over the short- to long-term.

With this context in mind, now is the time to shift focus – not just on how companies are reporting, but on what we can learn from the insights disclosed. These disclosures represent the outcome of over two years of cross-functional preparation. The real value lies not in the reporting exercise itself, but in what it reveals. What are the strategic implications for decision-makers? How can these insights inform better governance, risk oversight, and long-term strategy?

This report presents an in-depth, evidence-based view into how the first cohort of reporters approached IRO disclosures under CSRD in early 2025.

The findings are both encouraging and revealing, showing early maturity in some areas while highlighting blind spots and opportunities for improvement in others.

TOP 5 HEADLINE FINDINGS

1

CSRD DRIVES CONSISTENCY IN FORMAT, NOT IN SCALE OR SCOPE

CSRD sustainability statements average 103 pages - no different from the average length of 2024 sustainability reports published by EU issuers - yet demonstrate a shift toward more standardized and in-depth disclosures. Companies disclosed between 6 and 130 IROs, with most landing between 25–45, showing no alignment yet on what constitutes sufficient reporting. On average, companies deemed 6 out of 10 ESRS topical standards material, reinforcing how interrelated ESG topics are and how broadly the double materiality lens is being applied.

2

IMPACTS TAKE CENTER STAGE, BUT OPPORTUNITIES ARE OVERLOOKED

Negative impacts dominated CSRD disclosures, characterizing 37% of IROs – nearly triple the share of opportunities (13%). While social topics like Own Workforce (S1) and Consumers & End Users (S4) had the highest share of positive impacts, opportunities overall remain underrepresented, especially in areas like Pollution (E2). S2 (Workers in the Value Chain) stands out with a high prevalence of negative impacts, revealing the complexity of addressing supply chain labor practices.

3

SOME TOPICS ARE UNIVERSALLY ADDRESSED, OTHERS LARGELY IGNORED

Almost all companies reported on Climate Change (E1 – 99%), Own Workforce (S1 – 98%), and Business Conduct (G1 – 92%), signaling these as core sustainability priorities. In contrast, Biodiversity (E4 – 44%), Water (E3 – 37%), and Affected Communities (S3 – 36%) were the least reported topics, signaling potential future blind spots.

4

DISCLOSURE QUALITY LIMITED BY GAPS IN CONTEXT AND EMPHASIS

Many companies omitted key contextual details – 31% didn't clarify whether IROs were actual or potential, and 21% left out time horizons altogether. Among those that did disclose time frames, 71% focused on short- and medium-term horizons, with fewer (28%) addressing the long term. While it's unclear whether value chain impacts were considered and deprioritized, most IROs emphasized core operations, with limited reporting on upstream or downstream impacts, suggesting possible underestimation of full ESG exposure.

5

ENTITY-SPECIFIC DISCLOSURES REMAIN RARE

Just 14% of companies included entity-specific IROs. Of these, most focused on Data Privacy and Cybersecurity, with early signals on Responsible AI and Digital Transformation. These issue areas demonstrate the proximity of technology to sustainability value creation or erosion for certain industries.

3. Methodology & Scope

A Data-Driven View of the First Wave of CSRD Reporting

This report is based on a comprehensive review of **304 CSRD sustainability statements** published in the **first quarter of 2025**, representing:

- **11,208 individual IRO statements** disclosed
- Companies from **21 European countries**
- Organizations from across **11 business sectors** and 57 industries

For the purpose of this analysis, 'CSRD sustainability statements' refers to sustainability disclosures that have undergone third-party assurance, in line with the ESRS and the requirements of the CSRD.

The reports were analyzed as reported, without interpretation, to assess how companies operationalized the double materiality principle. Specifically, we examined:

- The **distribution of IROs** across type (negative impacts, risks, positive impacts, opportunities)
- **Topic-level analysis** across the full ESRS topic set
- **Sector-specific patterns** and materiality nuances
- **Disclosure-depth and quality** indicators, such as:
    - Average length of the CSRD statements
    - Average number of material ESRS topics
    - Actual vs. potential effects
    - Time horizon specification (short-, medium-, or long-term)
    - Value chain disclosure (core operations, upstream, downstream)

This benchmarking provides a detailed evidence base to help companies preparing for future CSRD cycles calibrate their reporting practices and decision making against emerging market norms and anticipate evolving stakeholder expectations. As evidenced in our **white paper on IRO fundamentals**, companies also expect to use this information to inform strategic planning and risk management activities.

Figure 1 Sector Representation by % of Total Reports

19%	Financials
14%	Resource transformation
14%	Technology and communication
11%	Infrastructure
10%	Transportation
7%	Extractives and minerals processing
6%	Food and beverage
6%	Consumer Goods
5%	Services
4%	Healthcare
4%	Renewable resources and alternative energy

Figure 2 Country Representation by % of Total Reports

3%	Austria	1%	Luxembourg
2%	Belgium	13%	Netherlands
1%	Croatia	7%	Norway
14%	Denmark	<1%	Poland
<1%	Estonia	<1%	Portugal
11%	Finland	<1%	Slovakia
10%	France	5%	Spain
18%	Germany	6%	Sweden
3%	Ireland	1%	Switzerland
3%	Italy	2%	UK
1%	Lithuania		

Please refer to the ***Appendix*** *for a breakdown of reports analyzed by industry.*

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4. Strategic Benchmarking: How Companies Are Reporting

Emerging Reporting Patterns and Gaps Across the First Wave of CSRD Disclosures

The first wave of CSRD sustainability statements provides a unique lens into how companies are interpreting double materiality and operationalizing the new reporting requirements.

Through our analysis of **11,208 IRO statements** across **304 companies**, we identified key patterns — and important gaps — in how companies are choosing what to report and how to report it.

This section outlines the emerging trends in foundational areas:

- The **distribution of IROs by type** (negative impacts, risks, positive impacts, opportunities)
- The **focus across ESRS topics** (environmental, social, and governance)
- **Sector-specific materiality patterns** shaping disclosures
- **Entity-specific IROs** and considerations

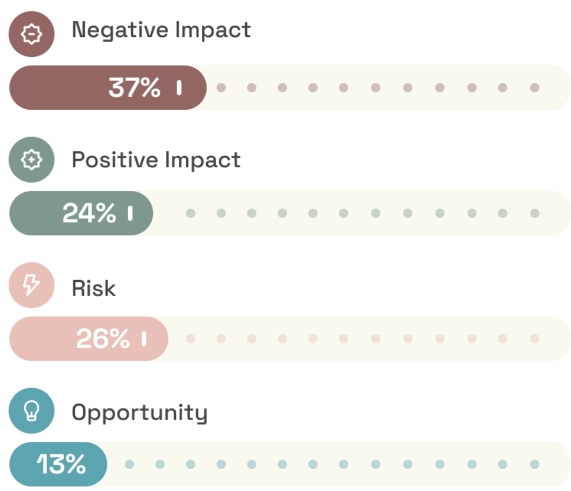
Each of these dimensions offers crucial insights for practitioners, helping to anticipate reporting expectations, strengthen disclosure strategies, and more broadly, offering a strategic indication of where organizations are seeing material impacts, risks, and opportunities.

4.1. DISTRIBUTION OF IROS BY TYPE: NEGATIVE IMPACTS, RISKS, POSITIVE IMPACTS, OPPORTUNITIES

Negative impacts dominate early CSRD disclosures, suggesting companies are primarily focused on identifying and managing harm and applying caution in uncertain conditions.

This aligns with the principle of prudence, as referenced in ESRS 1 Appendix B, which supports neutrality by encouraging caution in judgment. As in accounting, where negative outcomes are recognized more readily than gains, companies are more inclined to disclose impacts and risks over opportunities, even though the latter are key to long-term value and strategic resilience.

Figure 3 Distribution of IROs by Type



4.2 DISTRIBUTION OF IROS ACROSS ESRS TOPICS

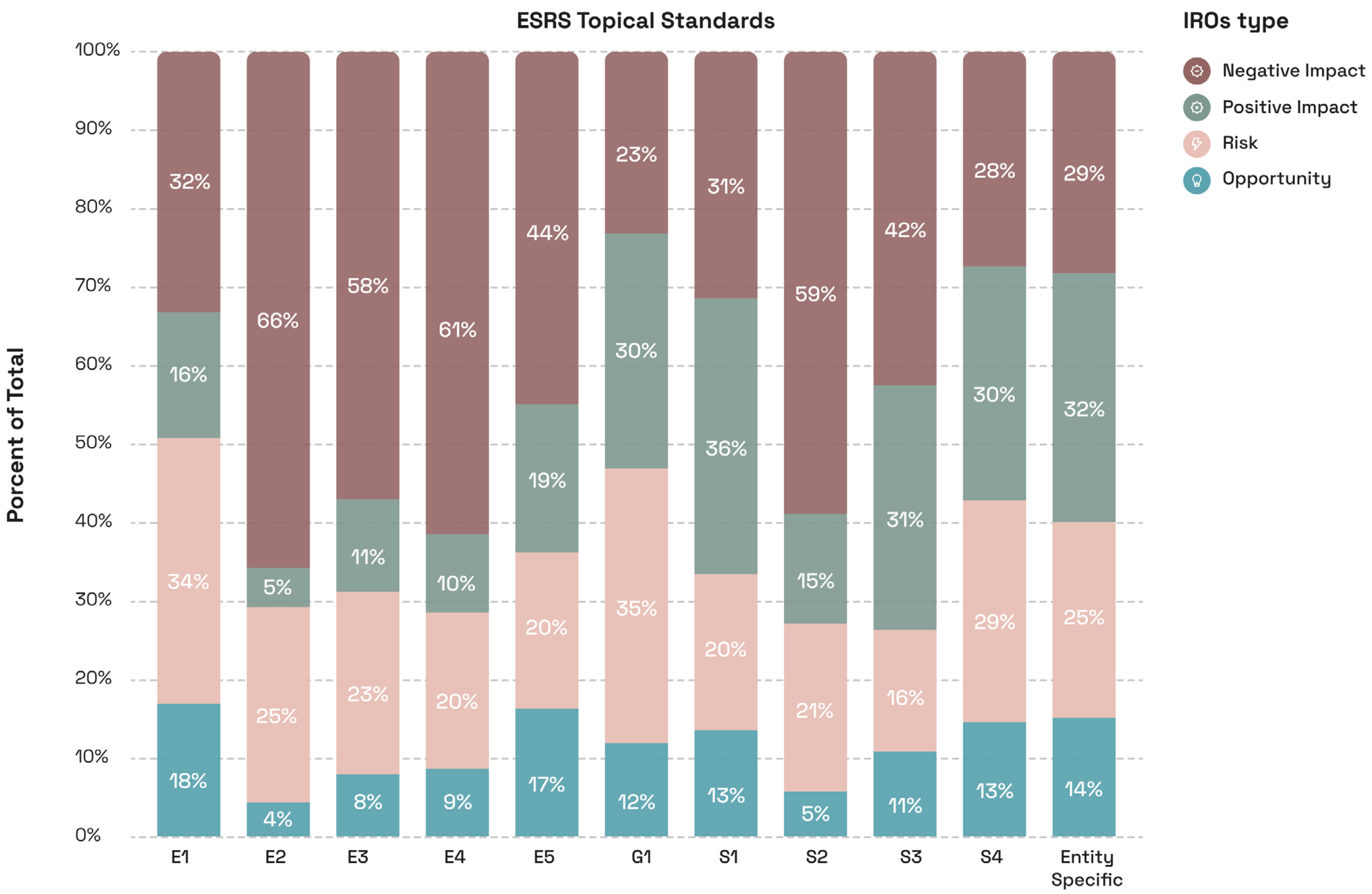
When we mapped IRO disclosures across the ESRS environmental (E), social (S), and governance (G) topics, we found notable differences in focus:

- **Environmental (E) topics account for a large share of negative impacts, especially Pollution (E2), Biodiversity (E4), and Water (E3).** This signals that companies are more advanced in identifying environmental harms than in articulating opportunities for environmental innovation. It also highlights an opportunity – and, increasingly, a necessity – for companies to re-evaluate their operations and value chains to address these impacts. By setting clear actions and measurable targets, businesses can mitigate risks, contribute to positive environmental outcomes, and stay competitive in a sustainability-driven market.

- **Social (S) topics show a more balanced reporting profile, with more positive impacts disclosed in workforce (S1) and consumer (S4) topics, with the notable exception of value chain workers (S2).** This suggests companies are more proactive and in control when it comes to social issues within their direct operations or customer-facing activities. However, there appears to be a gap in extending that same level of engagement and oversight into the broader value chain.

- **Governance (G1) stands out for a relatively higher proportion of risks (35%) and positive impacts (30%).** This reflects governance's dual role: not only as a mechanism to identify and manage risks, but also as a strategic lever for long-term performance, investor trust, and resilience, which explains the comparatively high presence of positive impacts in this category.

Figure 4 Distribution of IRO Type by ESRS Topic



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4.3 SECTOR-SPECIFIC PATTERNS: HOW DIFFERENT INDUSTRIES ARE APPROACHING IROS

To understand how sectoral context influences IRO disclosure, we analyzed the distribution of impact, risk, and opportunity types across different industries.

- **Sectors with the highest share of negative impacts included Food & Beverage (48%), Healthcare (46%), Consumer Goods (45%), and Resource Transformation (40%)**. These industries tend to have more direct and visible environmental and social footprints, such as resource use, emissions, labor practices, and health impacts. The higher share of negative impacts disclosed reflects both the materiality of these issues and growing expectations for transparency and accountability.

  Rather than signaling weakness, this pattern indicates that companies in these sectors are engaging more deeply with their sustainability impacts. By acknowledging where they do harm, these companies are better positioned to set credible goals, redirect investment toward sustainable innovation, and collaborate across their value chains to drive meaningful change. In this way, negative impact disclosure becomes a foundation for long-term value creation, not merely a compliance requirement.

- **Sectors with the highest share of positive impacts were the Financial and Services sectors (32%)**. Companies in finance and services report the highest proportion of positive impacts, with disclosures largely focused on governance quality, workforce practices, and relationships with consumers, communities, and value chain partners. Environmental topics, in contrast, feature far less prominently.

  This suggests that these sectors primarily see their role in the sustainability transition as enablers – through sustainable finance, inclusive service offerings, or responsible client engagement. While this positive positioning reflects confidence and ambition, there is also a strategic opportunity to expand their environmental narrative: by showcasing how they drive decarbonization and resilience across the economy, financial actors can strengthen trust, unlock capital, and reinforce their leadership in a sustainability-focused market.

- **Risk disclosures most balanced across sectors and ranged from 21% to 32%, with the top sectors being Renewable Resources & Alternative Energy, Services, and Transportation**. Risk disclosures appear relatively consistent across industries, likely due to the influence of existing frameworks, like TCFD, that emphasize risk as a core element of sustainability management. The CSRD builds on this foundation by requiring companies to integrate sustainability risks into their enterprise risk management (ERM) systems.

  This convergence suggests that companies, regardless of sector, are adapting to a standardized approach to risk reporting. The relatively narrow range in risk proportions reflects this alignment and increasing maturity in how sustainability risks are identified, assessed, and disclosed.

- **Opportunities are least reported and represent only 7% to 17% of IROs across all sectors**. Opportunities are the most underrepresented category of IROs. This may indicate that companies are still developing the capabilities to identify and articulate how sustainability initiatives can unlock long-term value.

  The low proportion of opportunities suggests untapped potential, both in strategy and disclosure.

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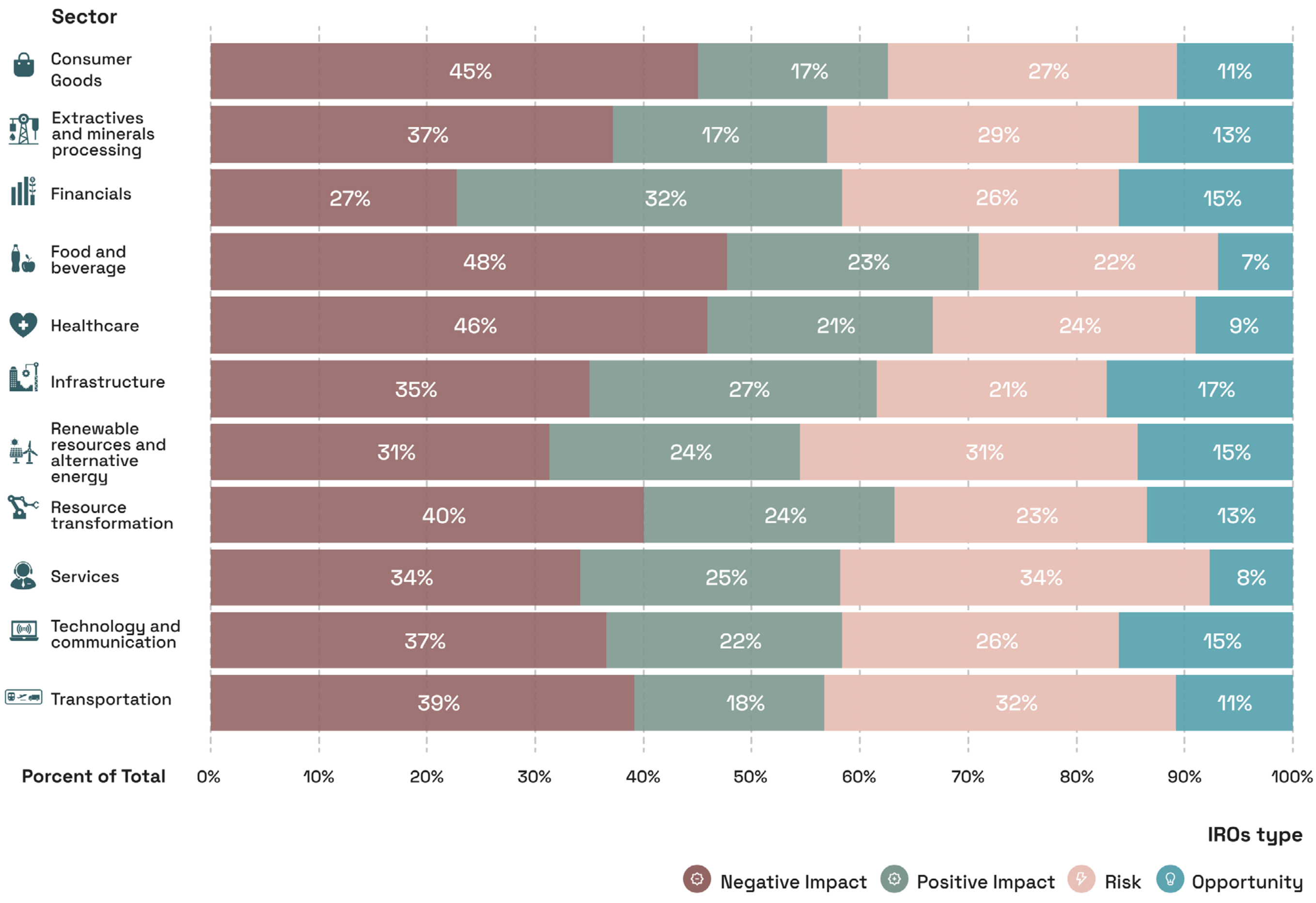
Figure 5 Distribution of IRO Type by Sector



4.4 ENTITY-SPECIFIC INSIGHTS AND CONTEXTUALIZATION

Only **14% of companies included entity-specific IROs** in their reports, highlighting a narrow yet potentially meaningful area of tailored sustainability reporting. Among these entity-specific IROs:

- **Positive impacts** represented the largest share at **32%**
- Followed by **negative impacts (29%)**
- **Risks (25%)**, and
- **Opportunities (14%)**

Despite the emphasis on standardized reporting through the ESRS framework, a small but notable portion of disclosures reflects entity-specific considerations. **Only 14% of companies in the sample included any entity-specific disclosures** in their CSRD statements. This underscores that while the regulatory framework encourages contextualization, tailored reporting practices remain limited at this early stage of CSRD implementation.

The entity-specific IROs predominantly addressed **Data Privacy and Cybersecurity**, which together accounted for **32%** of this subset. Other emerging but less frequently addressed topics included **Digital Transformation and Innovation (5.45%)** and **Responsible AI (3.9%)**, suggesting early signals of future materiality themes gaining relevance at the individual company level and emphasizing the proximity of technology to sustainability value creation or erosion for certain industries.

5. Maturity Signals: Depth, Context, and Forward-Looking Reporting

How First-Wave CSRD Reports Reveal the Evolution of Disclosure Practices

Beyond what companies reported in their CSRD disclosures, how they structured and contextualized their Impacts, Risks, and Opportunities (IROs) offers powerful insight into the overall maturity of first-wave reporting.
To assess this, we analyzed the following dimensions:

- The **volume and distribution** of IROs disclosed per company
- The **quality of contextualization**, including whether companies distinguished between actual vs. potential effects and applied time horizons
- The **value chain lens** applied to disclosures
- The **typical page length** of the sustainability statement
- The **average number of material ESRS topics** per company

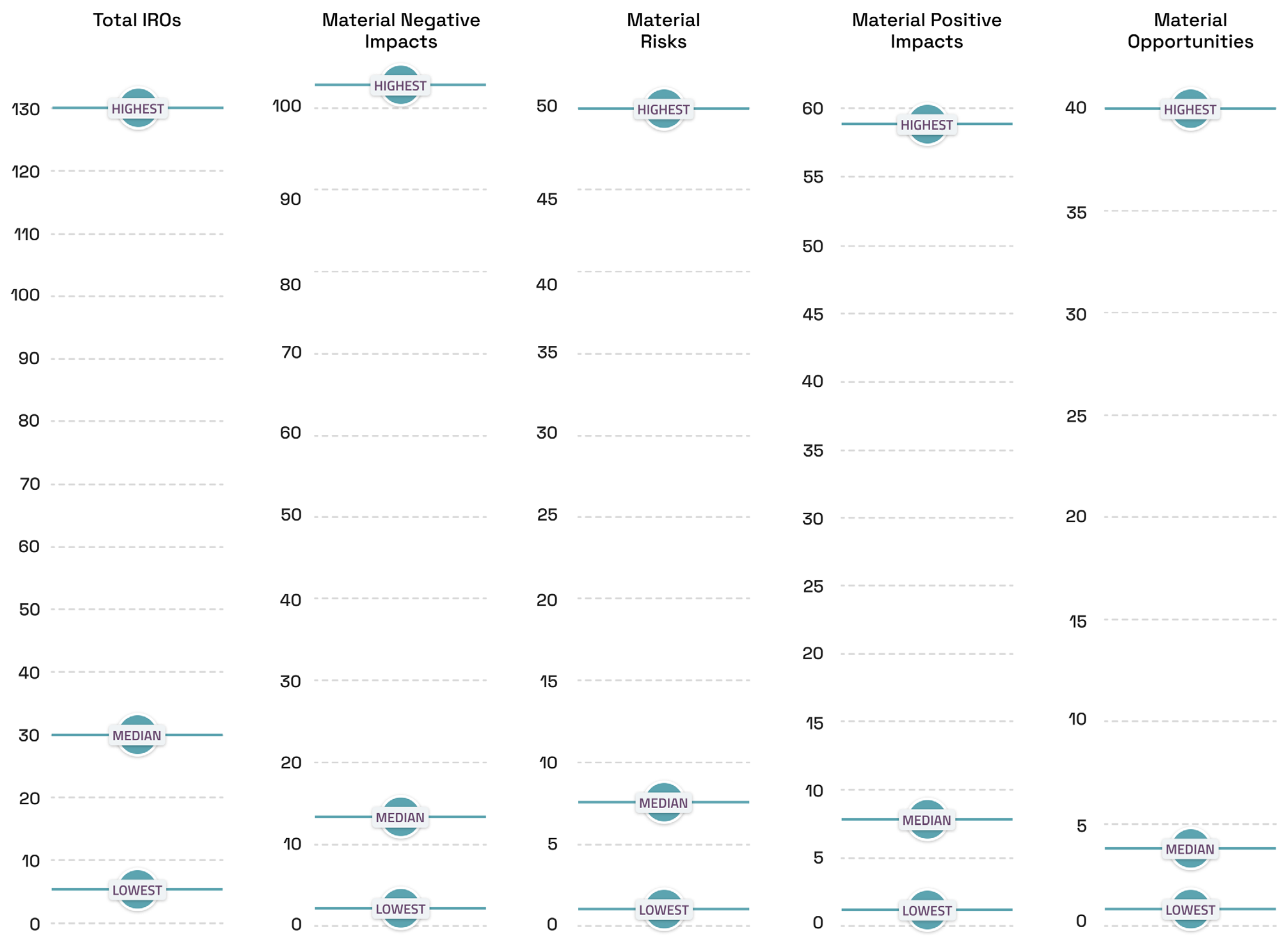
This analysis sheds light on how far companies have progressed — and where critical reporting gaps remain as CSRD expectations tighten.

5.1 NUMBER OF IROS REPORTED: VARYING THRESHOLDS OF MATERIALITY

We examined how many IROs companies reported and what this revealed about reporting strategies:

- Disclosures ranged from **as few as 6 to as many as 130** IROs per company.
- Most companies reported between **25 and 45** IROs, though there was significant variability based on sector, size, and reporting maturity.

Figure 6 Distribution of Number of IROs by IRO Type



There is **no "ideal" number** of IROs to disclose.

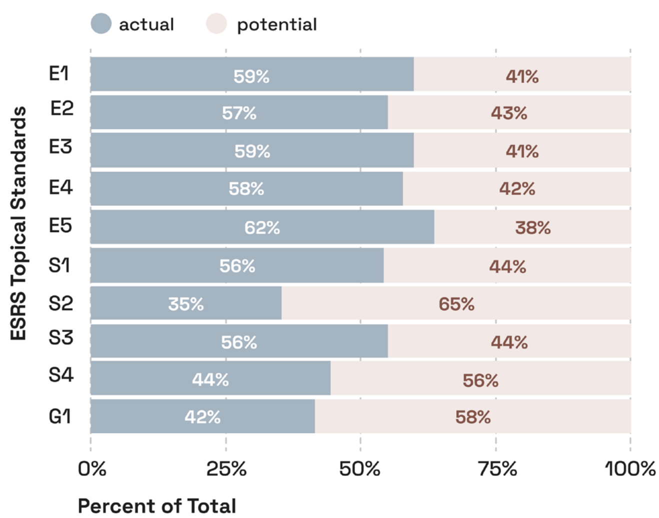
The goal is not to maximize volume, but to ensure **materiality-driven, focused** reporting that aligns with the company's actual sustainability and risk context.

5.2 ACTUAL VS. POTENTIAL EFFECTS: A CRITICAL CONTEXT GAP

We assessed how well companies differentiated between actual and potential effects in their disclosures:

- **31%** of companies **did not specify** whether the effect was actual or potential (as shown in report example 1 below).
- Among those that did:
  - **52%** were classified as **actual** effects
  - **47%** as **potential** effects

Figure 7 Distribution of IROs by Likelihood



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Report example 1: IRO Statement with no actual or potential effect defined[1]

	IRO				Position in the value chain			Time horizon		
	Negative impact	Positive impact	Risks	Opportunities	Upstream	Own activities	Downstream	Short term	Medium term	Long term
ESRS E1 - CLIMATE CHANGE										
Physical risks An increase in the frequency of extreme or chronic weather events (e.g., water stress, heat waves, floods, extreme precipitation, wind) could disrupt or even interrupt certain operations at various levels of the production and logistics chains and adversely impact the Group's financial position (loss of sales, financial penalties) and the working conditions of employees.	☑		☑		☑	☑	☑		☑	
Climate transition Given the transportation sector's significant contribution to GHG emissions (18%[1] worldwide), the climate transition represents a growth opportunity for the Group, with the development of electrification solutions for passenger vehicles, new forms of mobility and new uses, despite a context marked by certain short-term uncertainties regarding the transition to electric vehicles in some regions.		☑		☑	☑	☑	☑		☑	
GHG emission reduction Risk of failing to meet commitments to reduce greenhouse gas emissions (CAP 50 Plan) due to the expected growth in electrification and new forms of mobility (SBTi[2] commitments in absolute terms, regardless of business trends), with negative impacts on the Group's financial position, in particular its financing conditions, and on the environment, given the transport sector's significant contribution to greenhouse gas (GHG) emissions (18% worldwide).	☑		☑			☑	☑		☑	

While companies are making an effort to contextualize effects, the omission rate is significant. Leaving this distinction unclear weakens transparency and could pose assurance risks during audits.

Topic nuances:

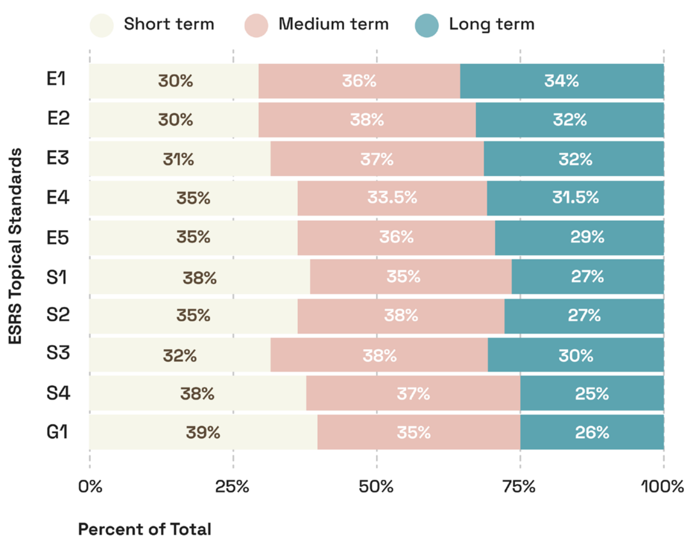
- **Environmental topics** showed a fairly even split between actual and potential.
- **Value chain labor (S2)** and **consumer (S4)** topics leaned toward **potential** effects.
- **Governance (G1)** disclosures skewed heavily toward **potential**, reflecting a future risk and reputation focus.

5.3 TIME HORIZONS: SHORT- AND MEDIUM-TERM HORIZONS DOMINATE

We evaluated how companies used time horizons to frame their IROs:

- **21%** of companies failed to assign any time horizon (see report example 2 below).
- Among those that did:
  - **Short-Term (up to 3 years):** 35%
  - **Medium-Term (3–5 years):** 36%
  - **Long-Term (beyond 5 years):** 29%

Figure 8 IROs by Time Horizon



1.https://www.valeo.com/en/regulated-information/#anchor_3]

Report example 2: IRO Statement with no time horizons [2]

The material Impacts, Risks, and Opportunities related to emissions from the financing and investment portfolio are:

Climate Change Adaptation

(I) Financing projects and companies that promote adaptation to climate change, such as resilient infrastructures and renewable energies, allows the bank to support the transition to a sustainable economy.

(R) Hurricanes, floods, and other extreme weather events related to climate change have the potential to cause delays in mortgage payments, loan defaults, asset devaluation, and other negative financial impacts.

Climate Change Mitigation

(I) By financing projects and companies that promote sustainable practices, the bank contributes to environmental protection and the development of a low-carbon economy.

(I) The financing of projects and companies in carbon-intensive sectors, such as fossil fuels or high energy-consuming industries, contributes to the increase in global GHG emissions.

(R) The transition to a low-carbon economy can have a significant impact on borrowers in energy-intensive sectors or those with high carbon emissions, leading to increased compliance costs, reduced solvency, restricted access to capital, decreased competitiveness, or reputational damage (corporate banking segment). These consequences may ultimately increase credit risk and result in a decrease in the financial institution's business volume.

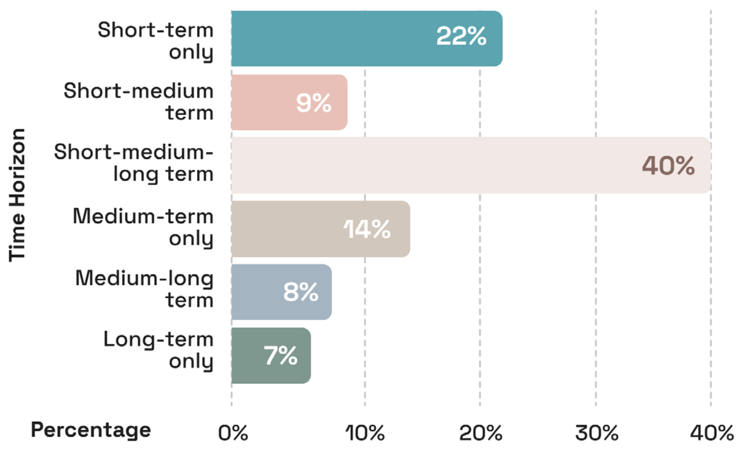
Energy

(I) Financing projects aimed at improving energy efficiency, both in companies and in residential sectors, helps reduce overall energy consumption and carbon emissions. Additionally, it contributes to the sustainability and competitiveness of the financed companies.

(I) Impact (R) Risk (O) Opportunity

Most companies are aligning disclosures with standard corporate planning cycles (short- and medium-term).

Figure 9 Percentage of IROs by Reported Time Horizon



While the distribution of time horizons is relatively balanced across short, medium, and long term, the application of long-term horizons, particularly relevant for climate change, biodiversity, and systemic risks, still appears somewhat limited in emphasis. In many cases, IROs span multiple time horizons, which may indicate persistent impacts or uncertainty around when these issues will materialize.

Topic nuances:

- **Environmental topics** showed a higher tendency toward long-term framing.
- **Social and governance issues** were more often assessed through short-term lenses tied to immediate operational impacts.

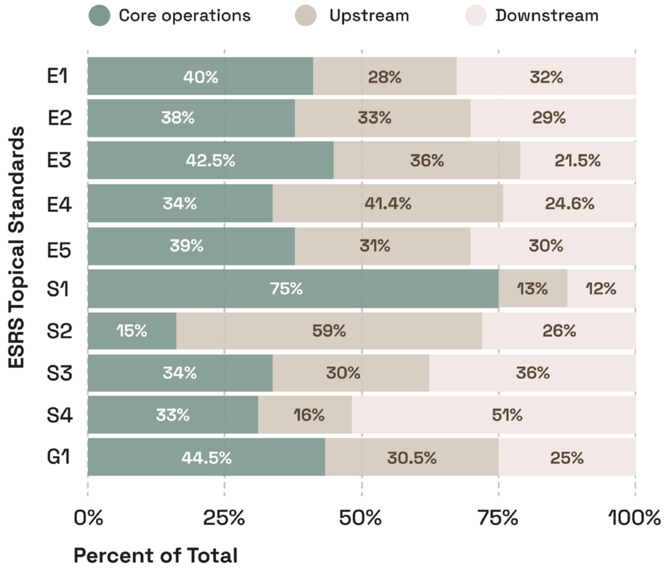
2. https://www.novobanco.com/en/investors/financial-disclosures.html

5.4 VALUE CHAIN DISCLOSURE: CORE OPERATIONS STILL OVEREMPHASIZED

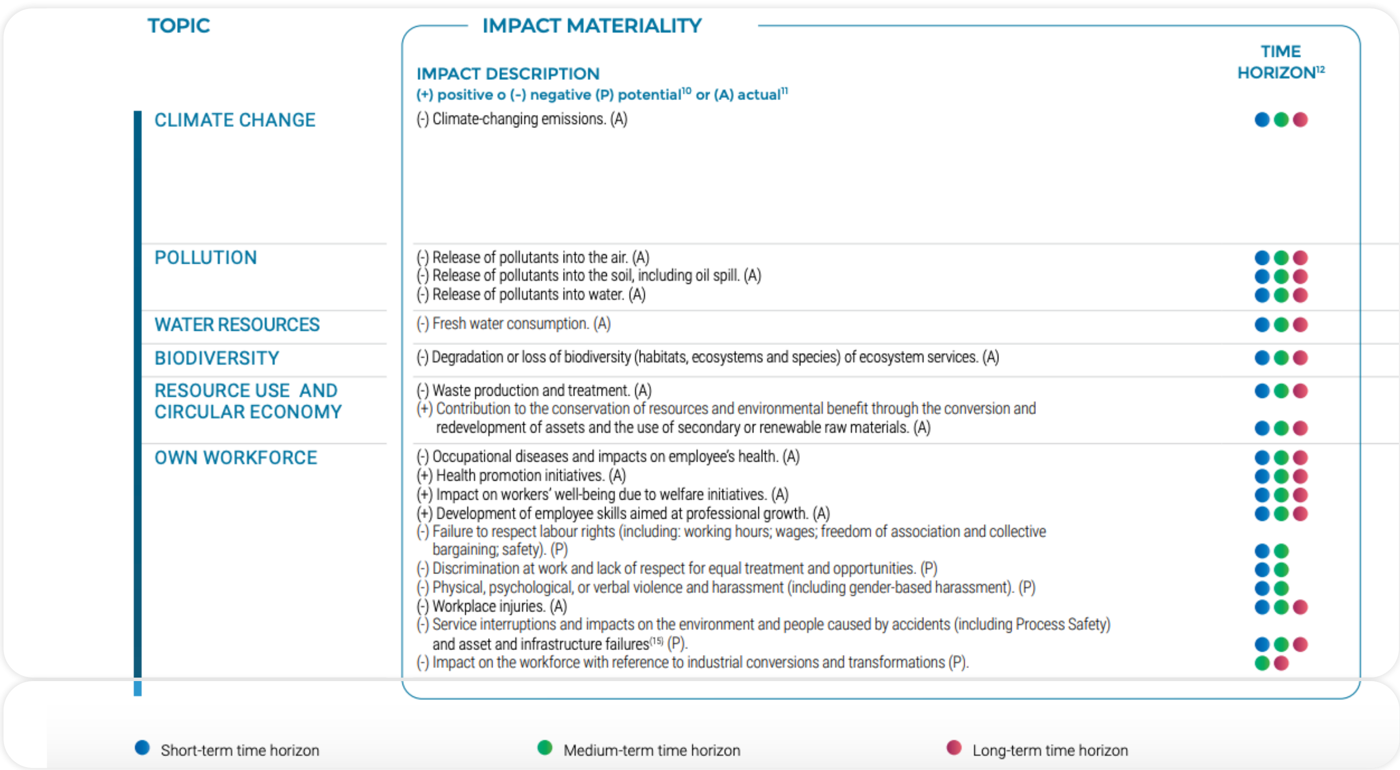
We assessed whether companies disclosed where in the value chain their material IROs occur:

- **Core operations** were most frequently disclosed across topics, particularly for climate, governance, and workforce.
- **Upstream impacts** (e.g., supply chain biodiversity or labor) were mainly acknowledged under E4 (Biodiversity) and S2 (Workers in the Value Chain).
- **Downstream impacts** were only thoroughly reported in specific sectors like consumer goods and food and beverage.

Figure 10 IROs by Value Chain



Report example 3: IRO Statement with no value chain specification [3]



TOPIC	IMPACT MATERIALITY IMPACT DESCRIPTION (+) positive o (-) negative (P) potential[10] or (A) actual[11]	TIME HORIZON[12]
CLIMATE CHANGE	(-) Climate-changing emissions. (A)	
POLLUTION	(-) Release of pollutants into the air. (A) (-) Release of pollutants into the soil, including oil spill. (A) (-) Release of pollutants into water. (A)	
WATER RESOURCES	(-) Fresh water consumption. (A)	
BIODIVERSITY	(-) Degradation or loss of biodiversity (habitats, ecosystems and species) of ecosystem services. (A)	
RESOURCE USE AND CIRCULAR ECONOMY	(-) Waste production and treatment. (A) (+) Contribution to the conservation of resources and environmental benefit through the conversion and redevelopment of assets and the use of secondary or renewable raw materials. (A)	
OWN WORKFORCE	(-) Occupational diseases and impacts on employee's health. (A) (+) Health promotion initiatives. (A) (+) Impact on workers' well-being due to welfare initiatives. (A) (+) Development of employee skills aimed at professional growth. (A) (-) Failure to respect labour rights (including: working hours; wages; freedom of association and collective bargaining; safety). (P) (-) Discrimination at work and lack of respect for equal treatment and opportunities. (P) (-) Physical, psychological, or verbal violence and harassment (including gender-based harassment). (P) (-) Workplace injuries. (A) (-) Service interruptions and impacts on the environment and people caused by accidents (including Process Safety) and asset and infrastructure failures[15] (P). (-) Impact on the workforce with reference to industrial conversions and transformations (P).	

Short-term time horizon · Medium-term time horizon · Long-term time horizon

While companies are beginning to consider broader value chain impacts, many disclosures remain focused narrowly on what happens "in-house" — potentially underestimating broader exposure to sustainability risks.

3. https://www.eni.com/content/dam/enicom/documents/eng/reports/2024/ar-2024/Annual-Report-2024.pdf

Report example 4: IRO Statement with all actual vs. potential, time horizons, and value chain elements specified [4]

Material impacts, risks and opportunities in respect of "Climate change"

Type	Description	Time horizon[1]	Location[2]
Impact (actual negative)	Covestro is directly linked to the undertaking's own operations, products, or services in the upstream value chains through its business relationships and the GHG emissions created as a result. This is reflected in Scope 3 upstream emissions, e.g., in the categories Scope 3.1 Purchased goods and products or Scope 3.4 Upstream transportation and distribution. An actual negative impact from climate change resulting from increased levels of GHG emissions indirectly induces effects on health, resources for livelihood or living space, such as: extreme weather events, changed weather patterns, sea level rise, and related social and geopolitical conflicts. Affected stakeholders are local communities, persons in vulnerable situations, and nature.	S, M, L	1
Impact (actual negative)	Covestro contributes to climate change through GHG emissions from own operations (Scope -1 and Scope -2). This negatively impacts nature and indirectly impacts local communities.	S, M, L	2
Energy			
Impact (potential positive)	Covestro contributes to reducing GHG emissions through its intention to purchase more renewable energies for its own business activities and in this way make a contribution to the potential positive impacts in the upstream value chain. This affects nature and local communities.	S, M, L	1
Impact (actual negative)	The operation of our production facilities requires large amounts of energy, which we primarily procure from external sources in the form of electricity and steam generated from fossil fuels. This process leads to the release of a wide range of environmentally harmful gases, including carbon dioxide (CO2). They have an actual negative impact on climate change. Affected stakeholders are local communities, persons in vulnerable situations, and nature.	S, M, L	1

[1] Time horizon broken down into short-term (S), medium-term (M), and long-term (L).

[2] Location within the value chain divided into upstream value chain (1), own operations (2), and downstream value chain (3).

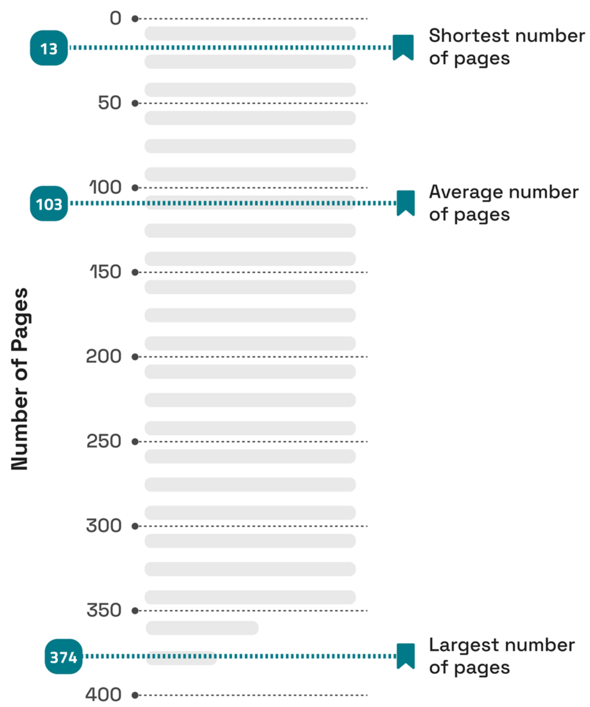
4. https://annualreport.covestro.com/annual-financial-report-2024/en/collect/

5.5 STATEMENT LENGTH: AVERAGE LENGTH CONSISTENT WITH NON-CSRD SUSTAINABILITY REPORTS

CSRD has reshaped the structure of sustainability disclosures, but not their overall length. In 2025, the average CSRD sustainability statement spans 103 pages – almost identical to the 102-page average observed in 2024. This includes both narrative and quantitative disclosures structured in accordance with the ESRS requirements.

This consistency suggests that while disclosures are becoming more standardized and assurance-ready, companies are finding ways to incorporate the expanded ESRS requirements without significantly increasing report length. The shift lies in depth and structure, not length, moving from broad narratives to more rigorous, data-backed reporting.

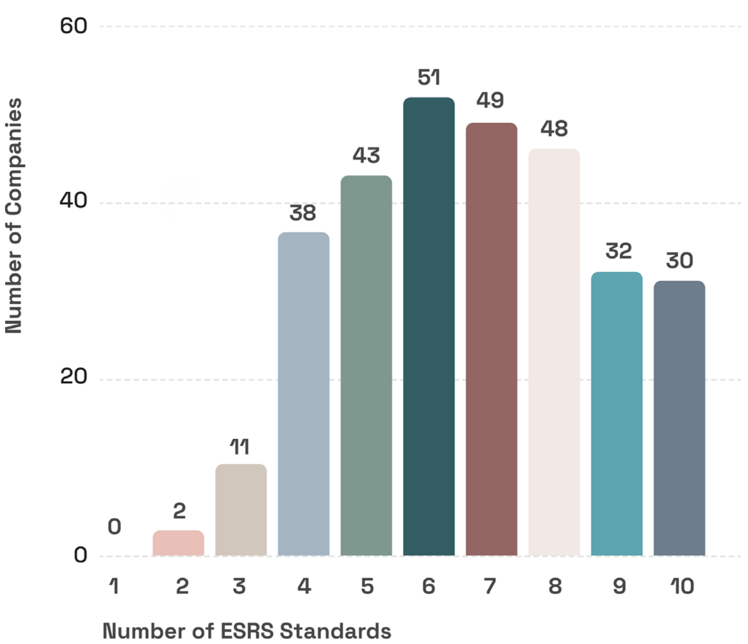
Figure 11 Length of Sustainability Statements



5.6 BREADTH OF MATERIAL TOPICS: NUMBER OF ESRS STANDARDS REPORTED AS MATERIAL

Most companies are engaging with a broad set of sustainability topics, reflecting the interconnected nature of ESG issues. On average, companies identify 6 out of 10 ESRS standards as material in their disclosures.

Figure 12 Number of Material ESRS Standards Per Company



This early data suggests that companies are casting a wide net in their materiality assessments – potentially erring on the side of over-disclosure. The distribution skews toward a higher number of material ESRS standards, with the majority of companies identifying six or more. While this reflects a commitment to comprehensive coverage, it may also indicate uncertainty about how narrowly to define materiality in this first year. As reporting practices mature, it will be important to watch how this distribution rebalances through iterative practice and clearer benchmarking.

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6. Materiality in Focus: Most and Least Reported Topics and Sub-Topics

Where Companies Are Concentrating — and Overlooking — Material ESG Issues

Materiality is the foundation of CSRD disclosures, but how companies interpret which topics are material varies widely.

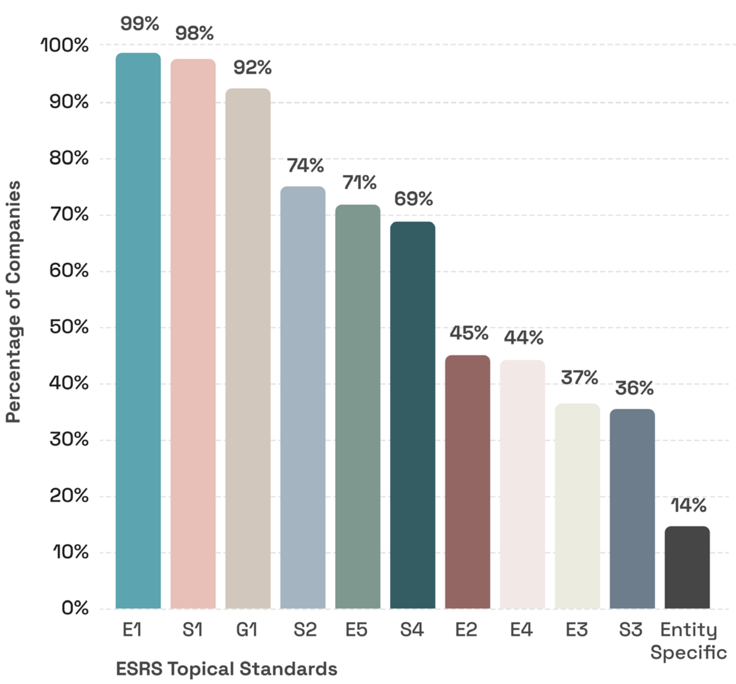
By analyzing the frequency and depth of disclosures across ESRS topics and subtopics, clear patterns — and clear gaps — have emerged.

This section highlights:

- Which ESRS topics are most and least reported
- How companies are prioritizing subtopics within broader themes
- Where blind spots and emerging expectations may create future reporting risks

6.1 MOST REPORTED TOPICS: CLIMATE, WORKFORCE, AND GOVERNANCE LEAD

Figure 13 Companies Reporting on ERSR Topics



Across the 304 reports analyzed, three topics consistently emerged as material and heavily reported:

- **Climate Change (E1):** Reported by 99% of companies
- **Own Workforce (S1):** Reported by 98%
- **Business Conduct (G1):** Reported by 92%

These high disclosure rates signal widespread recognition that climate resilience, human capital management, and governance systems are critical to long-term business viability, and under heavy regulatory, investor, and stakeholder scrutiny.

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6.2 LEAST REPORTED TOPICS: BIODIVERSITY, WATER, AND COMMUNITY IMPACTS OVERLOOKED

In contrast, several important topics were consistently underreported:

- **Biodiversity and Ecosystems (E4):** Reported by only 44% of companies
- **Water and Marine Resources (E3):** Reported by 37%
- **Affected Communities (S3):** Reported by 36%

These gaps suggest that many companies either perceive these topics as less material, lack the data to report effectively, or have not yet built the capacity to engage with these complex, emerging ESG issues. However, as frameworks like TNFD (for nature-related risks) and broader stakeholder expectations evolve, these areas are likely to receive growing attention.

6.3 SUBTOPIC ANALYSIS: HOW COMPANIES PRIORITIZE WITHIN TOPICS

Going deeper, we examined how companies prioritized specific subtopics within the major ESRS areas. Key findings include:

E1 – CLIMATE CHANGE:

- **Climate Change Mitigation** dominates (54% of related IROs)
- **Adaptation** (21%) and **Energy** (25%) receive less focus.

E2 – POLLUTION:

- **Air and Water Pollution** account for nearly half of the disclosures.
- **Microplastics** and **Pollution of Living Organisms** are barely reported (5% and 3%), despite growing scientific and regulatory attention.

E4 – BIODIVERSITY AND ECOSYSTEMS:

- **Drivers of Biodiversity Loss** are most reported (56%).
- **Impact** on **Species** remains almost entirely overlooked.

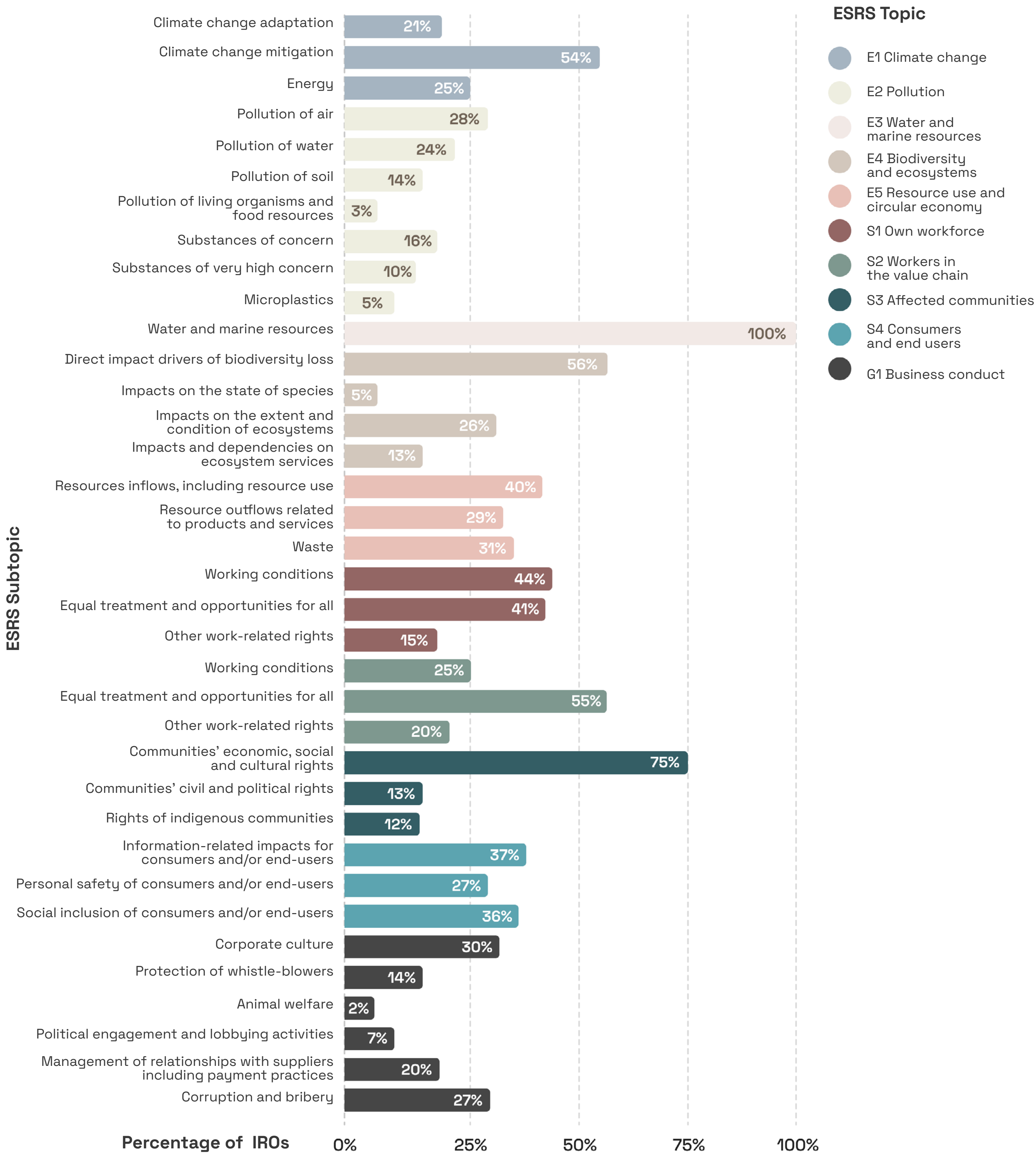
S1 – OWN WORKFORCE:

- **Working Conditions** (44%) and **Equal Opportunities** (41%) are top priorities.
- **Other Work-Related Rights** are largely neglected (<15%).

G1 – BUSINESS CONDUCT:

- **Corporate Culture** (30%) and **Corruption and Bribery** (27%) dominate reporting.
- **Animal Welfare** is virtually unreported (2%).

Figure 14 Distribution of Topic-specific IROs Across Sub-topics



The chart represents the percentage of IROs assigned to a specific ESRS sub-topic in instances where the parent topic was identified as material.

Companies gravitate toward subtopics that are either highly regulated, widely recognized, or easier to measure, while newer, more nuanced issues often remain in the background.

This selective reporting could pose future challenges as regulatory and stakeholder expectations demand more holistic, forward-looking disclosure.

7. Sector Deep Dives: How Different Industries Interpret CSRD Materiality

Comparing Materiality Profiles Across Key Business Sectors

While CSRD provides a universal framework, **materiality judgments are deeply sector-specific**. Each industry faces unique environmental, social, and governance pressures, and this is reflected in how companies have prioritized their IRO disclosures.

By analyzing sector-by-sector patterns, this section highlights:

- Common trends across industries
- Key strengths and blind spots by sector
- Strategic implications for companies seeking to benchmark and lead within their field

7.1 COMMON TRENDS ACROSS SECTORS

Certain CSRD themes have near-universal recognition across all industries:

- **Climate Change (E1):** Every sector had nearly 100% disclosure rates.
- **Own Workforce (S1):** Scored highly across sectors, typically above 90%.
- **Business Conduct (G1):** Robustly disclosed across most industries.

Meanwhile, several critical topics are consistently underreported:

- **Affected Communities (S3):** Among the least-disclosed topics in nearly every sector.
- **Water and Marine Resources (E3):** Frequently overlooked outside of water-intensive industries.
- **Biodiversity and Ecosystems (E4):** Generally low disclosure, even in sectors with significant biodiversity impacts.

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Figure 15 Percentage of Companies Reporting on ESRS Topics by Sector

Sector	E1	E2	E3	E4	E5	G1	S1	S2	S3	S4
Consumer Goods	100	76	82	82	94	94	100	94	52	100
Extractives and minerals	100	81	59	59	81	95	95	90	63	31
Financials	98	15	10	37	37	94	98	43	31	89
Food and beverage	100	36	84	68	94	73	100	89	31	89
Healthcare	100	68	43	31	89	94	89	84	15	84
Infrastructure	100	46	34	65	78	93	96	81	68	53
Renewable resources and alternative energy	100	83	83	100	100	100	83	50	66	0
Resource transformation	100	62	55	39	81	86	97	83	27	44
Services	100	20	26	13	53	93	100	60	26	86
Technology and communication	97	9	11	90	65	88	100	76	16	72
Transportation	100	76	20	56	73	100	100	83	33	67

ESRS Topical Standards

The heat map represents the percentage of companies by sector that reported at least one material IRO related to an ESRS topical standard.

7.2 SECTOR-SPECIFIC HIGHLIGHTS AND GAPS

CONSUMER GOODS:

- **Strengths:** Strong disclosure across almost all ESRS topics, especially workforce and governance.
- **Gaps:** Lower focus on pollution (E2) and affected communities (S3), despite brand exposure to supply chain risks.

EXTRACTIVES AND MINERALS PROCESSING:

- **Strengths:** High climate, governance, and workforce disclosure.
- **Gaps:** Surprisingly weak on biodiversity (E4) and water (E3) — critical given sector impacts.

FINANCIALS:

- **Strengths:** Strong governance and social reporting.
- **Gaps:** Minimal disclosure on environmental topics like pollution and water, an emerging issue as portfolio impacts come under scrutiny.

FOOD & BEVERAGE:

- **Strengths:** Strong workforce and climate reporting.
- **Gaps:** Low disclosure on pollution (E2) and community impacts — important given agricultural and sourcing dependencies.

HEALTHCARE:

- **Strengths:** Good balance across environmental, social, and governance themes.
- **Gaps:** Weak biodiversity reporting, despite dependencies on natural resources for pharmaceutical development.

INFRASTRUCTURE:

- **Strengths:** Solid reporting on climate, governance, and workforce.
- **Gaps:** Underreporting on pollution and water, despite the sector's direct environmental footprint.

RENEWABLE RESOURCES & ALTERNATIVE ENERGY:

- **Strengths:** Leading disclosure on climate, circular economy, and governance.
- **Gaps:** Weak reporting on consumers (S4) and upstream labor practices (S2).

RESOURCE TRANSFORMATION (MANUFACTURING):

- **Strengths:** Focus on resource use and workforce issues.
- **Gaps:** Biodiversity (E4) and affected communities (S3) underreported, despite material supply chain impacts.

SERVICES:

- **Strengths:** High disclosure on workforce and consumer topics.
- **Gaps:** Environmental impacts like pollution and water are underreported — potential indirect risks are overlooked.

TECHNOLOGY & COMMUNICATIONS:

- **Strengths:** Strong workforce and governance reporting.
- **Gaps:** Limited focus on pollution, biodiversity, and affected communities, even though supply chains create indirect impacts.

TRANSPORTATION:

- **Strengths:** Good attention to pollution (E2), workforce (S2), and climate change (E1).
- **Gaps:** Water and marine resource impacts underdisclosed — a concern for shipping and logistics operations

7.3 TAKEAWAYS FOR BUSINESS

1. **Benchmarking matters:** Understanding sector norms helps companies calibrate expectations — but following the crowd isn't enough.
2. **Early movers** that go deeper into emerging topics will differentiate themselves with stakeholders and regulators.
3. **Mind sector blind spots:** Addressing neglected issues like biodiversity, community impacts, and downstream value chain risks early can strengthen resilience and reduce future assurance risks.
4. **Position sustainability as a business strategy, not a compliance exercise:** Companies that strategically align disclosures with sector-specific risks and opportunities, rather than box-ticking, will better demonstrate leadership under CSRD.

8. Strategic Recommendations for Ongoing Governance

From Insight to Oversight: Driving Better Governance Through CSRD Learnings

The first round of CSRD disclosures has surfaced valuable lessons, not as a one-off benchmark, but as a catalyst for more robust and forward-looking governance practices.

The focus post-CSRD implementation now shifts to embedding ESG into ongoing corporate oversight, risk management, and decision-making processes. The goal is not only to meet regulatory expectations, but to ensure sustainability and risk data becomes an integral part of how companies govern and steer long-term performance.

Drawing on the insights throughout this report, we outline five strategic recommendations that support continuous governance improvement, helping companies stay aligned, proactive, and audit-ready in a fast-evolving ESG landscape.

BENCHMARK INTELLIGENTLY — BUT SET YOUR OWN STANDARD

Peer benchmarking is important — but should be a starting point, not the end goal.

- Understand how your industry peers are interpreting materiality — but resist the temptation to simply follow.
- Focus on material issues that are **relevant to your actual business model, footprint, and strategic ambitions** — even if they are not yet widely reported.

SHIFT THE NARRATIVE: FROM RISK MITIGATION TO VALUE CREATION

Opportunities are consistently underreported, representing an untapped strategic lever.

- Showcase how sustainability initiatives contribute to innovation, resilience, growth, and long-term value.
- Frame sustainability not just as a compliance burden, but as a business enabler and differentiator.

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FOCUS RELENTLESSLY ON TRUE MATERIALITY

Quantity does not equal quality — a longer report is not necessarily a better report.

- Carefully define your materiality boundaries based on evidence, stakeholder engagement, and strategic alignment.
- Avoid "boilerplate" disclosures that dilute the clarity and credibility of your report.

BUILD FORWARD-LOOKING, CONTEXT-RICH DISCLOSURES

Assurance readiness and stakeholder trust depend on strong contextualization.

- Specify whether IROs are **actual** or potential.
- Assign **time horizons** — short, medium, and long-term — to each material IRO.
- Clearly map IROs across your **value chain** — core operations, upstream, and downstream.

ENGAGE STAKEHOLDERS MEANINGFULLY — AND EARLY

Stakeholder input strengthens materiality and credibility.

- Use stakeholder engagement not just to validate your disclosures, but to identify emerging issues and strategic blind spots.
- Transparent stakeholder dialogues will become increasingly critical as CSRD assurance requirements tighten.

9. Conclusion

The Road Ahead — From Compliance to Strategic Leadership

The first wave of CSRD reporting has set a new standard for corporate sustainability disclosures.

But it has also revealed an important truth: **compliance alone will not be enough** to meet rising stakeholder expectations, regulatory scrutiny, and the evolving demands of sustainable business leadership.
Companies that treat CSRD as a strategic catalyst — not just a compliance exercise — will position themselves to lead in an increasingly complex, interconnected, and transparent world.

The analysis presented in this report offers a clear blueprint:

- **Benchmark intelligently, but differentiate through material focus and strategic clarity.**
- **Shift from risk avoidance to value creation, using sustainability as a growth engine.**
- **Strengthen reporting maturity with context-rich, forward-looking disclosures.**
- **Engage stakeholders early and often to build resilience and trust.**

In the years ahead, **reporting maturity will become a proxy for business maturity.** Companies that embed double materiality thinking into their governance, strategy, and risk management frameworks will not only meet regulatory requirements – they will create an enduring competitive advantage.

The opportunity is clear: Those who move first and move well will define the future of corporate sustainability leadership.

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10. Appendix

Industry Representation by % of Total Reports

Industry	Number of Reports	% of Total Reports
Advertising & Marketing	1	0.33%
Aerospace & Defense	6	1.97%
Agricultural Products	2	0.66%
Air Freight & Logistics	6	1.97%
Airlines	3	0.99%
Alcoholic Beverages	5	1.64%
Apparel, Accessories & Footwear	7	2.30%
Appliance Manufacturing	1	0.33%
Asset Management & Custody Activities	3	0.99%
Auto Parts	5	1.64%
Automobiles	7	2.30%
Biotechnology & Pharmaceuticals	11	3.62%
Building Products & Furnishings	1	0.33%
Chemicals	15	4.93%
Commercial Banks	37	12.17%
Construction Materials	3	0.99%
E-commerce	2	0.66%
Electric Utilities & Power Generators	15	4.93%
Electrical & Electronic Equipment	8	2.63%
Electronic Manufacturing Services & Original Design Manufacturing	2	0.66%
Engineering & Construction Services	8	2.63%
Food Retailers & Distributors	6	1.97%
Health Care Delivery	1	0.33%
Health Care Distributors	1	0.33%
Hotels & Lodging	3	0.99%
Household & Personal Products	4	1.32%
Industrial Machinery & Goods	14	4.61%
Insurance	13	4.28%
Internet Media & Services	3	0.99%
Investment Banking & Brokerage	3	0.99%
Iron & Steel Producers	5	1.64%
Leisure Facilities	1	0.33%
Marine Transportation	5	1.64%
Meat, Poultry & Dairy	1	0.33%
Media & Entertainment	2	0.66%
Medical Equipment & Supplies	6	1.97%
Metals & Mining	2	0.66%
Mortgage Finance	1	0.33%
Multiline and Specialty Retailers & Distributors	2	0.66%
Non-Alcoholic Beverages	2	0.66%
Oil & Gas Exploration & Production	6	1.97%
Oil & Gas - Midstream	2	0.66%
Oil & Gas Refining & Marketing	2	0.66%
Oil & Gas Services	2	0.66%
Processed Foods	3	0.99%
Professional & Commercial Services	8	2.63%
Pulp & Paper Products	3	0.99%
Rail Transportation	2	0.66%
Real Estate	7	2.30%
Real Estate Services	2	0.99%
Road Transportation	2	0.99%
Security & Commodity Exchanges	1	0.33%
Semiconductors	6	1.97%

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CONTACT US

Thank you for taking the time to read this report, we hope you found it useful. If you'd like to learn more about how Datamaran can support your journey towards CSRD compliance and sustainability success, please get in touch.

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