

June 2025

UNCOVERING THE RED TAPE

ESRS Compliance Meets Corporate Reality

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PREFACE

With the adoption of the Corporate Sustainability Reporting Directive (CSRD) at the end of 2022 and the adoption of the European Sustainability Reporting Standards (ESRS) in July 2023, sustainability reporting in the EU reached a new level of rigor. Since then, however, critical voices have grown louder, calling for a reduction in reporting requirements under the banners of cutting red tape and lowering costs. In response, the EU introduced the so-called Omnibus packages for simplifying sustainability reporting in February 2025 and adopted the "Stop the Clock" Directive in April 2025. On June 19, 2025, EFRAG published its first status report on the planned simplifications of the ESRS framework.¹ Specifically, five levers - based on the principle of avoiding "undue costs and effort" - aim to reduce data points by nearly 50%.

In light of the recent developments, it is unsurprising that several Member States - including Austria, Germany, the Netherlands, Portugal, and Spain - had not yet transposed the CSRD into national law by 2024. In these countries, the national implementation of the Non-Financial Reporting Directive (2014/95/EU) continued to apply for the financial year 2024. In the remaining Member States, the expanded sustainability reporting requirements under the CSRD came into force starting with the 2024 financial year, including mandatory reporting in accordance with the ESRS and an external assurance requirement.

This study provides the first analysis of sustainability reporting by 1,000 EU companies for the 2024 financial year. The findings reveal that 72% of companies already report in line with the ESRS, although this rate varies significantly depending on the national transposition of the CSRD. On average, sustainability statements² are 110 pages long, with notable country-specific differences. Nearly all companies identified E1 (Climate Change), S1 (Own Workforce), and G1 (Business Conduct) as material sustainability topics.

Despite ongoing political debates and regulatory uncertainty, sustainability reporting has clearly become an integrated part of corporate practice and will continue to play a central role in the future. The ESRS, as European reporting standards, make a significant contribution to the standardization and comparability of disclosures. Such structured and consistent sustainability reporting will remain essential - regardless of regulatory requirements - due to rising stakeholder expectations, increasing market demands, and the growing relevance of sustainability-related risks and opportunities.

¹ EFRAG, 2025, ESRS Revision: Progress Report as of June 20, 2025, Available at: https://www.efrag.org/sites/default/files/media/document/2025-06/draft_status_report_esrs_simplification_20_june_2025.pdf, retrieved on June 24, 2025.

² For reasons of consistency, this study continuously refers to sustainability statements. This term also encompasses (consolidated) non-financial statements as well as separate (consolidated) non-financial reports.

EXECUTIVE SUMMARY

The Corporate Sustainability Reporting Directive (CSRD, (EU) 2022/2464), adopted in November 2022, significantly expands sustainability reporting requirements. For the first time, all companies within the CSRD's scope must apply uniform standards - the European Sustainability Reporting Standards (ESRS, Delegated Act 2023/2772). Although the CSRD was to be transposed into national law by July 6, 2024, several EU Member States experienced delays.³

Amid growing criticism - such as expressed in the Draghi Report⁴ on the Future of EU Competitiveness - calls to reduce administrative burdens have intensified. In response, the European Commission presented the Omnibus Simplification Packages I and II on February 26, 2025, aiming to adjust the scope and reporting obligations under the CSRD and to revise as well as simplify the ESRS accordingly.

In April 2025, a "Stop the Clock" Directive was adopted, postponing the initial application of the CSRD by two years for companies in the second and third reporting waves. Member States are required to transpose this Directive into national law by the end of the year.

This study provides an overview of sustainability reporting by 1,000 first-wave companies across 27 EU Member States and Norway for the financial year 2024. Depending on the status of national CSRD transposition, disclosures were made on either a mandatory or voluntary basis. The main findings are as follows:

- ▶ 72% of the companies (n=721) report in accordance with the ESRS, with significant variation across countries.
- ▶ The average length of the ESRS sustainability statements is 110 pages, compared to 27 pages for non-ESRS sustainability disclosures.
- ▶ Sustainability statements tend to be longer in southern EU Member States (e.g., Spain, Italy) than in Scandinavian countries.
- ▶ Austrian companies provide particularly comprehensive sustainability statements, averaging 156 pages.
- ▶ 93% of ESRS-based sustainability statements were externally assured, with higher assurance rates in countries that have transposed the CSRD into national law.
- ▶ Over 95% of the ESRS sustainability statements identify E1 (Climate Change), S1 (Own Workforce), and G1 (Business Conduct) as material topics.
- ▶ E4 (Biodiversity and Ecosystems) and S3 (Affected Communities) are the least frequently reported topics.

REGULATORY BACKGROUND

In November 2022, the Corporate Sustainability Reporting Directive (CSRD, 2022/2464) was adopted, setting out detailed requirements for sustainability reporting and significantly expanding reporting obligations. For the first time, all companies within the CSRD's scope are required to follow uniform standards - the European Sustainability Reporting Standards (ESRS, Delegated Regulation 2023/2772). While the CSRD was scheduled to be transposed into national law by July 6, 2024, implementation has been delayed in some EU Member States.

Following the publication of the report on the future of EU competitiveness in September - also known as the Draghi Report - critical voices grew louder regarding the extensive changes introduced by the CSRD.

³ For an overview please refer to: Accountancy Europe, 2025, CSRD transposition overview, available at: [CSRD transposition overview - Accountancy Europe](#), retrieved on June 24, 2025, and Limberg/Pfanner, Die Umsetzung der CSRD im Europäischen Wirtschaftsraum - ein Status quo, RWZ, 2/2025, S. 39-46.

⁴ European Commission, 2024, The future of European competitiveness: Report by Mario Draghi, available at: [The Draghi report on EU competitiveness](#), retrieved on June 24, 2025.

Advocates for reducing bureaucracy have called for scaling back reporting obligations and narrowing the CSRD's scope.

In response, the European Commission presented draft proposals for the Omnibus Simplification Packages I and II on February 26, 2025, aimed to strengthen the EU's competitiveness. The proposed adjustments affect both the scope of the CSRD and the reporting requirements themselves. Consequently, the European Commission has tasked EFRAG with revising and simplifying the ESRS.

In April 2025, as part of an urgent legislative procedure, a "Stop the Clock" Directive was adopted, postponing the initial application date for companies in the second and third reporting waves by two years each. Member States are thus required to transpose this Directive into national law by the end of the year. On June 19, 2025, EFRAG published the first status report on the planned simplifications of the ESRS framework.⁵ Specifically, five levers based on the principle of avoiding "undue costs and effort" are introduced to reduce data points by nearly 50%.

Figure 1 provides an overview of the EU Member States and Norway, highlighting the current status of the national transposition of the CSRD. Countries shown in green adopted the national transposition on time (by July 2024). Countries in blue adopted the national transposition after July but before the end of 2024. Sweden is a special case: although it transposed the CSRD into national law in May 2024, it postponed the implementation from January to June 2024. Countries displayed in orange had not adopted the national transposition of the CSRD by December 31, 2024.

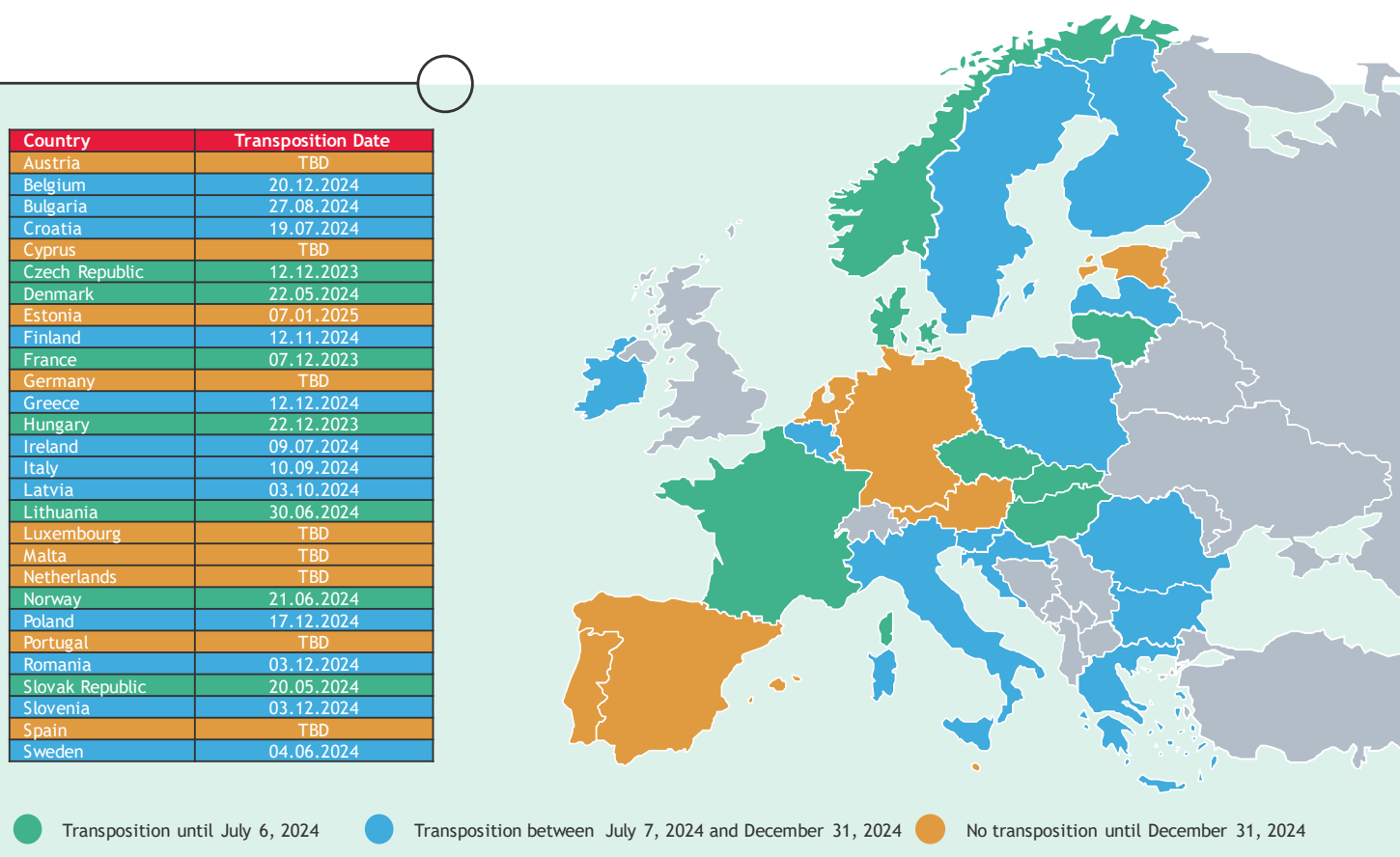


Figure 1. Overview of the national transposition of the CSRD by country.

⁵ EFRAG, 2025, ESRS Revision: Progress Report as of June 20, 2025, Available at: https://www.efrag.org/sites/default/files/media/document/2025-06/draft_status_report_esrs_simplification_20_june_2025.pdf, retrieved on June 24, 2025.

SAMPLE AND METHODOLOGY

Sample

The sample comprises all companies listed on stock exchanges in EU Member States that are in scope of the Non-Financial Reporting Directive (NFRD, 2014/95/EU) and, hence, the CSRD. Sustainability statements were collected in April 2025. At the time of data collection, not all sustainability statements were available. Our final sample comprises 1,000 companies, of which 721 provide their sustainability information in accordance with the European Sustainability Reporting Standards (ESRS).

Methodology

The sustainability statements were manually assessed with regard to their length, external assurance and application of the ESRS. For those sustainability statements prepared in accordance with the ESRS, the disclosed topics and sub-topics related to the topical standards were further evaluated in line with ESRS 1.AR16.

Country Distribution

Figure 2 presents the distribution of the sample by country. The largest proportion are firms from Germany (n=191), Sweden (n=154) and Italy (n=98). The sample also includes 30 Austrian companies.

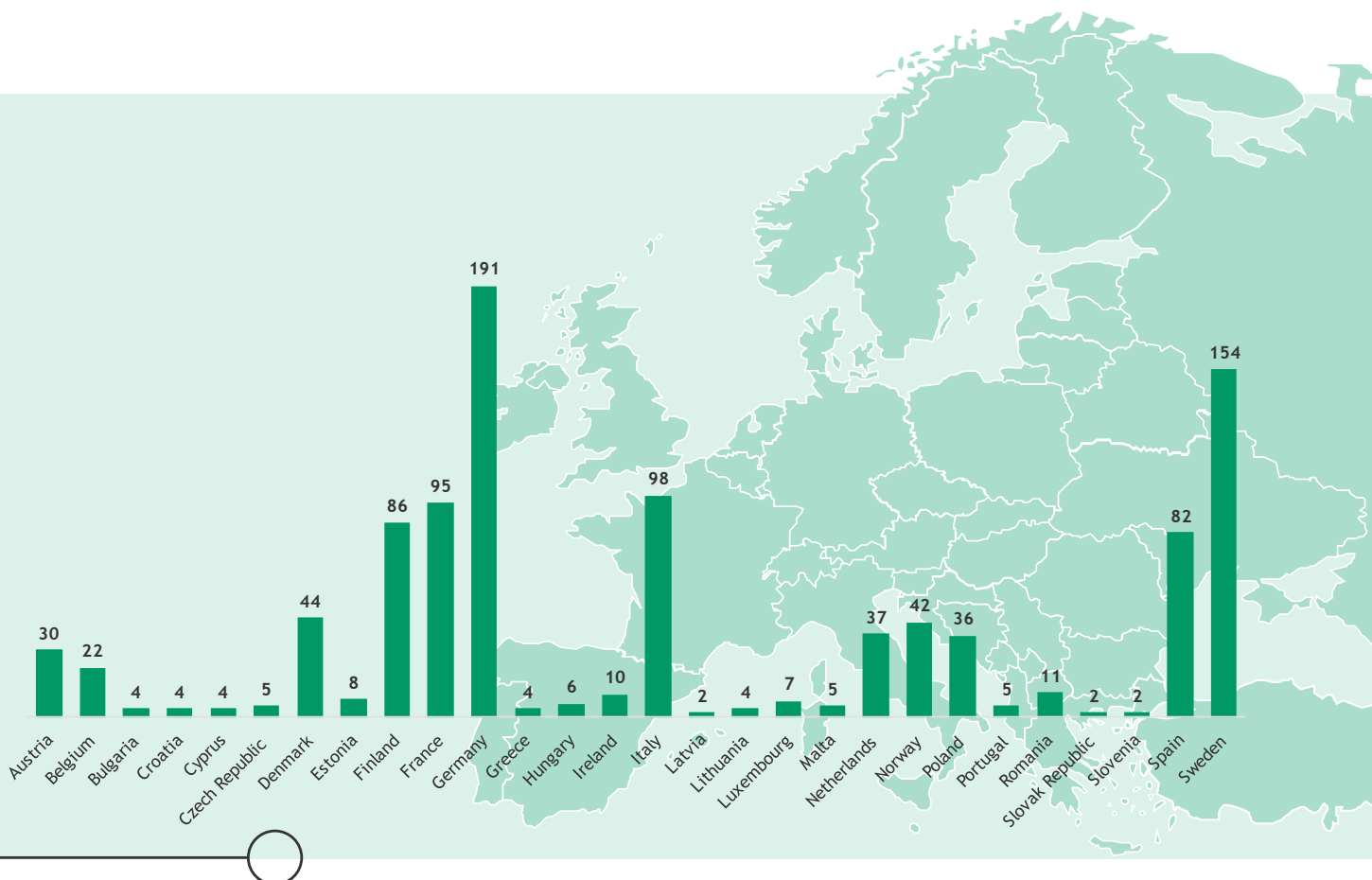


Figure 2. Sample distribution by country.

Industry Distribution

Figure 3 presents the industry distribution of the sample. The largest share consists of firms in the industrial sector (n=291), followed by those in the consumer discretion industry (n=182) and the financial sector (n=122).

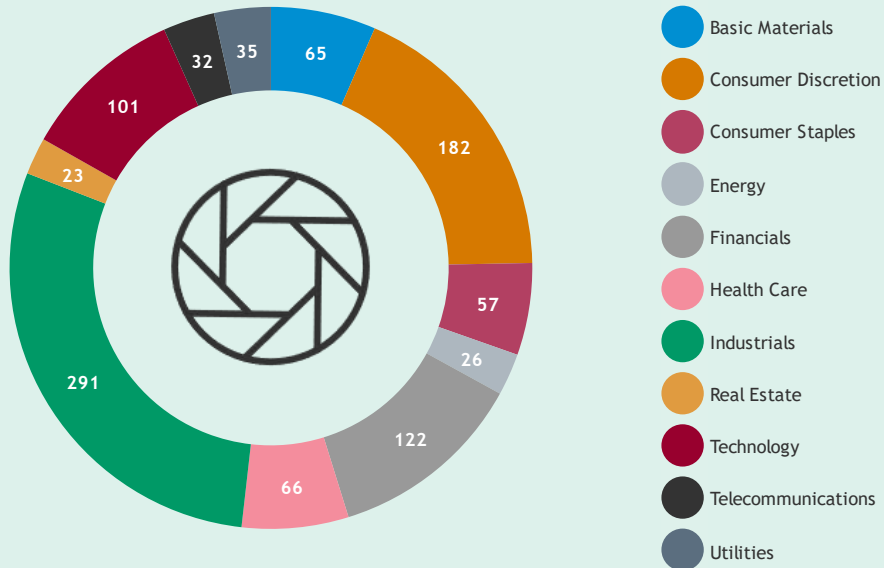


Figure 3. Sample distribution by industry.

FINDINGS

Overview

Figure 4 depicts the ESRS reporting rates by country. On average, 72% (n=721) of the sample companies provide reporting according to the ESRS.

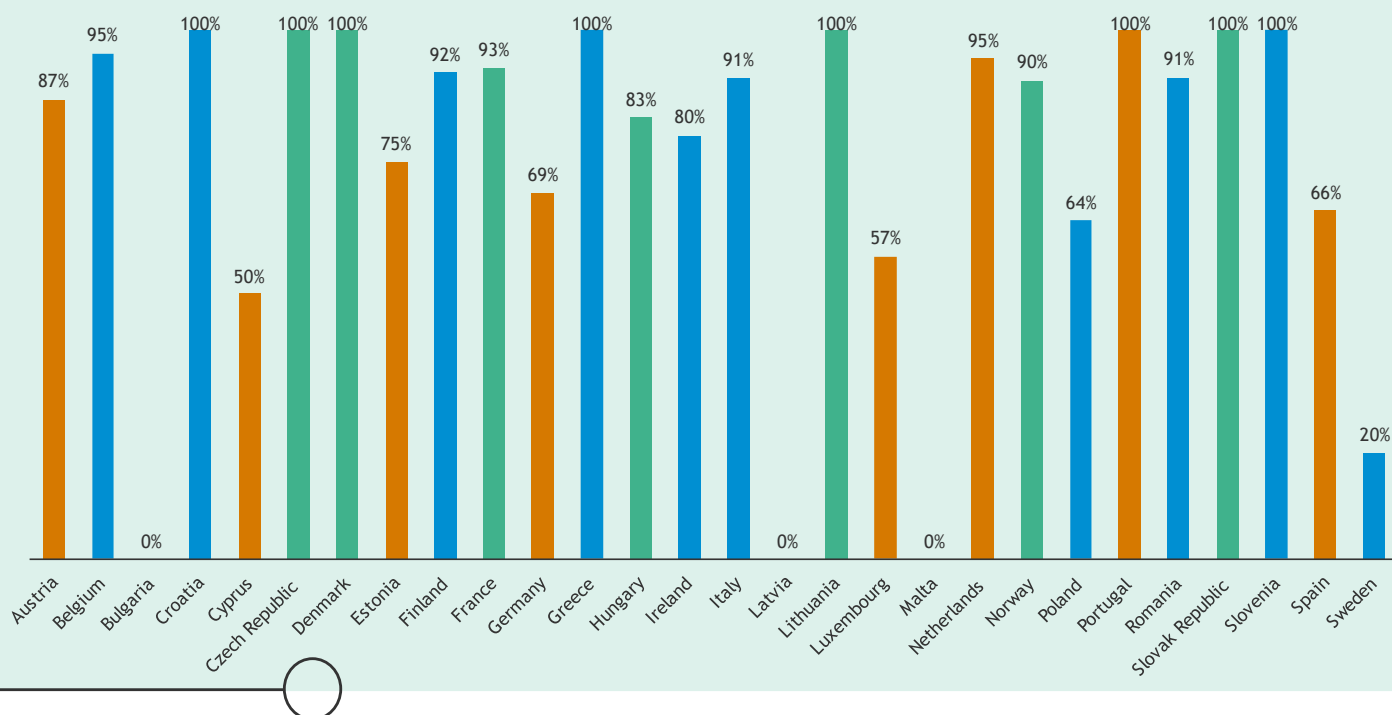


Figure 4. ESRS reporting rates by country.

As expected, the proportion of companies providing sustainability statements in accordance with the ESRS is significantly higher in countries that have completed their national transposition by July 2024 (indicated in green), compared to those that have not. However, there are notable differences. Portugal, the Netherlands and Austria stand out with ESRS reporting rates of 87% or higher despite not having a national transposition of the CSRD in place. Conversely, some countries show relatively low ESRS reporting rates despite - exemplarily in the case of Hungary - having completed their national transposition on time.

Length

Sustainability statements prepared in accordance with the ESRS average 110 pages in length, compared to just 27 pages for non-ESRS sustainability disclosures. Given the EU's objective of harmonizing sustainability reporting across EU Member States, the variation in disclosure length is particularly noteworthy. On average, the most comprehensive sustainability statements are provided by firms located in southern EU Member States, including Greece, Italy, Portugal, and Spain.⁶ Austrian companies produce rather comprehensive statements, averaging 156 pages. In contrast, the least comprehensive sustainability statements are found among companies in northern EU Member States, including Denmark, Finland, and Sweden.

⁶ The Slovak Republic comprises only 2 firms and needs to be interpreted with caution.

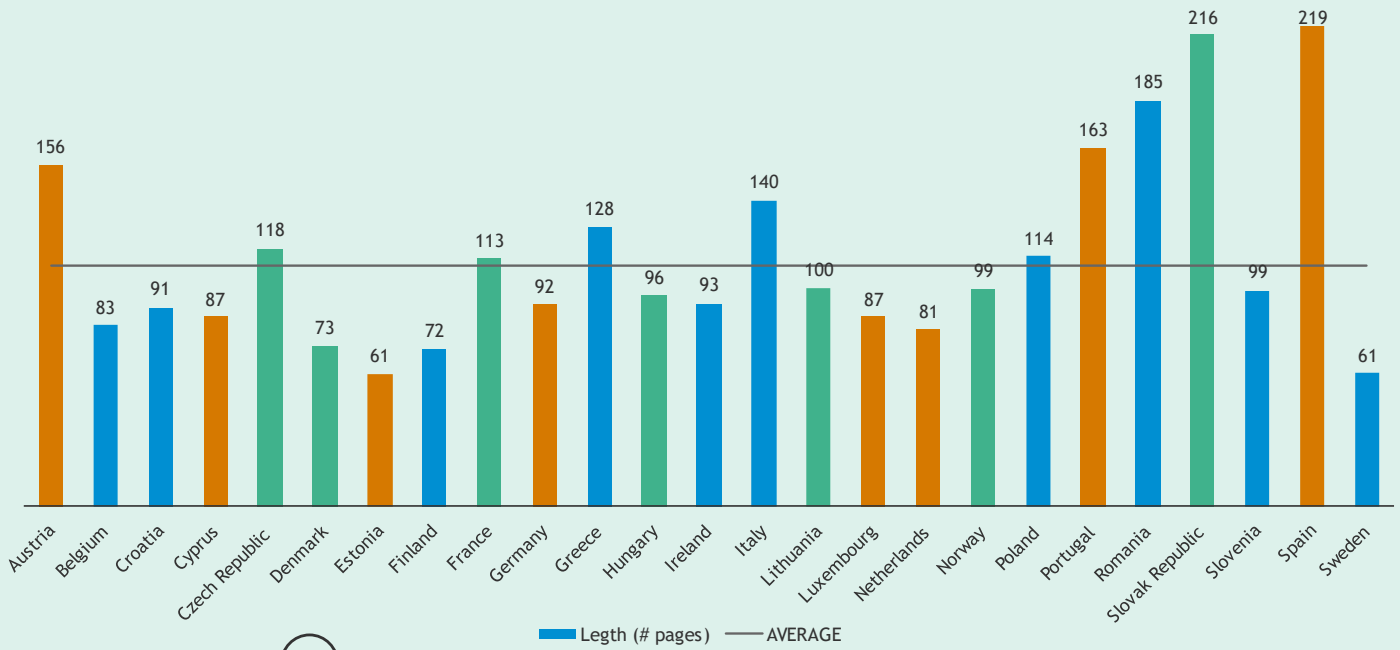


Figure 5. Average length of the ESRS sustainability statements by country.

Audit

The CSRD requires that sustainability statements are externally audited (Art. 1 Para. 13). On average, 93% of ESRS-aligned sustainability statements were externally audited, compared to only 58% of non-ESRS sustainability statements. Figure 6 presents the auditing rates of ESRS sustainability disclosures by country. With the exception of Hungary and Poland, all countries that enacted their respective national CSRD legislation reported auditing rates of above 90%. Poland’s lower rate may be attributed to its late adoption in December 2024. Among countries without national CSRD legislation, Austria, the Netherlands, Portugal, and Spain stand out with auditing rates above 95%.

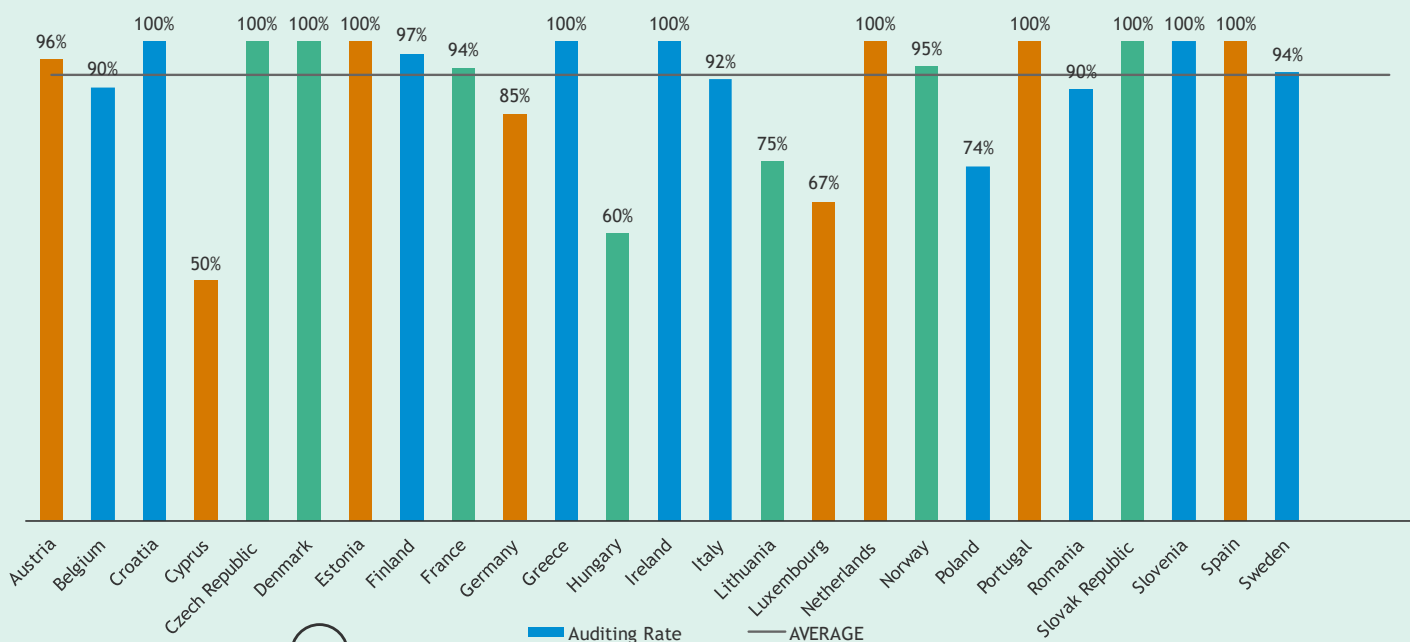


Figure 6. Auditing rates of the ESRS sustainability statements by country.

Topics

According to the CSRD and ESRS 1.25, companies are required to conduct a double materiality assessment to identify the material sustainability-related impacts, risks, and opportunities that must be disclosed. Figure 7 provides an overview of the sustainability topics disclosed. The assessment of the disclosures was conducted at the sub-topic level. Dark green bars indicate whether a topic is reported on at least one sub-topic level, while light green bars indicate the proportion of reported sub-topics relative to the total number of sub-topics within the respective topical standard.

Illustrative Scoring Example:

Firm A, one of the 721 ESRS sustainability statements analyzed, assessed the topic ESRS S1 “Own Workforce” as material. Hence, Firm A was given a binary score of 1 (1 indicating materiality and 0 indicating non-materiality). Out of the 17 sub-topics of ESRS S1, Firm A identified 12 as material, resulting in a proportional score of 71%.

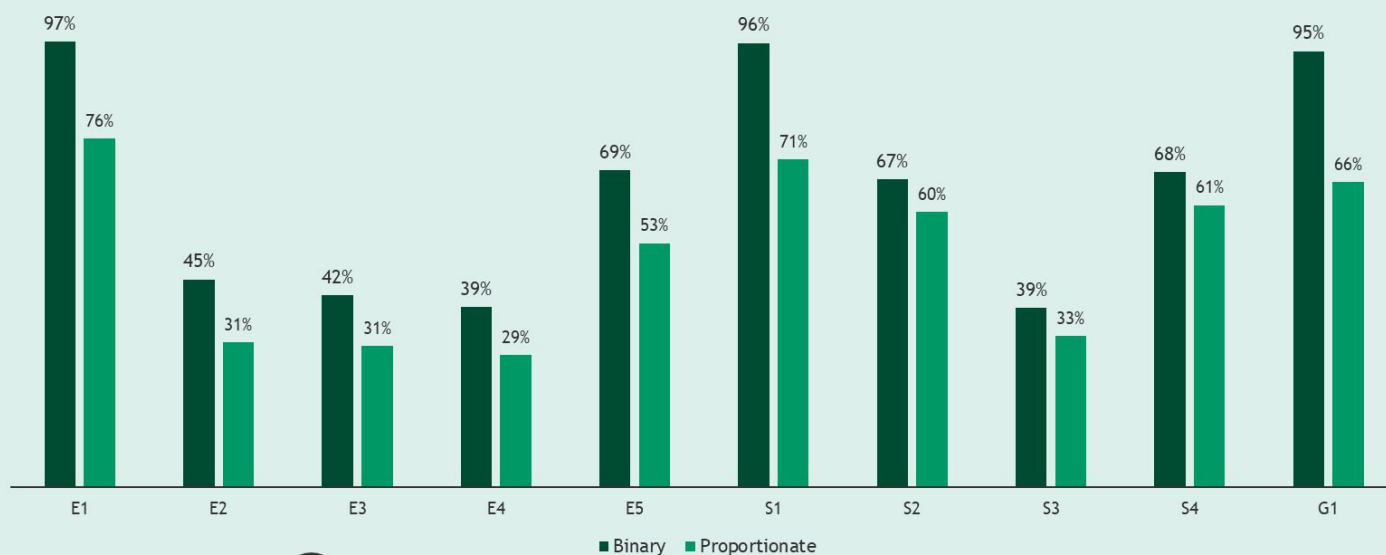


Figure 7. Disclosure as a percentage of ESRS sample firms concerning material topics (binary) and sub-topics (proportionate).

As expected, the most frequently reported topics are E1 (Climate Change), S1 (Own Workforce), and G1 (Business Conduct), disclosed by 97%, 96% and 95% of the companies, respectively. The least frequently reported topics are E4 (Biodiversity and Ecosystems) and S3 (Affected Communities). This distribution of topics remains consistent across both reporting measures - whether using the binary or the proportional assessment.

OUTLOOK

Taken together, the empirical analysis provides a foundation for a more nuanced discussion on heterogeneity in ESRS reporting. The considerably high adoption rates of the ESRS - even in absence of regulatory stipulations - underscore the importance of a common sustainability reporting framework.

In relation to “cutting red tape“, the findings align with EFRAG’s presented levers for simplifying the ESRS. On the one hand, the substantial variation in report lengths across Member States highlights the importance of the materiality concept as a key mechanism for reducing complexity. In particular, under the principle of “less is more”, prioritizing the decision-usefulness of information is critical to ensure general-purpose sustainability disclosures.

On the other hand, the results emphasize the cross-sectoral relevance of climate change, own workforce and business conduct from both an impact and a risks and opportunities perspective. Given that over 92% of companies report on these standards, a sensible reduction in data points within ESRS E1, S1, and G1 would benefit a majority of reporting entities.

In light of the goal of establishing a level playing field for ESRS-reporters, these insights offer a starting point for advancing the dialogue on cross-sectoral comparability of material sustainability topics and sub-topics.

WE SEARCH FOR GREATNESS.

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