

Novata's CSRD Survey 2024

From Strategy to Spend: How Companies Are Preparing for CSRD Compliance



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Key Survey Insights and Takeaways

Introduction

CSR COMPLIANCE

The Corporate Sustainability Reporting Directive (CSRD) aims to bring clarity and consistency to how companies report on sustainability. It's a powerful regulation that aims to improve transparency and accountability, but it's a complex process. The CSRD is a far-reaching regulation, with companies worldwide working out how to grasp its extensive reporting requirements.

Compliance with the CSRD will demand time, effort, and money. According to the European Financial Reporting Advisory Group (EFRAG), the costs are estimated to range between [0.004% and 0.008% of revenue](#). It's a significant investment, but with the right approach, it's one that can ultimately strengthen businesses.

One of the key components of CSRD compliance is the Double Materiality Assessment (DMA), which asks companies to take a close look at both their direct operations and the impacts, risks, and opportunities (IROs) across the broader value chain. This assessment will help identify the most relevant environmental, social, and governance (ESG) issues and

determine what data needs to be collected and reported. Depending on what is considered to be material, companies will need to collect as many as 1,200 [ESRS data points](#).

OBJECTIVES OF THIS REPORT

With this report, Novata set out to understand how companies are approaching CSRD reporting, especially those doing it for the first time. In Part 1, we explore how confident they feel about meeting the CSRD requirements and what they see as their biggest challenges. In Part 2, we dive into their strategies—who companies are turning to for support and where they expect to face the highest costs.

This survey aims to empower businesses to **confidently tackle CSRD reporting** and its challenges.



Executive Summary

The Corporate Sustainability Reporting Directive (CSRD) is a challenging reporting requirement affecting companies not only in the EU but around the world. To gain insights into how prepared companies feel, the biggest challenges they face, and the support they need to comply with the CSRD, Novata conducted a survey to assess the landscape. The results reflect insights from 59 organisations, 83% of which are headquartered in Europe.

Key Survey Findings

PREPAREDNESS

The level of preparedness for CSRD compliance varies widely. Nearly a quarter of respondents were uncertain of their first CSRD disclosure date, while more than half of those with dedicated in-house ESG teams expressed confidence in meeting CSRD requirements.

CHALLENGES

Data collection and management emerged as the most significant hurdle, followed by understanding regulatory requirements and conducting the Double Materiality Assessment (DMA). Despite data collection being the top concern, only 29% of companies have engaged a technology provider.

51%

of respondents anticipate annual costs to exceed €100,000.

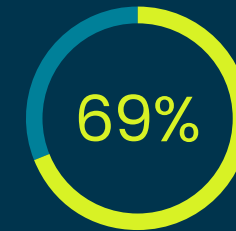
COSTS

CSRD compliance is also expected to carry a substantial financial burden, particularly in the initial years, with 51% of respondents anticipating annual costs exceeding €100,000. Costs are expected to be proportional to organisation size, as larger organisations have more data to collect and assure, as well as more complex value chains to assess for their DMA. Most large organisations expect to spend over €50,000 on key areas like data collection, management, assurance, and the DMA.

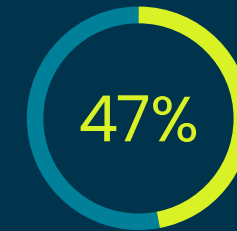
BENEFITS AND RECOMMENDATIONS

CSRD compliance offers benefits beyond regulatory adherence. It provides an opportunity to enhance risk management and align corporate strategy with sustainability goals. To optimise compliance, early engagement with key stakeholders is essential. Companies should consult legal advisors to define reporting boundaries, work with auditors to streamline assurance processes, seek support from advisors for the DMA and stakeholder engagement, and collaborate with technology providers to ease the burden of data collection and reporting.

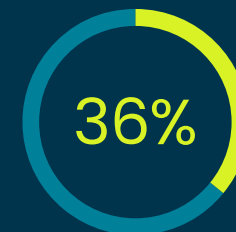
Who Have Companies Engaged as Part of Their CSRD Process?



Consultants



Accounting firms



Legal firms



Technology providers

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How Companies Are Approaching CSRD Reporting and Overcoming Key Challenges



How Prepared Are Companies?

The CSRD presents a substantial challenge for companies within its scope, starting with the need to determine if and when they are required to disclose under the directive. Currently, 24% of companies are unsure when they will make their first CSRD disclosures, reflecting the uncertainty many businesses face when assessing whether they are in scope of the regulation. This, combined with the evolving nature of the legal framework, adds complexity, especially with sector-specific guidance expected by 2026.

For companies to move forward confidently, it's essential they seek legal counsel early to confirm their disclosure timelines. Without this clarity, companies risk confusion and delayed implementation. It's not surprising that those unsure of their first disclosure date also tend to feel less confident about their overall CSRD readiness. In contrast, companies that know their reporting timelines generally report higher confidence levels.

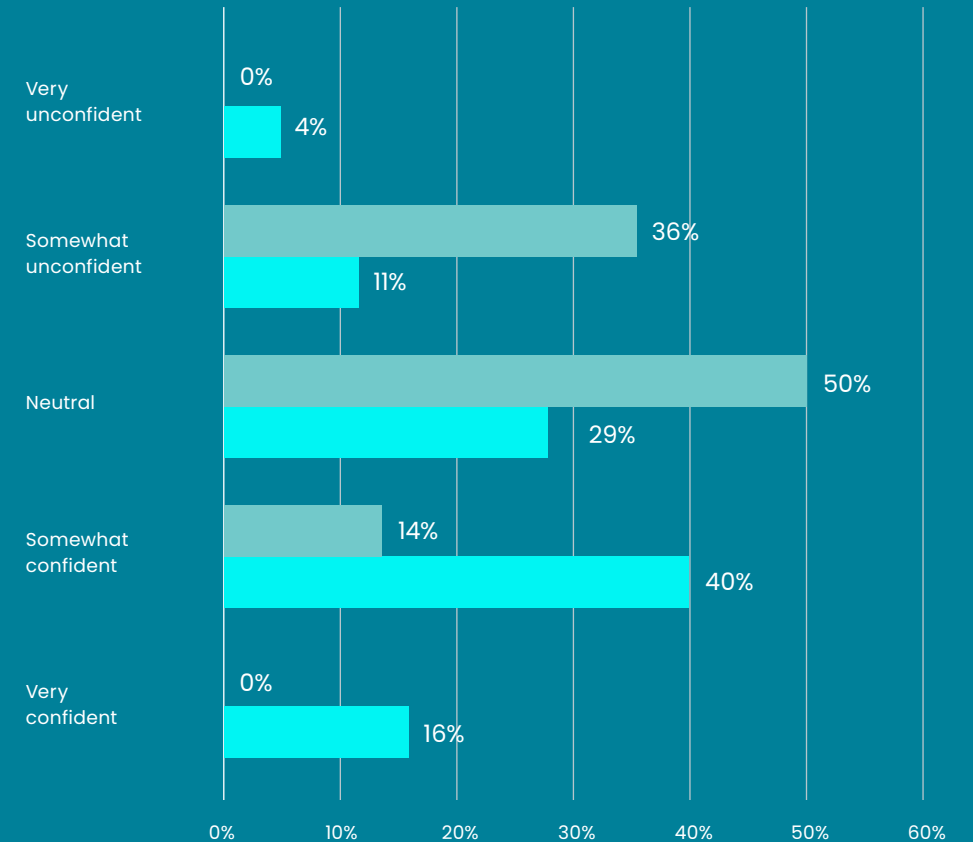
"We are surprised to see such a substantial number of companies unsure as to when they will make their first disclosures. Given the significant complexity of the CSRD, and the fact that understanding timing is effectively the first step towards compliance, we would have anticipated a much smaller number in that regard (especially given that those responding to the survey are likely to be those who have in some way engaged with CSRD, meaning that the true number may be even higher!)."

PAUL DAVIES
Partner, Latham & Watkins

24%
of companies are unsure when they will make their first CSRD disclosures.

How Confident Do You Feel About Your Organisation's Preparedness for CSRD Reporting?

■ Report date unknown ■ Report date known

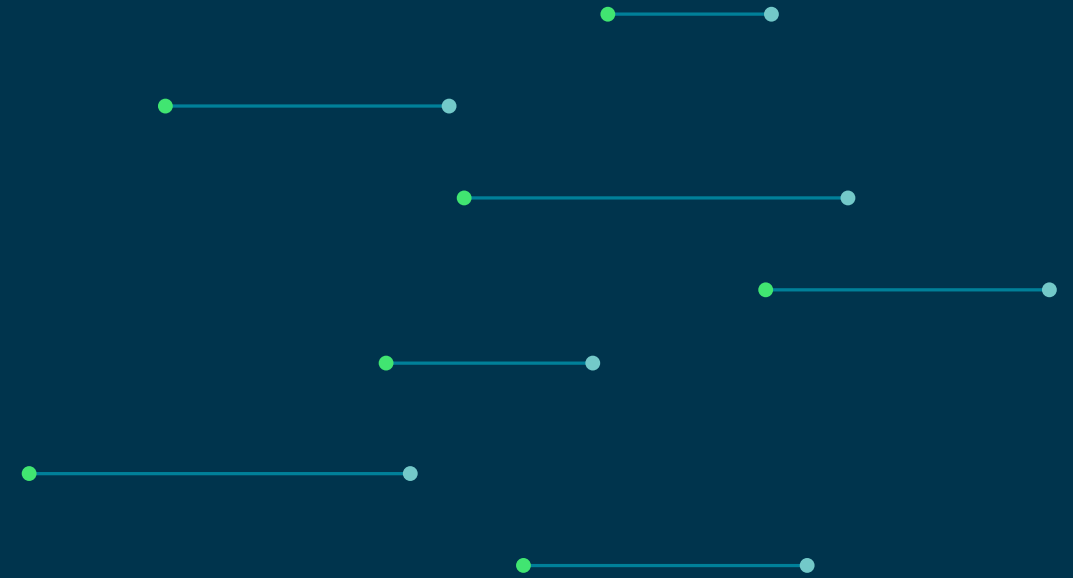


ESG Teams Are Found to Boost Confidence

One clear trend is that companies with an in-house sustainability or ESG team feel more prepared for CSRD reporting. 52% of those with such a team reported feeling somewhat or very confident, compared to just 27% of companies without dedicated ESG resources. This difference might also reflect company size, as larger organisations are more likely to have these resources available.

52%
of those with such a team reported feeling somewhat or very confident.

One clear trend is that companies with an in-house sustainability or ESG team **feel more prepared** for CSRD reporting.



"It's encouraging to see that organisations with dedicated ESG or sustainability teams feel significantly more confident in their preparedness for CSRD reporting. This confidence—52% compared to just 27% for those without such teams—underscores the importance of having specialised expertise in place. As more companies approach their CSRD reporting deadlines, building internal ESG capabilities—whether through expert teams or leveraging technology or advisors—will be essential for effectively navigating CSRD and driving long-term success."

BETH MEYER
Chief Legal Officer, Novata

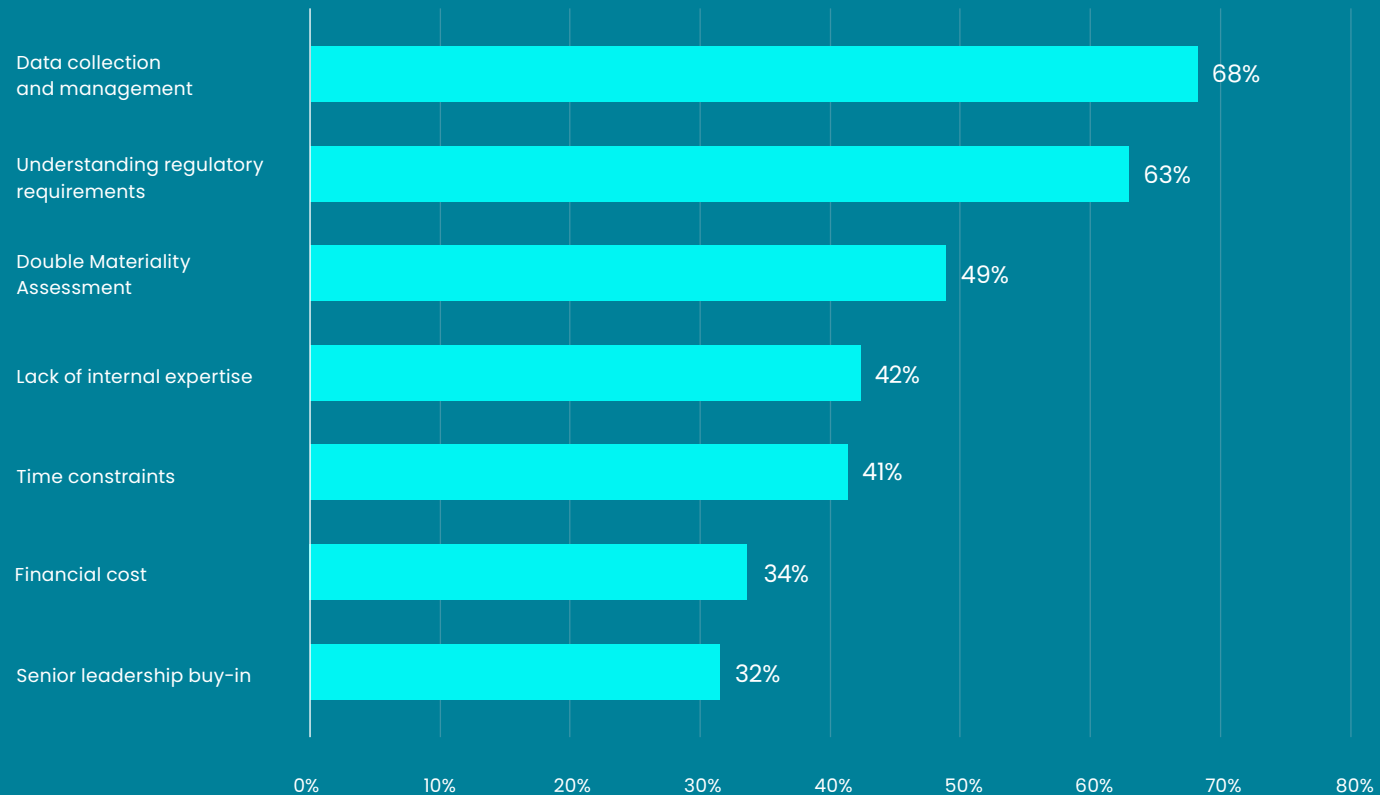
What Are the Biggest Challenges Companies Are Facing?

Even though companies expressed some confidence in reporting, most respondents acknowledge that 'understanding regulatory requirements' was one of the biggest challenges in navigating CSRD compliance. This highlights the need for both employee and C-suite training, as well as seeking legal guidance to ensure compliance.



68% of companies stated that data collection and management is the biggest challenge faced in navigating CSRD compliance.

What Are the Biggest Challenges Your Organisation Has Faced When it Comes to Navigating CSRD Compliance?



Spreadsheet Setbacks

Despite the complexity of the Double Materiality Assessment (DMA), it did not rank as highly among the challenges when compared to data collection and understanding regulatory requirements. However, it's important to note that, based on the first reporting dates of the companies in the sample, not all companies may have conducted a DMA yet. As more companies undertake this process and encounter its challenging requirements, we anticipate that the DMA will be perceived as a more significant challenge.

Data collection and management emerged as the most common challenge —understandably so, given that companies will need to report an average of 400–600 ESRS-aligned data points. A study by [PwC](#) found that over 90% of respondents are using, or plan to use, spreadsheets for sustainability reporting. Spreadsheets require manual input which are prone to errors and also lack automation features available via software. Moreover, multiple users working on the same spreadsheet are likely to create version control issues.

“Approximately 20% of all ESRS datapoints are required irrespective of a materiality assessment, while nearly 80% of datapoints are subject to materiality. On average, we are estimating that clients can expect to report between 450–650 datapoints, which will vary based on the findings of their Double Materiality Assessment.”

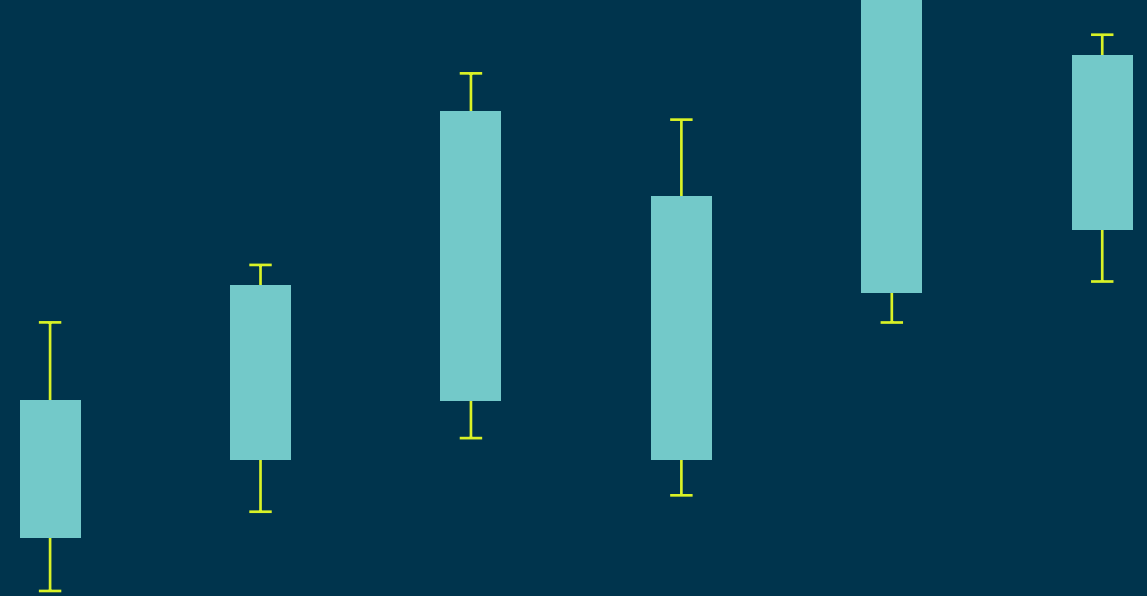
DR. CAITLIN PENTIFALLO
Head of Metrics and Regulations, Novata

The Role of Technology

The findings of the report suggest that companies working with technology providers reported fewer issues with data collection and management. Technology plays a significant role in the CSRD by helping companies streamline the collection, analysis, and reporting of ESG data in line with the directive's requirements. The CSRD mandates that companies disclose a wide range of sustainability-related data, from environmental impact

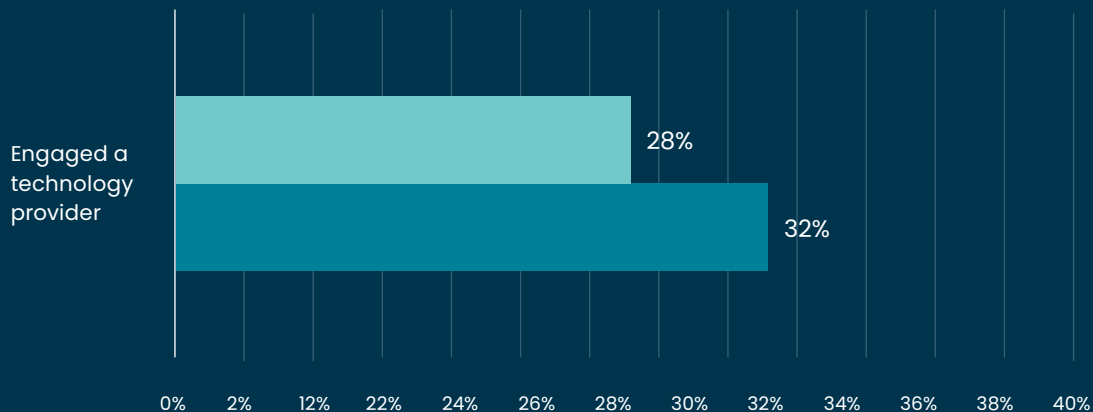
to social and governance factors, making it essential for companies to have efficient tools to manage this data-intensive process.

Beyond technology, companies are engaging a broad range of external service providers. Gaining insight into these partnerships, including their costs, is critical as companies map out their compliance strategies.



Do Companies Viewing Data Collection and Management as a Major Challenge Engage Technology Providers More Often?

■ Companies who see data collection and management as one of the biggest challenges ■ Companies who do not see data collection and management as one of the biggest challenges



“It’s surprising that **only 28%** of companies, despite citing data collection and management as a major challenge in CSRD compliance, have engaged a **technology provider**. In today’s evolving regulatory environment, leveraging technology is essential not only for compliance but also for enhancing overall ESG performance. As more organisations grasp the complexity and scale of the CSRD, I anticipate a sharp increase in the adoption of technology solutions to streamline data collection processes and ensure efficient, accurate reporting.”

ALEX FRIEDMAN
CEO & Co-Founder, Novata

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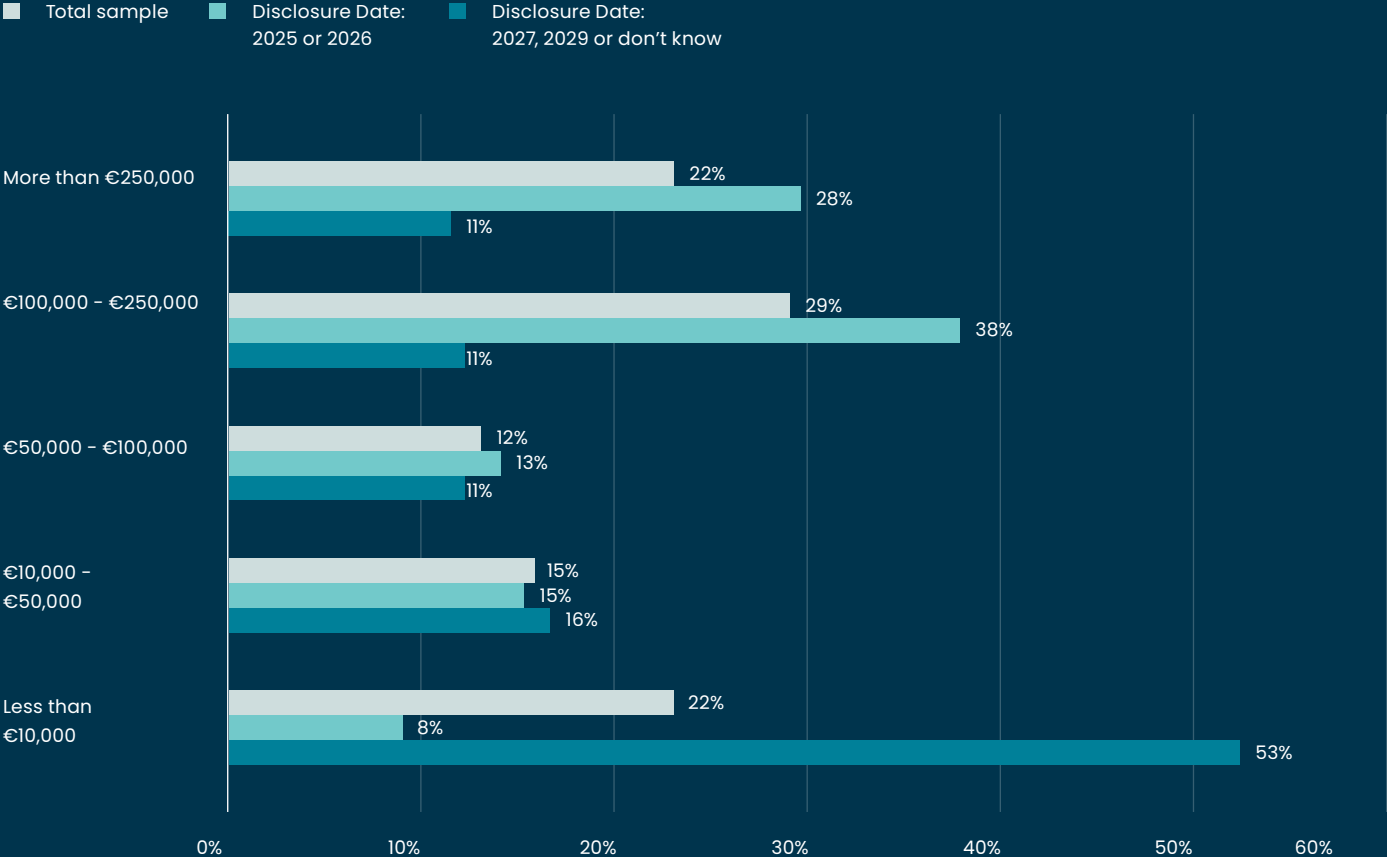
Expected Costs and Key Investment Areas of CSRD Compliance

How Much Will CSRD Compliance Cost?

Compliance with CSRD is widely understood to be resource- and cost-intensive. Our survey confirms this, with more than 51% of respondents either already spending or expecting to spend over €100k annually on compliance. For companies expecting to disclose for the first time in 2025 or 2026, this figure rises to 66%.

More than 51% of respondents are either already spending or expecting to spend **over €100k annually** on compliance.

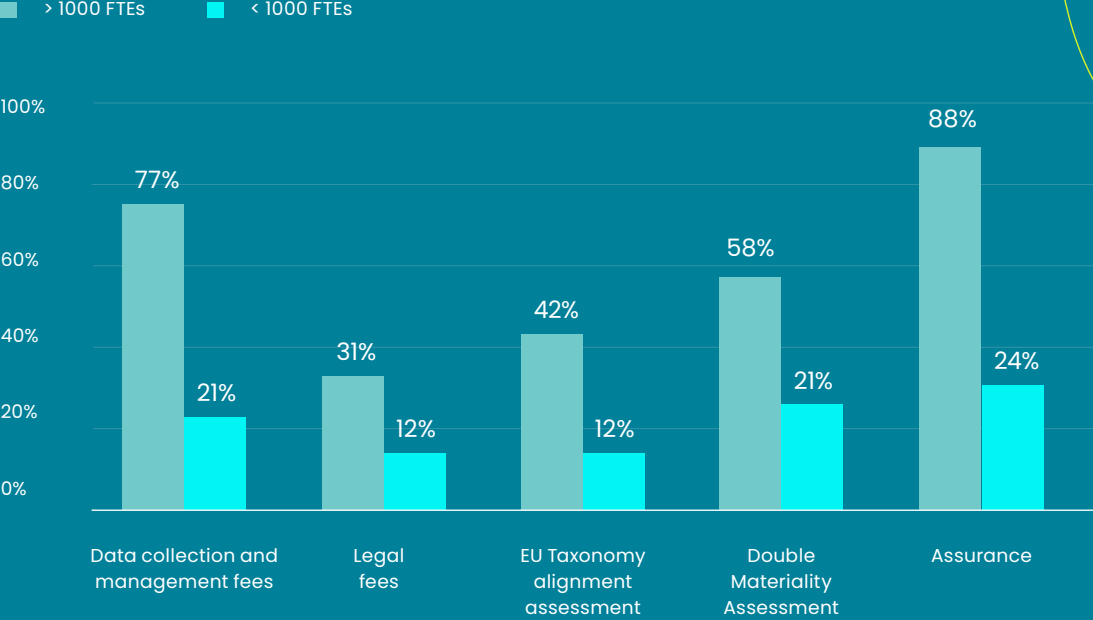
What Is the Estimated Total Financial Cost Your Organisation Has Incurred or Expects To Incur Annually for CSRD Compliance?



CSRD Budget Allocation

Larger organisations, with their more complex value chains, a greater number of stakeholders, and more data to assess, collect, and assure, naturally expect higher costs.

Share of Organisations Spending More Than €50K on Different Aspects of CSRD Compliance



One key driver of compliance costs is the need to establish new administrative processes for data collection. According to EFRAG’s [Cost Benefit Analysis of the First Set of Draft ESRS](#), this burden will be particularly heavy for companies not already reporting under the Non-Financial Reporting Directive (NFRD), in the EU.¹

“Appropriate controls have to be introduced that satisfy the auditor. In many cases this means buying a solution or adjusting existing accounting and related systems to gather the ESRS required data. Assurance is a key requirement now for which limited guidance is available. Auditors need to increase their fees to cover the additional work and make sure that they can recover the costs of additional training for their financial auditors to learn about ESG and how to audit an ESRS report.”

MIKE JENNINGS
 Founder, [Green Reg Advisory](#)

¹The [Non-Financial Reporting Directive \(2014/95/EU\)](#) requires certain large companies to disclose specified non-financial information in their annual statements.

Rising Assurance Costs

Assurance costs are anticipated by participants to require the largest proportion of budget, followed by data collection and management fees, and the Double Materiality Assessment. Nearly 88% of organisations with over 1,000 full-time employees (FTEs) expect assurance costs to exceed €50k. These costs are expected to rise further as the EU moves towards requiring reasonable assurance by 2026. However, overall assurance for the DMA and sustainability data is expected to be less costly than for financial assurance.

The Double Materiality Assessment ranks as the third highest anticipated cost area. When analysing by sector, we find that the Energy and Manufacturing sectors expect to face greater costs, with 60% and 47% spending over €50k, respectively. This can be attributed to several factors. Both sectors are exposed to numerous potential impacts, risks, and opportunities, requiring sector-specific expertise during the DMA process.

In general, the following factors contribute to higher DMA costs:

- ✓ Size and number of entities included in the assessment.
- ✓ Complexity of the entity's value chain.
- ✓ Sector-specific expertise required for higher-risk industries.
- ✓ The number of stakeholder groups that need to be engaged via the DMA process.

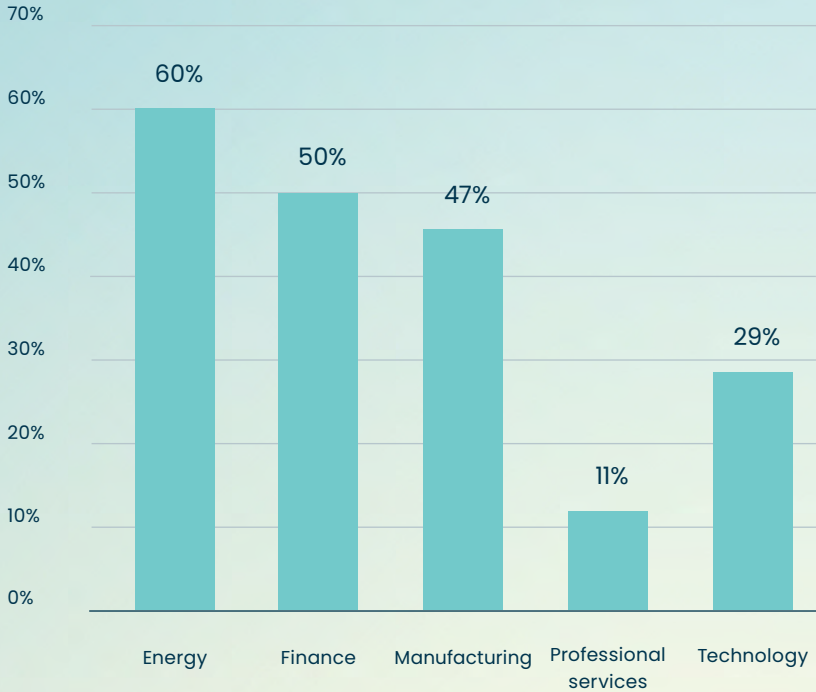
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Double Materiality Assessment Costs

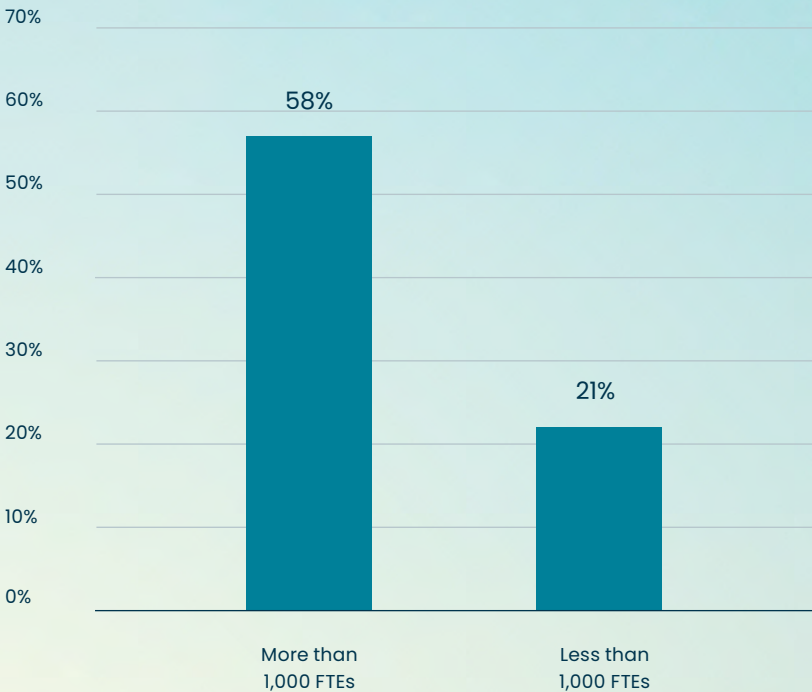
Splitting the sample by number of full-time employees (FTEs), shows that the DMA will be more costly for larger organisations.

Energy and Manufacturing sectors expect to face greater costs, with 60% and 47% spending over €50k, respectively, on the Double Materiality Assessment

Share of Companies Spending More Than €50K on the Double Materiality Assessment by Sector



Share of Companies Spending More Than €50K on the Double Materiality Assessment by Size



Who Are Companies Engaging for Support?

Companies are increasingly turning to external experts to help navigate the complexities of CSRD compliance, from sustainability consultants to assurance and technology providers. The data shows a notable number of organisations engaging legal and assurance providers, particularly among those with limited or comprehensive ESG reporting experience, compared to those without.

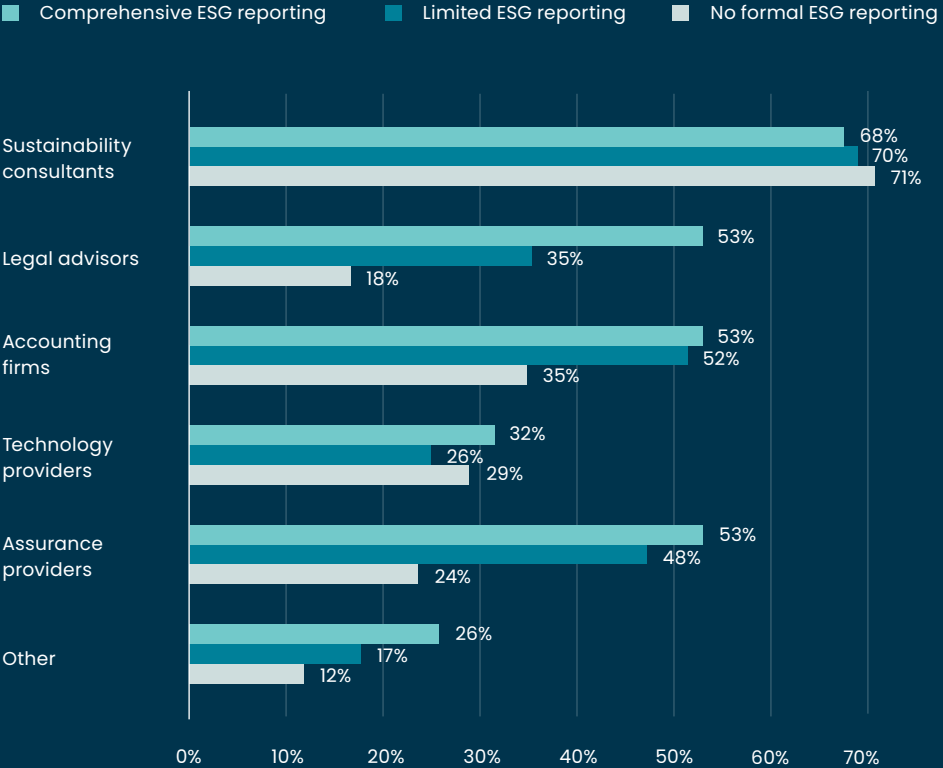
Bringing legal providers on board early is crucial. They help companies establish clear reporting boundaries, which are a fundamental part of CSRD compliance. A study conducted by EFRAG found that most administrative costs for companies without formal ESG reporting already in place arise from implementing due diligence processes and legal advice ([Cost Benefit Analysis of the First Set of Draft ESRS, EFRAG](#)). This highlights the importance of engaging legal advisors early, especially for companies new to ESG reporting, as they should anticipate additional financial investment in this area.

Bringing legal providers on board early is crucial.

“As regards the legal spend, this is also surprising to some degree but perhaps reflects that CSRD is a complex and novel disclosure regime that many companies will be new to and still have not fully understood. This will also result in significant amounts of new data being put in the public domain (and subject to assurance). As such, it makes sense from our perspective that companies will be looking to ensure their CSRD process is subject to robust legal review (although estimates given may be on the lower side).”

MICHAEL GREEN
Counsel, Latham & Watkins

Which Types of Service Providers Have Your Organisation Engaged for CSRD Compliance?



04

Looking Ahead: Turning CSRD Compliance into Opportunity



Top Insights

- 01 More than 51% of respondents are either already spending or expecting to spend over €100k annually on CSRD compliance.
- 02 52% of organisations with internal sustainability teams feel prepared for the CSRD, compared to just 27% without.
- 03 24% of companies are unsure of their first CSRD disclosure date, emphasising the need for legal guidance.

The key challenges of CSRD compliance include data collection and management, understanding the regulatory requirements, and conducting the Double Materiality Assessment. Additionally, the costs of assurance and building the necessary administrative processes are expected to rise as companies face their first reporting deadlines.

To navigate this landscape effectively, companies must prioritise early engagement with legal advisors, technology providers, and assurance partners. The right partnerships will help manage costs and streamline the CSRD process, ensuring companies are ready for compliance by their reporting deadlines. By conducting pilot exercises, improving data quality, and addressing any gaps, companies can position themselves for long-term success under the CSRD framework.

“Companies that view their investment in compliance as an opportunity to drive business outcomes have a real opportunity to deliver a return on these dollars. Regulations like the CSRD provide visibility into performance metrics that are not only important to stakeholders but that can and should be used to effectively manage material risks, capitalize on opportunities for cost savings and innovation, and develop a competitive advantage through a broader and more strategic use of sustainability data.”

JESSIE MARTIN
Global Head of Advisory, Novata

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Getting Started and Staying Ahead with Novata





Navigating [CSRD compliance](#) doesn't have to be complicated. Novata offers a powerful solution that combines cutting-edge technology with expert advisory to guide you through every step of the process—from [double materiality assessments](#) to audit-ready reporting.

DOUBLE MATERIALITY

Identify ESG risks and opportunities, understand their impacts to your business and share results in an assurance-ready format.

AUDIT-READY REPORTING

Access assurance-ready templates, document trails, and change histories at your fingertips.

COLLABORATION MADE EASY

Assign tasks, track progress, store all documentation, and collaborate effortlessly with stakeholders and advisors.

EXPERT ADVISORY PRACTICE

Our in-house ESG experts provide comprehensive guidance every step of the way, including readiness assessments, double materiality analysis, and ESRS gap analysis.

EFFORTLESS DATA COLLECTION

Gather and manage all ESRS data points with automated processes and real-time tracking.

FLEXIBLE PACKAGES

Tailored solutions to fit your unique compliance needs.

With Novata, you can [simplify your CSRD compliance journey](#) and turn sustainability reporting into a strategic advantage—giving you the confidence to meet regulations and unlock new opportunities for growth.

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About This Survey



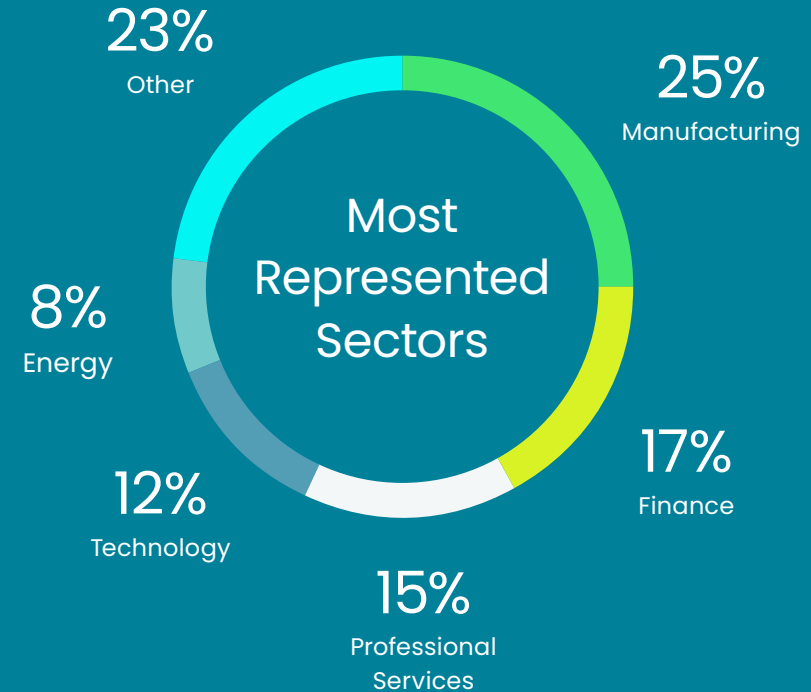
The CSRD Survey, conducted by Novata in September and October 2024, received 59 responses. Most of these respondents were from private companies (66%), but there was also representation from public companies (22%) and investment firms (12%). As expected, most respondents (83%) were headquartered in Europe.

Respondents also varied in terms of company revenue. While the largest proportion (36%) reported revenues exceeding €500 million, every revenue category was represented, including 12% of companies with earnings below €1 million.

Regarding the timing of their first CSRD reporting, 2026 was the most frequently cited year (47%). Fewer companies are set to report in 2025 (20%), while 24% were unsure of their first reporting date. All figures presented reflect the full survey sample.

Novata recognises that this sample may not fully represent the broader market or provide a proportionate representation of all sectors. Additionally, because participation in this research was voluntary, the pool of companies in scope may not be fully representative of the range of market practices.

The survey captured a diverse range of sectors. After consolidating some sub-industries, the five most represented sectors were:



Thank You

Thank you for reading Novata's From Strategy to Spend: How Companies Are Preparing for CSRD Compliance report. We hope you found the insights valuable.

To learn more about Novata and our CSRD solutions, visit novata.com/csr-d-simplified

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