



From Obligation to Opportunity

The challenges and opportunities of adapting to the CSRD

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Degree project/Independent project • 30 credits

Swedish University of Agricultural Sciences, SLU

Faculty of Natural Resources and Agricultural Science/Department of Economics

Environmental Economics and Management

Degree project/SLU, Department of Economics, 1642 • ISSN 1401-4084

Uppsala 2025



From Obligation to Opportunity. The challenges and opportunities of adapting to the CSRD

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Credits: 30 credits

Level: A2E

Course title: Master thesis in Business Administration

Course code: EX0904

Programme/education: Environmental Economics and Management

Course coordinating dept: Department of Economics

Place of publication: Uppsala

Year of publication: 2025

Title of series: Degree project/SLU, Department of Economics

Part number: 1642

ISSN: 1401-4084

Keywords: CSRD, double materiality assessment, Omnibus, sustainability reporting, challenges and opportunities

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Abstract

The Corporate Sustainability Reporting Directive (CSRD) represents a significant regulatory shift in sustainability reporting, mandating more comprehensive and standardized disclosures from a wide range of companies. This study aims to provide valuable insights for companies preparing to report under the CSRD in the future, assisting them in optimizing their reporting processes. Additionally, it explores how companies have conducted their DMA, and the challenges and opportunities encountered during the reporting process.

This study employs a qualitative research method, involving a multiple case study of three companies that have reported under the CSRD, along with a sustainability consultancy that assists companies in preparing their CSRD reports. Furthermore, it examines how this relates to the theoretical framework of the study, which encompasses the theory of dynamic capabilities and the concepts of sensing, seizing, and reconfiguring.

The findings suggest that companies approach the reporting process differently based on their prior sustainability maturity, with the most advanced company able to repurpose existing materials, while those less experienced need to create new internal roles and engage external consultants from the ground up. The lack of standardized methods for assessing double materiality, coupled with a scarcity of reports for benchmarking, posed challenges for most companies in this study. The reporting process prompted most companies to recognize the strategic value of embedding sustainability into core business functions and reinforced the importance of ongoing reporting, despite the Omnibus initiative providing regulatory relief to two out of three companies examined.

This study offers practical insights for companies reporting under the CSRD and practitioners engaged in double materiality assessments. A unique aspect of this research is its exploration of the Omnibus initiative and companies' responses to the resulting regulatory relief.

Keywords: CSRD, double materiality assessment, Omnibus, sustainability reporting, challenges and opportunities

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Abbreviations

CSRD	Corporate Sustainability Reporting Directive
DMA	Double Materiality Assessment
EFRAG	European Financial Reporting Advisory Group
ESRS	European Sustainability Reporting Standards
EU	European Union
GRI	Global Reporting Initiative
SASB	Sustainability Accounting Standards Board
VSME	Voluntary Sustainable Reporting Standard for non-listed SMEs

1. Introduction

In the first chapter, the subject and the background of the study will be presented. The chapter further presents the aim, research questions, and the delimitations of the study.

1.1 Background

Sustainability reporting has become a standard practice today, with nearly all the world's largest companies producing sustainability reports. An increased focus on environmental and social factors has become critical for businesses' long-term performance (KPMG 2022). As stakeholders demand greater transparency, corporations are expected to demonstrate how they manage sustainability issues and risks in sustainability reports (Amran & Keat Ooi, 2014). By doing so, firms can also positively impact their market performance. Over the years, sustainability reporting frameworks and standards have been developed to guide companies in presenting and communicating their sustainability disclosures. Internationally recognized standards, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), have played a key role in shaping corporate sustainability reporting (KPMG 2022).

1.1.1 From NFRD to CSRD

The Non-Financial Reporting Directive (NFRD) was established to provide guidelines for companies to report on their management of environmental and social challenges (European Parliament 2024). However, the NFRD applied only to insurance companies, banks, public interest entities, and publicly listed companies with more than 500 employees, covering approximately 11,000 companies (ibid). This limited scope left many other companies unaccounted for. Additionally, the European Commission's evaluation of the NFRD identified several shortcomings, including a lack of comparability and reliability in the disclosed information and overlaps among various sustainability reporting regulations (Greenomy 2024). The users of the non-financial information reported under NFRD demanded more and better information from companies on their environmental and social performance and impacts. Therefore, the Commission presented its proposal for the Corporate Sustainability Reporting Directive that aims to improve and strengthen the rules of NFRD (European Parliament 2024).

On January 5, 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force, replacing the previous reporting directive, the NFRD. With the CSRD, more large companies, listed SMEs, and some non-EU companies will be required to report on sustainability. The detailed content of the new reports under the CSRD is determined by the European Union's common standards for sustainability reporting, the European Sustainability Reporting Standards (ESRS), which contain requirements relating to environmental, social, and governance issues, including climate change, biodiversity, and human rights (European Commission 2023a). The objective of the new directive is to ensure that companies disclose information that investors and other stakeholders need to assess the impact that companies have on people and the environment, as well as investors being able to evaluate financial risks and opportunities arising from climate change and sustainability issues. By harmonizing the information in the reports, e.g., including non-financial information in the annual report instead of creating a separate sustainability report, the European Commission claims that reporting costs will be reduced for companies over the medium to long term (European Commission n.d).

In February 2025, the European Commission published the Omnibus proposal set to redefine several existing sustainability directives, including the CSRD (European Commission 2025). With the proposal, only large companies with more than 1,000 employees would be in the scope for the CSRD, which would be a decrease of approximately 80 percent from the original scope. With the “stop the clock” proposal, a two-year postponement will be introduced for companies that were supposed to be mandatory to report under the CSRD as of 2026 or 2027 (bid).

1.1.2 The Double Materiality Assessment (DMA)

Materiality can be defined as an accounting principle which states that businesses must disclose all information in their financial statements that could likely influence investors' decisions (HBS Online 2016). Laine et al. (2021) describe materiality as considerations regarding how relevant a particular issue is for an organization and its stakeholders. The CSRD will require that sustainability reports under the directive be based on double materiality (European Commission 2022). Companies must therefore conduct a DMA to identify impacts, risks, and opportunities and determine to what extent they are material to the company and its stakeholders (European Commission 2023b). The concept of double materiality refers to companies reporting not only on how sustainability-related risks affect their financial performance but also on how the company's actions affect people and the environment (European Commission 2022). In other words, companies report on

their ‘financial materiality’ and their ‘impact materiality’ with the double materiality concept.

1.2 Empirical Problem

A central focus of the CSRD is that companies must conduct a DMA and are therefore required to include both financial and impact materiality assessments in their annual sustainability reports (European Commission 2022). Financial materiality refers to matters that trigger or could potentially trigger significant financial effects. This occurs when a sustainability issue creates risks or opportunities that have a material impact, or could be expected to impact, the company’s development, financial position, performance, cash flows, access to finance, or costs of capital in the short-, medium- or long-term (EFRAG 2024). Impact materiality refers to matters that relate to the company’s significant actual or potential impacts, positive or negative, on people or the environment over the short, medium, or long term. These impacts include those arising from the company’s operations and those linked to its upstream and downstream value chain, including through its products (ibid). A sustainability matter can be material from a financial perspective, an impact perspective, or both (EFRAG 2024). Conducting the assessment means that several delimitations must be made, which, depending on the company's business, can be very complex and time-consuming (Svenskt Näringsliv 2024). Identifying the significance of stakeholders and stakeholder groups is crucial to the assessment process. When evaluating the materiality of the identified negative impacts, the scale, scope, and reversibility of these impacts must be considered, as well as the likelihood of their occurrence (ibid). ESRS encourages the reporting company to collaborate with the affected stakeholders, that is, individuals or groups whose interests are affected, or could potentially be affected by the company’s activities. Even though ESRS encourages collaboration and describes it as central, it is not a mandatory procedure (EFRAG 2024).

While financial materiality is a well-known assessment process familiar to many companies, impact materiality is a novel concept that remains untested and not understood in mandatory reporting settings (Mezzanotte 2023). Therefore, potential issues with the DMA could occur, according to Mezzanotte (2023). For example, the impacts of corporate activities are multifaceted and complex, making them hard to quantify. Determining what constitutes a material impact is often subjective and can vary among stakeholders, which could lead to inconsistencies in reporting. The reporting company may struggle to gather all important information because affected stakeholders might be reluctant to share sensitive or negative details. This hesitation often stems from fears of losing business, facing legal actions, or damaging relationships with their business partners. Since the information shared

could present conflicting interests for the company, stakeholders may be cautious about disclosing it (ibid). De Cristofaro and Gulluscio (2023) examined companies' adoption of DMA in 2021 and found signs of the approach in their sustainability reports. The study also revealed that while most companies used reliable methods to link sustainability topics with relevant impacts, they often failed to specify the scale of impact or whether it was positive or negative, direct or indirect. Correa-Mejía et al. (2024) found similar results, indicating that 67% of the European companies studied claim to follow double materiality in their sustainability reporting but do not adhere to the guidelines proposed by EFRAG.

Materiality assessment is already a familiar process for companies. However, the CSRD will change the perspective of materiality and the way companies approach the matter. (Dragomir et al. 2024; Mezzanotte 2023). Dragomir et al. (2024) highlight that regulators should include clear requirements in future versions of standards or guidelines regarding financial and impact materiality to ensure that companies do not hide critical impacts that could affect sustainable development.

There are only a limited number of scientific articles addressing the topic of the CSRD and DMA. However, the presence of various student theses indicates a growing interest in the field. While these works have not undergone a formal peer review, they still provide valuable insights into the emerging opportunities and challenges. The DMA process enhances an internal and external sustainability dialogue that fosters awareness, knowledge sharing, and increased transparency with suppliers while promoting increased stakeholder engagement (Svensson 2024). However, companies often find the process complex and require assistance in reporting, leading them to either restructure internal positions or rely on external consultants (Laine 2024; Svensson 2024). Another challenge is the lack of transparency (Laine 2024; Ghiglione & Karimi 2024), as many organizations do not disclose details about their assessment procedures, and a lack of standardized assessment practices results in lower reliability and legitimacy (Laine 2024). As well as ensuring truthful reporting while acknowledging the risks of non-compliance and reputational damage (Ghiglione & Karimi 2024). Additionally, companies preparing for the new directive face difficulties related to data availability, accuracy, integrity, and ambiguity in interpreting standards (Peteri 2024). Another difficulty with the DMA is the lack of standardized reporting methods (Berlinger 2024; Laine 2024; Peteri 2024). This leads to companies needing to independently develop their assessment techniques, resulting in various approaches and steps in the assessment process. Berlinger (2024) highlights the need for enhanced regulatory guidance to ensure that all reporting companies can achieve alignment with the new standards. These challenges highlight the need to better understand how companies are navigating the new reporting requirements

related to the CSRD, particularly concerning the DMA, which is a novel concept (Mezzanotte 2023).

1.3 Theoretical Problem

The introduction of the CSRD has fundamentally redefined the requirements for sustainability reporting, with the concept of double materiality now serving as a cornerstone of the regulation (European Commission 2022). Dragomir et al. (2024) point out a significant research gap concerning DMA since the concept was further defined in the EU's regulation, altering its implications. Given that the directive is new, and its implementation has only recently taken place for the first time, there is a shortage of published materials demonstrating how these processes are being conducted in affected companies. Thus, examining the implementation of DMA in the sustainability reports for fiscal year 2024 is particularly important, as many companies are currently aligning with the CSRD in anticipation of their inaugural report under this directive, set to be released for the fiscal year 2025 in Sweden (FAR n.d.). This study can consequently address the knowledge gap identified by Dragomir et al. (2024), offering a much-needed complement to the predominantly forecasting studies available.

The EU regulatory landscape is at the same time undergoing further development through the Omnibus initiative, which adds complexity to this area. To reduce the reporting burden on companies, the “stop the clock” rule will postpone the reporting requirements for two years, only requiring companies to report if they have more than 1000 employees, a turnover rate above EUR 50 million, or a balance sheet total above EUR 25 million (European Commission 2025). Since this new proposal came to light as late as January 2025, it has created new conditions for the affected companies, creating uncertainty for companies already deep into their reporting cycles. Some may proceed with reporting to meet stakeholder expectations or internal commitments, while others may delay or adjust their approach based on anticipated regulatory shifts. There is currently no published material regarding the Omnibus initiative and how it could and has impacted companies. This presents an opportunity to explore how companies respond to an uncertain and evolving regulatory environment and what strategic decisions have been made accordingly. By examining company responses during this transitional phase, this study can provide valuable insights into how organizations manage regulatory uncertainty and adapt their reporting practices.

1.4 Aim and Research Questions

This study will examine how companies have conducted their DMA and the challenges and opportunities that arise during the process, including the adaptation of the Omnibus initiative. Furthermore, the study aims to contribute valuable information for companies that will report under the CSRD in the future, which can assist in streamlining their reporting processes, as well as for policymakers, by offering insights into the practical implications and effectiveness of current sustainability reporting regulations.

- i) How are companies adapting their materiality assessment processes to align with the CSRD's double materiality requirements?
- ii) What challenges and opportunities do companies face when assessing and reporting under the CSRD?
- iii) How does the Omnibus initiative affect companies' CSRD alignment efforts?

1.5 Delimitations

This study is limited to Swedish companies that have completed their CSRD reporting and DMA for the fiscal year 2024, and one sustainability consultancy agency that supports companies with their CSRD reporting. Although the CSRD applies across all EU member states, narrowing the scope to Sweden allows for a more in-depth, context-sensitive analysis of how firms navigate the new reporting requirements. Furthermore, this study does not limit itself to a specific industry since the primary aim is to explore and compare organizational processes, rather than sector-specific results. The inclusion of companies from diverse industries also provides a more comprehensive view of how different organizational structures, resource levels, and prior sustainability experience influence the CSRD and DMA implementation.

2. Theory

This chapter will discuss this study's theory of dynamic capabilities. Dynamic capability theory suits this study since it explains how firms adapt strategically to external changes (Teece et al. 1997) like the CSRD and DMA requirements. The theory offers a structured way to analyse how companies sense sustainability-related risks and opportunities, make decisions, and reconfigure their processes accordingly.

2.1 Dynamic Capabilities

Dynamic capabilities are based on 'the resource-based view of the firm' (RBV) (Eisenhardt & Martin 2000). RBV emphasizes internal resources and capabilities as primary determinants of the firm's competitive advantage and performance (Barney 1991). RBV has, over the years, faced criticism for being too static and for misidentifying the true source of long-term competitive advantage in dynamic markets (Eisenhardt & Martin 2000). Therefore, the concept of dynamic capabilities complements the original propositions of RBV by addressing its limitations, such as acknowledging that resources and capabilities are not static but evolve in response to the constantly changing environment.

Ordinary capabilities are those that allow firms to 'make a living' in the short term, while dynamic capabilities are those that operate to extend, modify, or create the ordinary capabilities (Winter 2003). Eisenhardt and Martin (2000) argue that dynamic capabilities consist of specific processes, such as product development and strategic decision-making. These capabilities are idiosyncratic in their details and path-dependent in their performance, meaning that they develop uniquely within each organization based on its history, experience, and existing resources. Dynamic capabilities are influenced by both enabling and inhibiting factors, both internal and external to the organization (Ambrosini & Bowman 2009). Despite the uniqueness of dynamic capabilities across different firms, dynamic capabilities also exhibit recognizable patterns, and some commonalities can be identified. These commonalities are often referred to as "best practice," which are shared features or characteristics observed across various companies (ibid). While dynamic capabilities may vary from one firm to another, these commonalities highlight effective practices or patterns that are consistently associated with the successful execution of those capabilities.

2.2 Sensing, Seizing, and Reconfiguring

Teece et al. (1997) define dynamic capabilities as the firm's ability to integrate, build, and reconfigure competencies to cope with dynamic environments. Dynamic capabilities are the skills, procedures, organizational structures, and decision rules firms utilize to create and capture value (Teece 2010). Teece (2007) divided dynamic capabilities into three types: sensing, seizing, and reconfiguring.

Sensing refers to a firm's ability to identify and anticipate changes in the market environment, and to identify opportunities and threats (Teece 2007). In fast-moving competitive markets, businesses must continuously sense and shape opportunities and threats due to shifting technologies, customer preferences, and competitive actions. While some trends are predictable, many are not, therefore, active scanning is essential. Investment in research and related activities is crucial to complement the sensing efforts (ibid). Sensing is especially relevant when companies are deemed to understand the implications of new sustainability regulations and standards, such as the CSRD, since the regulatory landscape is dynamic itself.

Seizing refers to a firm's ability to address identified opportunities or threats as soon as they are sensed. This could involve investing in new technology, developing new products or services, or altering business models to meet identified needs (Teece 2007). Successful seizing often requires making strategic choices about which opportunities to pursue at any given time, potentially necessitating a firm's commitment of capital and resources. Effective decision-making protocols and a supportive organizational structure are crucial during the seizing phase (ibid). When the reporting companies have identified potential opportunities or challenges with the new reporting requirements, seizing could involve investing in new software to streamline the reporting process or balancing the sustainability requirements with financial performance to utilize the new reporting directive.

Reconfiguring refers to a firm's ability to refine and adjust its resources to seize opportunities. Although sensing and seizing often involve fundamental functions within the firm, reconfiguring can lead to a complete redesign of the business model (Teece 2007). The ability to transform often includes managing internal resistance to change and ensuring the organizational culture supports innovation and flexibility. It also involves continuously realigning resources to respond to ongoing shifts in the external landscape (ibid). As sustainability reporting requirements evolve, firms may need to redesign their reporting structures or even realign their supply chains to meet new criteria. Such realigning of capabilities is essential to keep up with the ongoing regulatory shifts and to achieve long-term success.

2.3 Dynamic Capabilities for Corporate Sustainability

Dynamic capabilities for corporate sustainability are described as unique organizational capabilities that enable firms to adapt and respond effectively to changing sustainability demands from stakeholders (Wu et al. 2013). These capabilities enable firms to seize opportunities regarding sustainable development and reconfigure existing functional capabilities for corporate sustainability (ibid). Since stakeholder needs cannot always be a part of the corporate strategy, seizing capability is crucial for firms to find the balance between sustainability and financial performance (ibid).

Wu et al. (2013) extend the theory of dynamic capabilities to the area of corporate sustainable development by developing a conceptual framework of dynamic capabilities for corporate sustainability that is composed of three sub-capabilities: monitoring capability, seizing capability, and reconfiguring capability, which are the key elements for corporate sustainability.

The monitoring capability refers to establishing open communication channels with direct and indirect stakeholders, which is the starting point for firms to be able to understand dynamic sustainability trends (Wu et al. 2013). The sustainability information and knowledge that is collected is then forwarded to and interpreted by individuals who can make sense of it. In this way, the sustainability insights gathered through various communication channels are analyzed, organized, and used to continually enrich the organization's sustainability knowledge base (ibid). As new regulations, directives, and standards evolve from the EU, firms with strong monitoring capabilities are more likely to anticipate their implications and respond accordingly.

The seizing capability refers to cross-functional knowledge sharing and experimentation with new technologies as two key processes for identifying potential sustainable development opportunities (Wu et al. 2013). Leading firms also demonstrate a well-defined governance structure to effectively manage sustainability issues across the organization. Since corporate sustainability is a long-term journey, firms need to establish mid- and long-term strategies, along with clear milestones, to maintain their commitment to sustainability.

For the reconfiguring capability, before initiating changes to operational processes that have become unsustainable, firms must first implement formal systems to

measure sustainable performance (Wu et al. 2013). Access to real-time performance data enables informed decision-making during the reconfiguration of business processes and functions. Reconfiguration activities for corporate sustainability could involve managing external factors that cause negative sustainable impacts through collaboration with external business partners, or auditing and performing risk analysis about potential factors that could cause negative environmental impacts (ibid).

The content analysis of Wu et al. (2013) reveals that leading firms employ two primary approaches to reconfiguring unsustainable operations. The first involves integrating standardized environmental management systems into core organizational processes, which help regulate operations and mitigate sustainability impacts. The second approach consists of project-based, situation-specific initiatives, typically undertaken in collaboration with supply chain partners. These initiatives aim to realign and optimize the resources and capabilities of all involved parties to address emerging sustainability challenges across the value chain. Overall, effective reconfiguration capabilities must be supported by ongoing learning and training efforts (ibid).

While the dynamic capabilities perspective offers valuable insights into how firms adapt and evolve in response to environmental changes, it is equally important to acknowledge its limitations and the received critique. The dynamic capabilities view has been criticized for oversimplifying the complexities involved in strategic change within firms and for lacking a solid theoretical foundation. It has been argued that a firm's capabilities should not be defined solely by the characteristics of its environment (Arend & Bromiley 2009). Additionally, systems theory emphasizes that organizations function within environments they cannot entirely comprehend, resulting in blind spots in their strategic actions as they simplify and selectively choose their approaches. Therefore, fully flexible organizational capabilities might not be achievable, which results in difficulties with continuous adaptation to every kind of environmental change, which is the essence of dynamic capabilities (Burisch & Wohlgemuth 2016).

3. Methodology

In the third chapter the chosen research approach is presented, followed by the research design and the significance of earlier literature. The selection of respondents is then presented, along with the data collection and analysis, and lastly the research quality and the ethical considerations made during the research process.

3.1 Approach

The study applied a qualitative research method with an inductive approach. This approach focuses on building theories through a "bottom-up" process, where insights and patterns emerge from the data rather than being predetermined by existing theories (Bell et al. 2019). The inductive approach begins with detailed observations or the collection of empirical data, which is then analyzed to identify trends, themes, or patterns. Over time, these patterns are synthesized into broader, generalizable theories or conceptual frameworks. This method is suited for exploratory research, as it allows flexibility and openness to discover new phenomena, ensuring that findings are closely aligned with lived experiences reflected in the data. It emphasizes grounding theory in real-world evidence, making it a dynamic process of observation, analysis, and theory generation (ibid). The inductive approach allows themes to emerge from the data, making it suitable for this study due to its novelty and limited research.

Adopting a specific research philosophy is important since it contains important assumptions in the way the researcher views the world (Saunders et al. 2009). Constructionism, which is the research philosophy for this study, emphasizes reality being socially constructed and context dependent (Bell et al. 2019). Constructionism challenges the viewpoint that categories such as organization and culture are objective phenomena and that social actors are external realities. Instead, constructionism considers them as socially constructed entities, made by the real actions and experiences of humans. Constructionism goes further by acknowledging that social phenomena and categories are not only made through social interactions but are also in constant revision (ibid). Constructionism is a strong philosophical fit for qualitative, inductive research because of its alignment with the context-dependent nature of social phenomena. Furthermore, since the CSRD is a newly introduced and evolving directive, constructionism provides an appropriate philosophical lens to explore how companies act and respond to the CSRD in practice, and how their reporting practices are developed and contested.

Opting for a qualitative, inductive approach rooted in constructionism is ideal for a study focused on how companies have responded to the CSRD and the Omnibus initiative, given that these regulatory changes are recent, complex, and still developing. Furthermore, due to the limited existing research available for reference, an approach that enables the author to discover patterns, themes, and challenges as they naturally arise from the data is effective for understanding the real-world impacts of the CSRD. Constructionism enhances this approach by highlighting those organizational realities, including compliance strategies and perceptions of regulatory burden, are socially constructed and continually evolving.

3.2 Research Design

This study adopts a multiple case study research design to explore how companies have adapted to the CSRD and the Omnibus initiative. A case study provides a detailed contextual analysis of a specific research problem, contributing to a deeper understanding. By examining a small, carefully selected number of events, individuals, or situations, a case study offers nuanced insights that might not be as evident through broader, generalized research methods (Bell et al. 2019). By focusing on several carefully selected organizations, the research can examine both the unique and shared ways companies interpret, implement, and respond to these new sustainability reporting requirements. The strength of a case study lies in its ability to closely investigate real-life scenarios and by grounding the research into actual experiences and events. A case study enables researchers to observe and analyze phenomena as they occur in their natural environment (ibid). Creswell (2013) states that a case study is suitable for clearly identified cases with boundaries that seek to provide an in-depth understanding of the cases or to make a comparison of several cases. The cases can involve an individual, several individuals, a program, or an activity, and they can be single or collective, multi-sited or within-site, and they can be focused on a case or an issue (ibid).

This research design is particularly suitable for the current research problem, as the CSRD marks a significant and relatively recent change in the regulatory environment, with companies across various sectors encountering new challenges and opportunities. The case study approach will offer real-world examples that enable a deeper understanding of the practical implementation of the new reporting requirements. By conducting a thorough analysis of each case, the study will reveal the complexities and context influencing each case as well as the reasons behind the differing processes employed. Furthermore, by examining multiple cases, the study can identify patterns and differences that can unveil broader industry trends. However, with a limited number of cases, it will be challenging to establish a

generalizable result (Labaree 2020). The challenge with case studies also lies in their lack of representation of the larger problem being investigated (ibid).

3.3 Literature Review

The literature review is essential as it establishes the foundation for the study by identifying existing knowledge of the research topic and theory, it is the basis for justification of the research questions, as well as the research design (Bell et al. 2019; Rocco & Plakhotnik 2009). An extensive literature review was conducted to research the chosen topic and its associated theories. This was done to gain a comprehensive understanding of the subject and to identify any gaps in the existing literature. By analyzing and synthesizing previous studies, a relevant angle on the topic was identified that can develop and contribute to the existing knowledge. The literature was found through searches in Google Scholar, Primo, and Science Direct. Keywords used in the literature were CSRD, double materiality assessment, double materiality analysis, DMA, dynamic capabilities, sustainability reporting. Previous literature has also been found by looking at what other studies within similar topics have referenced.

3.4 Selection of Respondents

A purposive sampling method was used for this study, selecting respondents who had a complete DMA result to ensure they possessed relevant and practical experience. In addition to these individuals, one consultant was also included to provide a broader, more general perspective on the topic, offering insights beyond the specific project experiences of the primary respondents. The number of respondents in this study was relatively limited, which allowed for an in-depth analysis of the cases. However, with a small number of respondents, the diversity of different experiences, industries, and organizational operations may not be fully captured, and a broader sample would allow for more general conclusions to be drawn.

Table 1. Respondents

Company	Position	Date
BST Group	Director of Sustainability	March 5th
If P&C Insurance	Sustainability Officer's	April 4th
First Camp	ESG Manager	March 27th
Goodpoint	Senior Advisor and Consulting Manager	March 12th

3.5 Data Collection and Analysis

The data from the case studies was collected via semi-structured interviews with four respondents. The respondents were contacted via e-mail requesting an interview, which was then booked and conducted online. Before the interviews, an interview guide with the questions was prepared and sent to the respondents in advance so they could reflect on them before the interview. The questions were developed based on the purpose of the study and the research questions as well as the respondents' different fields of work. The interviews were conducted online through Teams and Google Meet. The interviews were held in Swedish, and each interview lasted between 30 minutes to one hour. Each interview had similar questions, but with a few added ones that were customized for each respondent. Some questions were removed when it was clear that they did not contribute anything to the study. Since the interviews were semi-structured, the questions were open-ended, and additional follow-up questions were also asked to enhance the discussion. The interviews were sound recorded with consent from the respondents. Recording the interview has several advantages, it enables the author to be more present, focus better, and ask follow-up questions rather than only focusing on writing down the respondents' answers (Bell et al. 2019). The recordings were later transcribed, and themes were identified based on the study's research questions. The respondents who wanted to read the transcripts

A thematic analysis approach was used to analyze the data, which is one of the most common approaches to qualitative data (Bell et al. 2019). To get started with this, the transcribed material was read several times. The material was then reviewed, where relevant segments such as words, sentences, or paragraphs are labeled with a word or short phrase that summarizes its content. These thematic labels were "DMA process", "challenges", "opportunities", "challenges and opportunities", and "omnibus". These themes were categorized to fit in with the study's aim and research questions. Each theme was then given a color to streamline the process further. The transcripts were then color-coded based on the themes to create a structure in the transcripts and to identify patterns. With the help of color coding, it was easier to compare and find similar or contrasting results of the interviews.

To connect the findings further to the theoretical framework, the transcripts were additionally coded to align with the key topics, sensing, seizing, and reconfiguring, to establish a basis for the discussion. For instance, statements related to how companies gathered information about the CSRD and sustainability were categorized under sensing. Discussions about how the companies responded to identified needs or adapted their processes were linked to seizing, while descriptions of more fundamental adjustments were categorized under

reconfiguring. Coding helps researchers engage deeply with their data by requiring close examination of each sentence or segment, leading to more comprehensive and insightful analysis. It allows researchers to uncover patterns or themes that might be overlooked in a simple read-through, often sparking new analytical ideas. Coding also improves data accessibility, making it easier to retrieve and reference specific parts of the interviews (Skjott Linneberg & Korsgaard 2019).

3.6 Research Quality

Ensuring research quality is a fundamental aspect of any scholarly inquiry, particularly in qualitative research, where individual perspectives and context play a central role (Bell et al. 2019). Trustworthiness in qualitative research can be assessed using four criteria: credibility, transferability, dependability, and confirmability (ibid).

Credibility refers to the degree to which the research results are believable and trustworthy from the perspective of the participants (Bell et al. 2019), therefore, credibility in qualitative research depends on the ability and effort of the researcher (Golafshani 2003). Credible findings have accurately reflected the participants' perspectives, and to achieve that, certain efforts need to be made from the author's side. To ensure credibility, triangulation was conducted by collecting data from several sources while investigating the same research questions. Recording and transcribing interviews minimized the risk of misinterpreting participants' responses. Respondent validation was also conducted by allowing the respondents to review the author's findings from the transcribed interviews, if they wanted to, and make corrections if needed.

Transferability refers to the extent to which the findings can be applied or transferred to other settings, groups, or situations (Bell et al. 2019). Since qualitative research typically entails the intensive study of a small group, the findings tend to be oriented to the unique context of the phenomenon being studied. Qualitative research emphasizes thick description, a detailed account of the research context, participants, and findings. A thick description provides others with a database for making judgements about the findings, whether they are transferable or not (ibid). To achieve this, the author describes each respondent, allowing readers to understand the context of each case. Transferability is also established through the author's explanation of the assumptions and boundaries of the study, clarifying under what conditions the findings may apply for future research.

Dependability refers to the consistency of the research process over time and across researchers. This involves adopting an auditing approach that ensures complete records of all phases of the research process (Bell et al. 2019). Peers are then asked to audit during the research and, most importantly, at the end, to establish how far proper procedures have been followed. This external input helps minimize the influence of individual researcher bias and adds a layer of accountability to the study.

Confirmability reflects the degree to which the findings are shaped by the participants' experiences, not by the researcher's bias or preconceptions. However, it also means recognizing that complete objectivity is impossible (Bell et al. 2019). Therefore, it needs to be shown that the researcher has acted in good faith, meaning that it should be apparent that the researcher has not overly allowed personal values or theoretical inclinations to influence the conduct of the research and findings deriving from it. Therefore, one of the main objectives for the auditors should be to establish confirmability (ibid). Reflexivity is important to recognize when it comes to confirmability, as it requires the author to engage in continuous self-examination and critical reflection throughout the entire research process (ibid). This involves acknowledging how personal beliefs and background may affect different parts of the research process, such as interactions with respondents, data interpretation, and the framing of conclusions. The author should reflect on the implications of their methods, values, biases, and decisions for the knowledge that is generated from the study.

3.7 Ethical Considerations

Business researchers need to regard ethical considerations as an integral part of the research process and to keep visiting them throughout the process (Bell et al. 2019). The ethical principles help researchers to ensure that ethical risks are minimized and are broken down into four main areas: avoidance of harm, informed consent, privacy, and preventing deception (ibid).

Harm can be physical harm, harm to participants' development or self-esteem, stress, harm to career or future employment. The author, therefore, needs to consider the potential harm that could affect the participants because of their involvement in the study and detect how this can be avoided. In this study, efforts were made to minimize harm by ensuring confidentiality, avoiding sensitive or invasive questions, and allowing participants to withdraw at any stage

Informed consent seeks to ensure that participants are given as much needed information to make informed decisions about whether they would like to participate or not (Bell et al. 2019). The participants must be informed about the

purpose of the research, what their participation will entail, and any potential risks or benefits, and lastly, they must voluntarily agree to participate. In this study, the participants were asked whether they wanted to be anonymous or not. A brief explanation of the study was also provided, ensuring that each respondent understood the research aims.

Invasion of privacy must be carefully avoided by respecting the confidentiality and anonymity of the participants (Bell et al. 2019). For example, it should always be okay for the respondents not to answer certain questions. However, it is also difficult for the researcher to know what topics might be sensitive or not, and therefore, the researcher must treat each case sensitively and individually and allow the participants to withdraw (ibid). In this study, even though the scenario did not appear, the respondents did not need to answer any questions if they did not want to. It was also made clear that the recordings of the interviews were only for creating authentic transcriptions, showcasing the respondents' views on the topic.

Deception occurs when the researcher represents their project as something other than what it is (Bell et al. 2019). Deceptive practices can undermine trust and compromise the ethical integrity of the study. In this research, transparency was prioritized at all stages, and participants were fully informed about the nature, scope, and aims of the project to ensure that no misleading information was communicated.

4. Findings

This chapter presents the findings from the interviews conducted with the four respondents. Each section starts with a short description of the companies, followed by a compilation of the collected empirical data, structured according to the study's aim and research questions.

4.1 BST Group

The BST Group is the Nordic region's leading fire protection group that offers design, installation, service, and maintenance of fire protection systems (BST Group n.d.). The respondent works at BST Group as their Director of Sustainability and has been doing so since August 2024. The respondent's role was new in the company and was created to begin the reporting process under the CSRD.

The DMA process

The process for BST Group began with reading the new directive, the ESRS standards, and the guidelines from EFRAG to develop a general understanding of the necessary actions, recognize the boundaries and identify the value chain. An Excel sheet listing all the ESRS standards, topics, and sub-topics was created.

“We're a small group, so I called around to our subsidiaries, where there are specialists in chemical substances like PFAS. I spoke with them about what chemicals we use, and I also visited worksites to see how things are actually done. I interviewed most of the CEOs in the group to understand their environmental impact, how they work, what their customer requirements are, in order to understand and map out the full picture. We had to sit down together and discuss scenarios, like ‘if this were to happen,’ what risks would be associated” – BST Group's Director of Sustainability

More information was collected through stakeholder dialogue and surveys with customers and suppliers. When the stakeholder dialogue was finished, they conducted a sustainability workshop with the management and the findings indicated that BST's management had a solid understanding of their business environment.

“We had representatives from all companies to map out risks like financial, environmental, and human risks. That's where we identified the major areas of materiality. Before we conducted the workshop, we wanted to complete our stakeholder dialogue to capture what is material to our stakeholders. I didn't want those results to influence the management team, so we kept them separate. The DMA would be proof that we were doing things right. So first, the workshop identified what was material to the management team, and then we could share what was important to our stakeholders.

It was clear that everyone working here was well-informed” – BST Group’s Director of Sustainability

After a while, it became clear that all this information could not fit into a single Excel sheet, and therefore, software was needed to facilitate the reporting. Stratsys, a cloud-based tool, was purchased.

“Stratsys helps compare the DMA. Once it was finalized, reviewed by the auditors, and received feedback from management, and then approved by the board, we entered it into Stratsys. It provides a tool that ensures nothing is missed, like a subtopic, and offers support. It would’ve been ideal to work directly in it, but the procurement process took time. Instead of the Excel file, topics are now documented one by one in Stratsys. That’s where we track our results and describe why a topic is material and what impact it has. Having online software helps with reviewing the DMA over time” – BST Group’s Director of Sustainability

Once the DMA is complete, a GAP analysis is conducted where Stratsys assists with standard texts directly from the ESRS standards. For example, if a climate risk analysis is required, Stratsys offers a tool for the process and generates the KPIs, meeting the standard requirement to use both quantitative and qualitative data for materialities. Stratsys is also useful beyond CSRD and ESRS compliance, particularly if specific information is needed, such as the amount of fuel used by the company's service cars and its impact.

Opportunities

The effort put into conducting the DMA was shown to be valuable for communicating with customers about ongoing developments, emerging trends, and future directions. Since these customers are large companies operating in major industries, they have specific requirements for the materials used, many of which are driven by sustainability regulations. As a result, the DMA process becomes an important tool for meeting these demands and effectively communicating relevant insights.

“We’re not doing this work just for DMA, but also to communicate what’s happening, the trends, the direction we’re heading, the development, which our customers want to know” – BST Group’s Director of Sustainability

Another positive outcome of the CSRD is that, since it is a legal requirement, companies can justify investing in software like Stratsys, which can also be used for other purposes. The new directive has allowed them to allocate more time to ensure compliance, and it has strengthened the credibility of sustainability efforts

in stakeholder dialogues. Ultimately, for large companies, sustainability is not just an ethical concern, it is a fundamental part of their license to operate.

Challenges

Challenges also arise while doing the DMA for BST Group. The banks did not answer their survey, making it difficult to gather insight into which aspects they consider important. While emission data is relatively easy to document with supporting materials, better systems are needed to track and manage data over time to prevent loss.

“There are hundreds of KPIs to respond to for each company, even if a company only has 6 employees. But there’s more acceptance when the requirements come from the CSRD and not just from headquarters” – BST Group’s Director of Sustainability

Omnibus

With the new Omnibus initiative, BST Group is exempt from the CSRD requirements, however, they have already chosen to continue complying with the directive’s requirements. After the DMA was completed, four key areas were identified as essential to address, regardless of the CSRD. By aligning with the CSRD, a structure is established for the sustainability reporting process and a checklist to follow. For BST Group, it is strategic to maintain alignment with the CSRD since they lacked a well-defined sustainability practice before hiring their director of sustainability.

“It’s strategic to continue, especially since before I was hired, BST Group didn’t have a well-developed sustainability program. This was a good way to get started, and now we can slow the pace and make the process gentler, no need to rush anymore” – BST Group’s Director of Sustainability

4.2 If P&C Insurance

If P&C Insurance is the leading non-life insurance company in the Nordic region and is a part of the Nordic insurance group Sampo (If n.d.a). If offers insurance solutions for private individuals and corporate customers (If n.d.b). The respondents for this interview were If’s two Sustainability Officers from the company's Sustainability Unit, who were in charge of assembling If’s sustainability report according to the CSRD.

The DMA process

In preparation for the CSRD and the DMA process, If had continual discussions with its owner Sampo, which in their turn has also performed a DMA. They held numerous discussions before the actual DMA processes began, due to many regulatory requirements and a significant amount of information that needed to be produced. The respondents described the DMA process as similar to other types of reporting that they had done before. However, it was still a major transition, and there was much to accomplish.

“When I started working on this two and a half years ago, the standards didn’t really exist, there were drafts, but not the final version. So there was a lot of figuring out how and what to report. Initially, it was thought that environmental topics would be mandatory and certain parts of workforce reporting, but then it shifted so that everything depends on the DMA. A lot has changed along the way, since there are so many requirements that must be met. Just mapping out the report and ensuring everything is included is a huge task, even if you’ve already done a lot of the groundwork. If we hadn’t done anything beforehand, it would have been an enormous task” – If’s Sustainability Officer

If started their DMA process with a strong foundation of previous materiality analyses. They conducted various workshops and interviews with different stakeholders. If had continual discussions with its owner Sampo, which in their turn has also performed a DMA. If’s sustainability unit also participated in various industry organizations to discuss relevant topics and cover multiple perspectives.

“For an insurance company, climate change is highly material, it’s something we’ve worked with for a long time, both in helping our customers prevent damages and more broadly. Everyone contributes to climate change, you can’t really say you don’t. We may not have significant emissions from our own operations, but we have large investments in companies that do, so it’s quite natural. And then, as an insurer, we’re also impacted by carbon emissions, as they affect the climate, which in turn creates storms, floods, and so on, which affect our business because they could lead to more claims. So that’s a textbook example of something that’s material from both an impact and financial perspective” – If’s Sustainability Officer

According to If’s Sustainability Officers, not much has changed, as they have maintained solid sustainability reports for years and have been very active in sustainability efforts. What has changed is their reporting method due to new legal requirements. They have divided their previous report, as some content must now be included in the sustainability statement in the annual report, while the rest is presented on their website as storytelling. They emphasize that storytelling is also important since it is more accessible for more readers and illustrates their work in practice. For the DMA, they needed to review certain aspects and revise how they were perceived, but other than that, only their reporting style has changed, not the work itself. Thanks to their long-standing sustainability engagement, they were

well-prepared, and the report served to summarize everything they had already done, as they already possessed ample material to draw from.

“A lot of our DMA was based on things we’d already done and existing discussions. We didn’t have to invent something entirely new, though, of course, we had to create a matrix and categorize impacts, risks, opportunities, etc. But we already had a good understanding of what’s material since we’ve worked with these topics before. Of course, new things can still come up” – If’s Sustainability Officer

If did not invest in additional software for reporting, instead, they utilized internal models, extensive Excel, and qualitative assessments. The results were then validated internally within the group, the internal steering groups, and other forums. The reporting team is part of the Sustainability Unit, but If also has a Sustainability Office that includes representatives from various departments. The Sustainability Office provides strategic input on sustainability issues, coordinates the reporting to the Sustainability Committee, and cooperates with the Sustainability Core team. Additionally, the Sustainability Committee is an advisory and preparatory body for the CEO on sustainability-related matters and the integration into operations. The Sustainability Unit discussed and validated the DMA in these forums to enhance its reliability and ensure realistic results.

Challenges

“At first, it was challenging knowing where to draw the line, because technically, everything has some kind of impact or risk. My initial thought was, how are we going to define boundaries?” – If’s Sustainability Officer

This was If’s Sustainability Officer’s first thought about the challenges with the DMA but once they looked at previous work it came naturally where to set the boundaries. If a topic came up in the DMA that they had already discussed in previous work and was recognized as important, then that helped to validate its materiality. Another challenge was the difficulty of knowing what was “enough” to comply since it is a new directive, and there is nothing to benchmark against or any established best practices.

“Another challenge was the sheer amount of information, it’s difficult to know what’s ‘enough’ to comply. It’s a new regulation, and there’s nothing to benchmark against or any established best practice. And there’s no right or wrong, it’s more like, this is how we’ve done it, and this is what we’ve concluded’ It’s all interpretation. And now that some sustainability statements are being published, you can see that not all insurance companies are doing it the same way or identifying the same topics as material, even though the businesses are very similar” – If’s Sustainability Officer

The respondents emphasize that the results from companies in different industries will be difficult to compare but that insurance companies should be comparable to each other. However, some insurance companies are, for example, part of a bank, making their operations broader, including other issues, which therefore makes the comparability more complex. The CSRD is supposed to fit all types of companies, which makes it difficult. The respondents do think that even in the future, it still might be difficult, but that it will be interesting to see how things will develop over time.

The respondents explain how the Omnibus initiative has a proposal to remove the sector-specific standards. For example, reporting on resource inflow and outflow is not applicable for an insurance company but is highly relevant for a factory. Similarly, workplace fatalities are not common for an insurance company but could be in a high-risk industry. The sector-specific standards would have been a way to include more industry-relevant information. That is the difficulty, making the standards fit everyone. There could also be a risk that the comparability will go down when everything is so general. It will become more difficult to compare insurance companies with each other or, for example, construction companies with each other. Simultaneously, it makes things easier if the general data points are reduced.

“The first year is always the hardest, just to get the processes in place. As we said, we reused other reporting processes and had a good structure already. But there are always opportunities to improve and streamline processes. Eventually, we’ll be able to use the information more meaningfully, since we’ll have more years of data to compare. Right now, some numbers are just standalone figures. It’s only when you start seeing trends and setting goals that it becomes actionable. It’s exciting to be part of this development”
– If’s Sustainability Officer

Opportunities

The respondents say that the CSRD and the DMA process have helped them gain better insights into what’s happening in the organization. More people across the organization get involved and engaged in the work with the CSRD. It creates opportunities for greater collaboration within the organization, people in positions far related to sustainability are also influenced and realize that they could also contribute, which is a big opportunity. If there are difficulties with completing something, one can use the CSRD to justify it, since it is a legal requirement. The respondents have, however, not experienced that resistance within the organization.

“We actually benefit from our focus on damage prevention, fewer claims mean fewer payouts, so there’s a financial gain. But there’s also a benefit for the environment and our customers, less climate impact, more security, and peace of mind. And of course, we’re there to support if something does happen” – If’s Sustainability Officer

Omnibus

If chose to apply to the CSRD voluntarily one year in advance, but regardless of Omnibus they still must report on the datapoints that were postponed. Omnibus does not give them any regulatory relief, but it would not have mattered. They will keep working as usual since their sustainability work is not just about complying with the CSRD, the report summarizes everything they have already been doing for many years. The respondents emphasize that most companies will continue as planned, since if they pause now, they might not be ready in time for when they need to report. Therefore, it's important to keep a close eye on the developments.

4.3 First Camp

First Camp is the leading camping chain in Scandinavia with almost 70 destinations across Sweden, Norway, and Denmark (First Camp n.d.). The respondent has served as First Camp's ESG manager since May 2024, a newly established position, with half of the responsibilities focused on alignment with the CSRD.

The DMA process

First Camp began its process with the CSRD and DMA at the end of 2023 to assess the support needed for compliance with the new requirements. Since many metrics and parameters required integration, First Camp technically reported according to the CSRD a year in advance. They chose a proactive approach, dedicating significant time to ensure proper incorporation. At the start of 2024, it became clear that a new role within the company was necessary, prompting the respondent to join First Camp as the new ESG manager. Before the respondent's arrival, it was also determined that support from an external consultant was essential.

“We hired a consultant from Position Green, who supported us from start to finish with the DMA. They conducted workshops and gathered all the necessary information. This was important because I wasn't part of the company when the procurement took place, and we wanted to ensure that the process was conducted correctly. Since this was our first time reporting and everything was new, it felt reassuring to bring in a company that had conducted many DMAs before to ensure high quality” – ESG Manager of First Camp

Internal stakeholders participated in the workshops, representing most parts of the organization. Although external stakeholders, such as suppliers, were not directly involved in the process, they were engaged through key business functions.

“We engaged many internal stakeholders, with representatives from most parts of the company participating in our workshops. Employees were also involved, along with our guests, our end users. While we did not have a direct dialogue with guests, every visitor was invited to complete a guest survey, which played a significant role in shaping our work. Additionally, our “operations” team, who work on-site, provided input based on guest feedback. We did not have direct dialogues with suppliers but involved them through our key business functions. For example, our procurement team represented the supplier perspective. Similarly, we included municipalities, our CEO maintained ongoing discussions with them, which allowed us to incorporate their perspective without direct dialogues” – ESG Manager of First Camp

First Camp needed to involve all key stakeholders, and despite their varying degrees of involvement, the organization ensured that the most important voices were heard. Additional industry data was also used in gathering information for the DMA. First Camp's auditors played a vital role in the process to ensure that all aspects of the organization were addressed, maintaining an ongoing dialogue with the external consultant. The consultant compiled a list of required data, including policies, and analyzed industry standards. First Camp provided all this data, and the consultant organized it, incorporating multiple review checkpoints between the workshops.

Challenges

Since First Camp hired an external consultant to assist with the reporting, there were not many challenges encountered. One important consideration, however, was ensuring alignment with the consultant, as it can be challenging for an external consultant to fully comprehend a company's specific challenges. To manage this, First Camp held regular discussions and checkpoints to verify details and facilitate the alignment of both perspectives on challenges and opportunities for the company.

Opportunities

The DMA process was a great opportunity for the respondent, as someone new to the company, to become acquainted with the organization and gain an in-depth understanding of the business. The results from the DMA process provided valuable insights into what is most important, both to the company and to its guests. These results will also help in setting meaningful goals for the future.

Omnibus

Initially, when discussions about the Omnibus initiative were taking place, First Camp paused briefly to wait. However, once it became official, they decided to proceed as planned. Therefore, the Omnibus initiative did not alter anything for

First Camp. They continued to work with the CSRD and DMA as before, and they still expect to report accordingly next year, as originally intended.

“There’s also a risk that companies may scale back sustainability initiatives that would have been beneficial. Everyone wants to do the right thing and be ambitious, but it becomes difficult when regulations change so frequently” – ESG Manager of First Camp

The respondent appreciated the effort of the Omnibus initiative to streamline reporting and avoid redundant legal requirements, as it allows for better coordination. However, it also creates uncertainty for companies, and it would certainly have been preferable if this decision had been made from the start.

4.4 Goodpoint

Goodpoint is a sustainability agency that offers advice and support for sustainable business development and long-term value creation, for companies and organizations in any industry. Among its wide range of services, Goodpoint also assists clients with sustainability reporting in line with the CSRD (Goodpoint n.d.). The respondent is a Senior Advisor and Consulting Manager for Goodpoint.

The DMA process

Goodpoint has constructed a five-step routine for the DMA process involving frequent meetings, dialogues, and workshops with the client since they have expertise in their business and Goodpoint has expertise in sustainability issues. Throughout the process, Goodpoint takes the lead by organizing meetings, taking notes, and working between sessions, while the client primarily participates when needed. The first step of the routine is “Business Context”.

“First, we send the client a questionnaire with 40 questions about their sustainability work. Then we send them a materials request list with 40 data points, about 15 of these are usually usable. We read through those 15, and then hold the business context workshop. In that workshop, we map the value chain(s) together, both upstream and downstream, and identify key stakeholders and sustainability impacts for each step in the value chain. Then we summarize and align that with the client” – Senior Advisor and Consulting Manager, Goodpoint

In the “Identification Phase”, they use insights from Step 1 and external databases such as SASB to extract risks, opportunities, and impacts (ROIs) relevant to the company. This results in a preliminary list of 200-250 ROIs per company or subsidiary, which is then sent to the client for quick validation via email.

The “Assessment Phase” follows, where Goodpoint evaluates inward and outward impacts, risks, and opportunities. This is a demanding workshop process, as around 150 items must be assessed using three key criteria. The results are compiled in an Excel sheet, which helps define the materiality threshold, a critical discussion point in the DMA process. If the threshold is set too low, too many issues become "material," making it difficult for the company to focus. If it's too high, important topics may be excluded.

“For example, I was in Piteå yesterday with a client who had ended up with all 10 ESRS areas marked as material, which is unmanageable. That threshold had been inherited from their previous risk work, and our recommendation was to raise it to get maybe five material topics instead, so they can prioritize better. According to the CSRD, thresholds are set by the board, in dialogue with the auditor, approved by the CEO, and then by us”
– Senior Advisor and Consulting Manager, Goodpoint

Once the assessment is complete, they move into “Aggregation & Reporting”. The data is uploaded into platforms like Position Green or Stratsys, and a 15–20-page DMA report is produced. This document is primarily for auditors and the board, ensuring that the process has been properly conducted and that the findings are valid for decision-making.

After the DMA process concludes, they immediately begin a Gap Analysis. This involves identifying which of the 1,185 CSRD data points are applicable, focusing on 500-600 subtopic-level data points. These are then prioritized based on reporting timelines, whether they must be reported in year 1, year 2, or voluntarily. The next step is assessing the workload. Typically, two-thirds of the required data already exists, especially within ESRS 1, while the remaining third must be sourced. In practice, this means that in year 1, around 100 additional data points must be gathered. Goodpoint then conducts a workshop with the client to evaluate the difficulty of collecting these data points. Some, like GHG emissions calculations, can be particularly challenging and costly, for instance, scope 1, 2, and 3 emissions assessments can cost around 150 000 kr. Nevertheless, they are essential and must be acquired.

When it comes to stakeholder engagement, Goodpoint's approach follows EU regulations and builds upon existing company data rather than conducting new stakeholder dialogues in year 1.

“We rely on existing data, most companies already have some form of dialogue, like customer or employee surveys. We use that data. Out of 25 clients, only two required an additional stakeholder dialogue. Otherwise, we use existing data and structures and summarize them” – Senior Advisor and Consulting Manager, Goodpoint

Instead of company-specific discussions, Goodpoint emphasizes industry-wide data, which is often more comprehensive and reliable. For instance, in the textile industry, in which Goodpoint works with a lot, extensive research is already available on industry-wide impacts, risks, and opportunities, so that is used instead of gathering new data from individual companies. While additional stakeholder engagement is recommended in year 2, the priority in year 1 is to establish a solid baseline that companies can build upon, rather than beginning from scratch. The respondent states that they know key stakeholders are potentially missing, but that it is very uncommon since industry data covers most of it.

“In our experience, industry data is the most important source of information in Year 1. Official institutions such as the UN and the EU provide extensive industry-specific data, as do NGOs and trade unions” – Senior Advisor and Consulting Manager, Goodpoint

Challenges

The respondent explain that companies are often hesitant to share sensitive information, which can be a challenge. If a company conducts stakeholder engagement, for example, by asking local communities whether they are considered a responsible employer, the responses may not be entirely honest. This is why industry-level data is crucial. An NGO operating in the same region can collect insights more objectively and credibly than the company itself. Direct stakeholder dialogues are therefore not always the most valuable approach.

“A major challenge is that DMA expects companies to analyze risks all the way up the value chain. So, if a company provides laptops to employees, they are expected to report on the origin of the metals in those laptops. That’s extremely far from their core business and on a very small scale, if they have 600 laptops for 500 employees, the impact is marginal compared to other operations. The challenge is not identifying it, but figuring out what to do about it, you can’t change how metals are mined when you’re only buying 100 laptops a year” – Senior Advisor and Consulting Manager, Goodpoint

Another challenge, according to the respondent, is that the CSRD reporting is highly detailed, requiring companies to collect a vast number of data points. Many sustainability consultancies exaggerate the complexity of the process, creating unnecessary panic among clients. Goodpoint’s approach is the opposite of simplifying and helping clients focus on what truly matters. Moreover, there is no established industry standard for DMA assessments yet. As more European CSRD reports are published, discrepancies are becoming apparent.

“For example, three airlines had reported within the CSRD where they had compared their DMA results, which turned out to be completely different. There is no practice and

standard yet, there may be in three years, but so far there is none” – Senior Advisor and Consulting Manager, Goodpoint

Opportunities

Despite the challenges, the DMA process presents significant opportunities. Several of Goodpoint’s five DMA steps involve workshops and dialogue, where they guide the client through sustainability assessments.

“We see that most clients go on a journey, from skepticism in the beginning to positivity at the end. This change might be the most important part when the client sees that ‘if we think this way and integrate sustainability into our business development, there are clear opportunities’ in some industries, like textiles, that’s very apparent, others, less so” – Senior Advisor and Consulting Manager, Goodpoint

Many clients start the process skeptical but become increasingly engaged as they recognize the strategic value of integrating sustainability into their business development. This shift in mindset is a valuable outcome of the DMA process.

Omnibus

Many of Goodpoint’s wave 1 clients are large enough to be unaffected by Omnibus, but wave 2 companies are preparing for the "Stop the Clock" rule, which is expected to be passed by the EU this summer and subsequently enacted as national law. For companies currently preparing their 2025 sustainability reports, this rule means they will not be required to report as initially planned. Goodpoint, however, strongly advises against pausing sustainability work. Instead, they recommend shifting focus to the VSME standard (Voluntary Standard for Non-Listed Micro-, Small-, and Medium-Sized Undertakings), which provides a structured framework for sustainability reporting without the full complexity of the CSRD. Larger wave 1 companies still need ESG data from their suppliers, and this data aligns with VSME reporting requirements. As a result, Goodpoint believes VSME reports to become the new standard, replacing frameworks such as GRI and the Swedish Annual Accounts Act.

“None of our clients plan to ignore sustainability reporting altogether. Instead, companies are positioning themselves within either CSRD or VSME. Given the broad support for the Stop the Clock rule, companies are already operating as if Omnibus has been implemented, ensuring that sustainability remains a strategic focus rather than a regulatory compliance exercise.” – Senior Advisor and Consulting Manager, Goodpoint

4.5 Summary of Findings

A table summarizing the study's findings has been created to provide an overview. The findings are organized by themes: DMA process & CSRD adaptation, challenges, opportunities, and Omnibus.

Table 2. Summary of Findings

	BST Group	If P&C Insurance	First Camp	Goodpoint
<i>DMA Process & CSRD Adaptation</i>	<ul style="list-style-type: none"> - New internal role - New software - Workshop - Interviews - Surveys 	<ul style="list-style-type: none"> - Had previous materiality reports to build on - Discussions with industry organizations & internal forums - Internal models - Workshops - Interviews 	<ul style="list-style-type: none"> - New internal role - External consultant - Workshops - Guest survey - Interviews - Industry data 	<ul style="list-style-type: none"> - Five-step routine - Industry data - Workshop - Additional stakeholder dialogue
<i>Challenges</i>	<ul style="list-style-type: none"> - Getting started - Stakeholders not answering the survey 	<ul style="list-style-type: none"> - Nothing to benchmark against - Interpreting materiality 	<ul style="list-style-type: none"> - Ensuring quality & accuracy, therefore, hiring an external consultant - Making sure the consultant understands the organization 	<ul style="list-style-type: none"> - High effort, low relevance reporting - Setting thresholds
<i>Opportunities</i>	<ul style="list-style-type: none"> - Getting to know the organization - Creating sustainability objectives - New resources to utilize (software) 	<ul style="list-style-type: none"> - Better insights of the organization - Collaboration within the organization - Less environmental damage means fewer payouts 	<ul style="list-style-type: none"> - Getting to know the organization - Making it easier to set meaningful goals 	<ul style="list-style-type: none"> - Clients understand the strategic relevance of integrating sustainability
<i>Omnibus</i>	<ul style="list-style-type: none"> - CSRD compliance, despite regulatory relief 	<ul style="list-style-type: none"> - No regulatory relief 	<ul style="list-style-type: none"> - CSRD compliance, despite regulatory relief 	<ul style="list-style-type: none"> - Clients with regulatory relief switch to VSME

5. Analysis and Discussion

In this chapter, the dynamic capabilities theory and the conducted case studies will be analyzed. Furthermore, the prior research will be discussed and compared with the findings from the case studies. The chapter concludes with a discussion answering the research questions.

5.1 Sensing

Sensing refers to a firm's ability to identify and anticipate market environment changes and identify opportunities and threats. From the three cases of BST Group, If, and First Camp, all companies showed clear sensing capabilities differently. One common thing that every company started with at the beginning of the CSRD and DMA process was to read about the new reporting requirements and the ESRS standards, determine what to report on, how to do it, and try to sense what type of support was needed to fulfill the requirements. BST Group, which had no prior sustainability work, sensed that a new sustainability-related role was needed to be able to comply with the requirements. Similarly to First Camp, which also sensed that a new role was needed in the organization, and as well as an external consultant was needed for assistance. The case of If demonstrated a different type of sensing capability. Since they already had sustainability reports and a long-standing engagement with sustainability practices for several years, their sensing was not about creating something new but rather about recognizing the opportunity to adapt and align their existing work with the new CSRD requirements.

Another important aspect of sensing across the cases relates to how companies identified the uncertainty and complexity of the finished reports being published. As Mezzanotte (2023) emphasized, financial materiality is a well-known assessment process to many companies, but impact materiality is a novel concept that is untested in mandatory reporting settings. This will change the perspective of materiality and how companies approach the matter (Dragomir et al. 2024; Mezzanotte 2023). Due to this, inconsistencies in the reporting could occur since corporate activities are difficult to quantify, and determining what constitutes a material impact is often subjective and can vary amongst stakeholders (ibid). This aligns with the findings from Goodpoint, who noticed that as more CSRD reports are published, discrepancies are apparent. Even if the reports are from companies that are in the same industry with similar business operations, the results can vary significantly. The respondents from If could also see similar results when looking at other insurance companies' CSRD reports, which did not identify the same topics as material. They also experienced difficulties with knowing what was enough to

be able to comply since there was nothing to benchmark against or any established best practices. The case of Goodpoint also emphasizes that the inconsistencies that are present now are due to the lack of best practices and standardization, but that in a few years, there will hopefully be clearer guidelines. In this way, the companies demonstrated sensing not only through their internal organizational responses but also through constant awareness of their surroundings.

The Omnibus initiative was put forward to reduce the burden for reporting companies by postponing the reporting requirements by two years with the “stop the clock rule” (European Commission 2025). In terms of sensing, all four cases, BST Group, If, First Camp, and Goodpoint, demonstrated attentiveness to the regulatory shift. They recognized the implications of the “stop the clock rule” and understood that although the requirements would most likely change, the strategic importance of sustainability reporting remained intact. This shows clear environmental scanning and awareness, fundamental to sensing.

5.2 Seizing

Seizing refers to a firm’s ability to address identified opportunities or threats as soon as they are sensed. This could involve investing in new technologies, developing new products or services, or altering business models to meet identified needs (Teece 2007). As previously mentioned, two of the cases sensed that new roles in the organization would be crucial to be able to comply with the reporting requirements. Organizational additions are therefore a seizing factor in this study. Like Laine (2024) and Svensson (2024) claimed, companies often find the DMA process complex and require assistance in reporting, leading them to either restructure internal positions or rely on external consultants. The BST Group and First Camp responded to the new requirements by establishing new internal positions dedicated to sustainability reporting. In the case of First Camp, this internal response was further developed since they hired an external consultant to conduct most of the DMA. This hybrid approach, creating an internal role while relying on external expertise, shows how organizations may find it difficult to know how the reporting should be conducted. In contrast, the case of If presents a notable exception. With a long-standing engagement in sustainability reporting well before the introduction of the CSRD, If reported no need for changes to its existing reporting processes. This case highlights that organizations with mature sustainability practices and well-established reporting routines may be better positioned to adapt to evolving regulatory landscapes without significant structural or procedural changes.

Seizing was also visible in how companies addressed challenges related to stakeholder data collection. Mezzanotte (2023) discusses how the reporting company may struggle to gather all important information because affected stakeholders feel reluctant to share sensitive information or negative details. This relates to the case of Goodpoint, which explained that companies can be hesitant to share sensitive information and that if a company, for example, conducts a survey and asks local communities about their opinions, they might not receive completely honest answers. Goodpoint addresses these challenges by using industry-level data as a crucial component in the reporting since industry data is usually collected by NGOs, trade unions, the EU, or FN, who can objectively and credibly gather relevant data. In this way, Goodpoint seizes the opportunity to create reliable and objective reports, while also not having to do the extra work of conducting new stakeholder dialogues.

Svensson (2024) showed that the DMA process enhances the internal and external sustainability dialogue that fosters awareness, knowledge sharing, and increased transparency with suppliers while promoting increased stakeholder engagement. The findings from this study align with Svensson (2024). The BST Group experienced that the effort put into conducting the DMA is also valuable for communicating with customers about ongoing developments, emerging trends, and future directions. With customers' specific requirements regarding the products they purchase due to sustainability regulations, the DMA process becomes a valuable tool for meeting these demands and effectively communicating relevant information. These actions can be understood as seizing activities where the company uses the insights gained through sensing to capture emerging opportunities and address market needs. BST Group is not only complying with regulations but also seizing the opportunity to strengthen customer relationships.

The Omnibus initiative forced companies to make choices about how to act on what they had sensed. If, who received no regulatory relief continued their reporting efforts out of necessity. BST Group and First Camp, who were eligible for postponement, chose to continue with their reporting. This shows how the companies decide to use the opportunity and seize it to stay ahead. Goodpoint seized differently by adapting their consulting approach to guide their clients through the uncertainty.

5.3 Reconfiguring

Reconfiguring refers to a firm's ability to refine and adjust its resources to seize opportunities (Teece 2007). Dragomir et al. (2024) and Mezzanotte (2023) both highlight that most companies are familiar with materiality assessment, but that the

CSRD will change their perspective on and approach to the matter. The case of If can relate to this since they already had well-established reporting routines, and the CSRD only changed the way they conducted and structured the reports. For instance, one adaptation involved restructuring the presentation of their sustainability disclosures, and the content that previously appeared in a unified report was divided. This demonstrates reconfiguring, since it involves continuously realigning resources to respond to ongoing shifts in the external landscape (Teece 2007). If refined their existing capabilities and restructured internal materials and reporting formats to align with the new requirements without the need to restructure or add new internal positions. This ability to reconfigure reflects a mature dynamic capability and shows the advantage for companies that already have established sustainability reporting routines compared to companies such as the BST Group and First Camp. However, the findings overall suggest only weaker reconfiguring aspects at this stage, likely because the use of the CSRD is still in its early phases. No company studied is, for example, radically transforming its business model in response to the directive.

In the case of BST Group, First Camp, and If, the respondents experienced that the DMA process helped them gain better insights into all activities in the organization. The case of If also experienced that more people in positions not related to sustainability also got involved in the CSRD process. This can create better opportunities for greater collaboration within the organization. These findings suggest that, beyond regulatory compliance, the DMA process can act as a tool for integrating sustainability into broader business functions. While initial changes at If may be subtle, it could be an opening for a broader transformation where sustainability becomes not just a reporting obligation, but a shared responsibility across several departments, an example of reconfiguring.

The Omnibus initiative and how the companies in this case study decided to act indicate some reconfiguring capabilities, especially in how companies responded organizationally. Goodpoint adjusted its advisory approach to accommodate clients' shifting timelines, a clear sign of internal process reconfiguration. For BST Group and First Camp, deciding to proceed could lead to internal resource reallocation or process adjustments to meet original reporting targets without the immediate regulatory pressure.

5.4 Dynamic Capabilities for Corporate Sustainability

Wu et al. (2013) extend the original sensing, seizing, and reconfiguring by Teece (2007), to dynamic capabilities for corporate sustainability. These sub-capabilities

enable firms to adapt and respond effectively to changing sustainability demands from stakeholders.

The monitoring capability, initially identified by Wu et al. (2013), involves creating open communication lines with both direct and indirect stakeholders, which is essential for companies to comprehend evolving sustainability trends. All cases exhibit strong monitoring capabilities, particularly in how they involve stakeholders in the reporting process. BST Group, If, and First Camp employed surveys, interviews, and workshops to engage internal stakeholders, as well as customers and investors indirectly. BST Group is notable for its extensive engagement, which included interviews with nearly all group CEOs and outreach to suppliers and experts. Although If possessed the critical data needed for reporting, they demonstrated their monitoring capabilities through ongoing dialogues with their owners, industry organizations, and members of If's Sustainability Office. Moreover, this monitoring capability refers to the collection of sustainability insights through various communication channels, which are systematically analyzed and utilized to enhance the organization's sustainability knowledge continuously (ibid).

The seizing capability for corporate sustainability by Wu et al. (2013), refers to cross-functional knowledge sharing and experimentation with new technologies for identifying potential sustainable development. The cases showed varying ways of acting on sustainability insights. If had cross-functional knowledge sharing by collaboration with several departments in the organization and with its sister companies and the owner company. BST Group invested in new software to streamline the reporting process, which could also be used for tracking other sustainability-related goals. Goodpoint demonstrated strong seizing capabilities through a structured yet adaptable five-phase DMA process, helping clients make informed trade-offs and respond to regulatory changes like the Omnibus initiative by recommending shifts toward the VSME standard. This quick restructuring shows strong seizing capabilities by Goodpoint that could shift their strategy for their clients, since corporate sustainability is a long-term journey, firms need to establish mid- and long-term strategies to maintain their commitment to sustainability (ibid).

Wu et al. (2013) defines the reconfiguring capability as using formal systems to evaluate sustainable performance before implementing changes to unsustainable operational processes. If did not necessarily exhibit strong monitoring capabilities, as they relied on existing data and methodologies to derive their DMA, rather than adopting any new systems, except for restructuring their reports to meet the new requirements. Both BST Group and First Camp used the DMA outputs to set new

sustainability objectives within their organizations. By strategically leveraging the outcomes from the DMA to enhance their business operations, they demonstrate their reconfiguring capabilities for corporate sustainability, which entails analyzing sustainability information before making informed decisions and applying this analysis in practice (ibid).

5.5 Summary of Analysis

A figure summarizing the findings according to the theoretical framework has been created. It states the findings according to the theory of dynamic capabilities and Teece's (2007) concept of sensing, seizing, and reconfiguring.

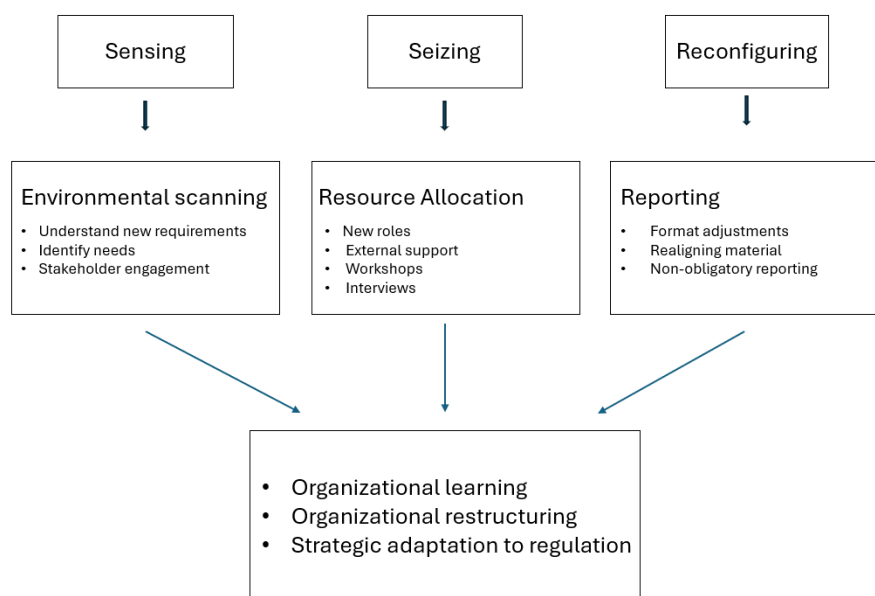


Figure 1. Summary of Analysis

5.6 Discussion

Companies adapt their materiality assessment processes to align with the CSRD requirements differently, depending on the maturity of the organization and their prior sustainability engagements. This has been demonstrated with the four cases in this study that present various levels of maturity in their sustainability engagements. The most mature organization in this study was the case of If, which had well-established reporting routines and plenty of existing data to rely on, as well as several sustainability reports from years before. Due to this, If's adaptation to the CSRD alignment mostly consisted of restructuring their previous material to

fit in with the new requirements, such as integrating it into the annual report instead of creating a separate one and publishing the rest of the material as storytelling on their website. However, If's Sustainability Officers still expressed the huge task that the CSRD reporting process implies. The two cases of BST Group and First Camp showcased less mature sustainability-oriented organizations since both organizations created new roles for the sake of CSRD compliance. First Camp also hired an external consultant to conduct the DMA. For these organizations, more thorough data collection processes needed to be conducted through workshops, interviews, and surveys. These findings highlight that the early phase of the CSRD implementation is characterized by uncertainty, experimentation, and inconsistency across companies and industries. This also indicates that seizing behaviors (Teece 2007), that is, what type of resources the organizations will need to gather to ensure regulatory compliance, will vary depending on the available resources and the organization's prior sustainability engagements.

The lack of standardized reporting methods is one reason why the reporting process under the CSRD is a significant task (Berlinger 2024; Laine 2024; Peteri 2024), regardless of whether a company has prior material to rely on. The challenges of assessing and reporting under the CSRD largely stem from the novelty of the directive. This indicates that there is no established industry standard yet, and the reporting companies have limited benchmarks to compare against, making the process more challenging, particularly for those firms that have conducted little sustainability reporting in the past. As a result, companies within the same industry have different results. This also shows that materiality is subjective and can vary among stakeholders, emphasizing that differing results do not imply correctness or incorrectness. This highlights the need for clearer requirements from policymakers in the future, aligning with Dragomir et al. (2024) results. Given the novelty of the CSRD, the reported information will likely become more meaningful over time, serving to highlight trends that companies can analyze to set future goals. As companies continue to adapt, the next years will hopefully shape a more standardized and effective approach to DMA processes with best practices and comparable DMA reports. An interesting reflection is that had the CSRD not included the novel concept of DMA, companies might have shown weaker sensing capabilities (Teece 2007), since the uncertainty and lack of benchmarking have forced firms to stay alert and interpret signals from their business environments.

The case of Goodpoint demonstrates another way of data collection by using industry data for its clients during the first year of the DMA process. First Camp also used industry data in their DMA, which is probably due to them also using an external consultant to conduct their DMA. BST Group and If did not use any industry data. The difficulty of gathering honest and reliable information from

stakeholders adds another layer of complexity to the reporting process. This raises the question of whether relying solely on industry data can sufficiently capture company-specific impacts and if this strategy risks providing overly simplified results. On the other hand, not using industry data at all implies that companies independently gather their stakeholder information, which could potentially lead to bias. Companies like BST Group and If, which did not incorporate industry data into their DMA processes, could potentially risk producing assessments that are based on incomplete perspectives.

The opportunities of assessing and reporting under the CSRD lie mainly in the reporting process being a good resource for companies to recognize the strategic value of integrating sustainability into their business operations, as well as the mindset in the organizations that has shifted and made more people engaged, even in roles not related to sustainability. The reporting process also turned out to be a good way of gaining insights into all events in the organization, especially for those in the new roles that were created for the sake of the CSRD reporting. The results from the DMA were also a good indicator for setting future sustainability-related goals. If there were any resistance in the organization towards sustainability reporting, the CSRD, being a legal requirement, could also be used for justification. Over time, as companies build experience, the reporting and assessing will become a standard practice, which hopefully will create new opportunities for improvement and sustainable strategic development. However, the extent to which companies will take advantage of these opportunities will likely depend on the organization itself and its willingness to change. Companies can report accordingly with the CSRD, but the organizational context will determine if they continue with further sustainability engagement beyond reporting compliance. In essence, while the CSRD provides a valuable framework for driving strategic insight and organizational engagement around sustainability, the true impact will ultimately depend on each company's internal dynamics and commitment to moving towards meaningful change.

The companies in this study that were affected by the Omnibus initiative all decided to continue to report accordingly despite their regulatory relief, and their decisions to do so were shaped by certain factors. First, the Omnibus initiative was proposed early this year, which is when many companies had already produced their reports or at least had gathered all relevant data for it, canceling this would have meant wasting significant efforts already made. Another reason to continue with the CSRD reporting is for the simple reason that if they paused it now, they would not be finished in time for the 2026 report, the new requirement. For companies that have not had any established sustainability practice before, it becomes certainly strategic to continue complying with the CSRD to have a solid structure and a

checklist to follow. In conclusion, companies have treated the CSRD compliance as a way of integrating sustainability in a long-term business strategy, rather than a compliance task. This suggests that there is a shift in how businesses perceive regulatory reporting, not only viewing it as a compliance task, but seeing it as a driver for organizational learning and strategy. This shift also demonstrates reconfiguring capabilities (Teece 2007), as companies realign internal processes and embed sustainability in business practices. By continuing the CSRD work despite the postponement, the companies can further develop dynamic capabilities for future reporting. While the long-term impact of these decisions will vary, they signal a growing maturity in how firms respond to complex regulatory environments, not with compliance alone, but with transformation.

6. Conclusion

The final chapter presents the author's conclusions that answer the study's aim. The chapter then concludes with a critical reflection and suggestions for future research.

6.1 Conclusion

This study examined how companies have conducted their DMA and the challenges and opportunities that arise during the process, including the adaptation of the Omnibus initiative. The study aimed to contribute valuable information for companies that will report under the CSRD in the future, which can assist in streamlining their reporting processes, as well as for policymakers, by offering insights into the practical implications and effectiveness of current sustainability reporting regulations.

According to this study, organizations that have made prior investments towards sustainability-related efforts, such as having internal sustainability expertise and well-established reporting routines, can adapt existing systems to meet the new reporting requirements with minimal disruption. In contrast, companies with little or no prior sustainability reporting engagements are now being forced to build these competencies from scratch, such as creating new internal roles, hiring external consultants, and developing entirely new processes and routines. This means that the CSRD, according to this study, can act not only as a reporting directive but also as a catalyst that pushes less mature companies to embed sustainability into their operations and strategy, moving from obligation to opportunity.

This study concludes that companies reporting under the CSRD encounter challenges in the reporting process, including a lack of standardized practices and limited benchmarks, and difficulties in determining what is considered material. However, the reporting process presents several opportunities, such as enhancing the organization's understanding and developing sustainability-related goals to pursue. Additionally, it has prompted firms to recognize the strategic importance of incorporating sustainability into their organizational practices. According to this study, the Omnibus initiative has not demonstrated a significant impact, as the case studies that received regulatory relief proceeded as intended rather than delaying the reporting process. The findings provide practical insights for future reporting companies on how to approach the DMA process under the CSRD and underscore the need for clearer guidance and support mechanisms from policymakers to improve consistency, comparability, and the overall effectiveness of the regulation.

6.2 Critical reflection

It is important to acknowledge that the result of the study could have looked different if other case studies, with other firms, had been used for this study. Since it is possible that other companies can have completely different reporting processes. Due to the CSRD still being a relatively new directive that has not yet been adopted by all companies in Sweden, a purposive sampling falls within the scope of this study, but this means that the results cannot be generalized to all organizations in the Swedish market. Furthermore, it is also important to acknowledge this study's number of case studies, which consisted of three companies and one consultancy. More case studies would have provided a more comprehensive understanding of the topic and allowed for a deeper exploration of the research questions. Moreover, the reliance of qualitative data requires interpretation that may influence the perspectives of both the researcher and the respondents. While this approach is suitable for exploratory research, it also means that the findings are context-specific and shaped by the specific dynamics in the selected case studies.

6.3 Future research

Due to the novelty of the CSRD and the DMA process, plenty of future research can be conducted. For example, studies focusing on a specific industry comparing different DMA results can be conducted to further investigate the question about the subjectivity of materiality assessment and why DMA results can differ amongst similar firms. Future research should also include bigger samples of firms to investigate, to provide a broader understanding and a better perspective on the issue. This will most likely be easier in the future when more companies are obligated to report accordingly with the CSRD. Furthermore, comparative studies between countries implementing the CSRD could also provide valuable insights into how national contexts influence the application of the directive. Research exploring how internal factors, such as organizational structure and stakeholder engagement, would affect the DMA process would also be beneficial for a deeper understanding of the CSRD.

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Popular science summary

In recent years, the European Union has implemented stricter rules to ensure companies are more transparent about their impact on society and the environment, leading to the introduction of the Corporate Sustainability Reporting Directive (CSRD). The CSRD aims to help businesses disclose how they affect people and the environment, and how these issues impact their business in return. This study looks at how companies are responding to the new sustainability reporting requirement of the CSRD.

The researcher interviewed three companies that have completed a CSRD report and a sustainability consulting firm that helps companies with their CSRD reports. The researcher found that how smoothly the reporting process goes for the companies depends a lot on how much a company already works on sustainability issues. One company that had been doing sustainability work for years found it easier. The other companies had to start from scratch, hiring new people and bringing in external experts to help. A big challenge for most companies was the lack of standard methods on how to execute the CSRD report and how to measure the importance of different sustainability issues. Despite the challenges, the reporting process helped companies realize the strategic value of working with sustainability and that it can strengthen their business. Even when two of the companies were given regulatory relief from the reporting rules thanks to an initiative from the European Commission, they still saw the value of continuing with the process.

The researcher applied the theory of dynamic capabilities to further analyse the result. Dynamic capabilities can be broken down into sensing, seizing, and reconfiguring. Sensing is about noticing important changes or opportunities in the business environment. In this case, it means recognizing that new sustainability rules are coming and that they could impact the company. Seizing involves acting on what is sensed to seize the opportunity. For CSRD reporting, that meant deciding how to organize the reporting process, who to involve, whether to hire experts, and how to gather the right information. Reconfiguring is about reshaping the company's resources and structure to make sure it can keep up in the long term. Here, that meant embedding sustainability more deeply into how the company operates, not just for the report, but as part of its core strategy. By applying this framework, the study shows how different companies adapt to new regulations in different ways, depending on their existing capabilities. It also highlights how CSRD reporting can trigger deeper organizational change, especially for companies that are willing to treat the regulation as more than just a checkbox.

Appendix 1

Interview questions

BST Group

- Berätta om hur du genomförde DMA, från start till slut
- Vilka intressenter har du pratat med under DMA processen?
- Var det vissa intressenter som inte togs med i DMA arbetet och isåfall varför?
- Vid dialogen med intressenterna, nämnden/förklarades innebörden med varför DMA utfördes, varför det är viktigt, och vad informationen används till?
- Hur försäkrar du att informationen du samlar in är pålitlig och realistisk?
- Vad var de största utmaningarna med DMA arbetet?
- Har DMA arbetet tillfört något positivt i verksamheten?
- Har ni gjort några förändringar i CSRD arbetet sedan Omnibus initiativet blev aktuellt?

If P&C Insurance

- Hur förberedde ni er för CSRD åren innan rapporteringen?
- Berätta om hur ni genomförde DMA, vad är de främsta metoderna för att samla in information och användes något verktyg?
- Vilka intressenter samlade ni information ifrån under DMA processen?
- Är det några intressenter som inte kom med i DMA arbetet och isåfall varför?
- Hur försäkrar ni att informationen som samlas in är pålitlig och realistiskt?
- Vad för utmaningar har ni upplevt med DMA arbetet?
- Har DMA arbetet tillfört några möjligheter?
- Kommer ni göra något annorlunda till nästa rapport?
- Har ni gjort några förändringar i CSRD arbetet sedan Omnibus initiativet blev aktuellt?

First Camp

- Hur har ni under 2023 och 2024 förberett er för CSRD och DMA?
- Berätta om hur ni genomförde DMA, om konsult har använts, isåfall varför?
- Vilka intressenter samlar ni information ifrån under DMA processen?
- Är det några intressenter som inte kommer med i DMA arbetet och isåfall varför?
- Hur försäkrar ni att informationen som samlas in är pålitlig och realistisk?
- Vad för utmaningar har ni upplevt med DMA arbetet?
- Har DMA arbetet tillfört några möjligheter?
- Har ni gjort några förändringar i CSRD arbetet sedan Omnibus initiativet blev aktuellt?

Goodpoint

- Berätta om hur ni genomför DMA, vad är de främsta metoderna för att samla in information på och används något verktyg?
- Vilka intressenter samlar ni information ifrån under DMA processen?
- Är det några intressenter som inte kommer med i DMA arbetet och isåfall varför?
- Vid dialogen med intressenterna, nämns7förklaras innebörden med varför DMA utförs, varför det är viktigt, och vad informationen används till?
- Hur försäkrar ni att informationen som samlas in är pålitlig och realistisk?
- Vad brukar vara de största utmaningarna med DMA arbetet?
- Brukar DMA arbetet tillföra några möjligheter i verksamheten?
- Har ni märkt av någon skillnad sedan Omnibus-initiativet blev aktuellt, eller fortsätter företag med sin CSRD-rapportering som vanligt?

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