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# Implementation of sustainability by Czech companies 2025

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Implementation of sustainability by Czech companies 2025: research report

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This document does not constitute legal advice, nor does it express the official positions of the research partners: the Ministry of Finance of the Czech Republic, the Ministry of the Environment of the Czech Republic and the Confederation of Industry of the Czech Republic. All conclusions, opinions and recommendations are based on the author's independent research.

# Contents

1.	Summary .....	5
2.	Authorship, funding, partners and acknowledgements .....	7
3.	Introduction .....	9
3.1	Research problem .....	9
3.2	Lack of knowledge .....	9
3.3	Objective, research questions and hypotheses .....	10
4.	Methodology .....	12
4.1	Data collection.....	12
4.2	Data analysis methods.....	15
4.3	Research ethics .....	19
5.	Literature review .....	20
5.1	Bibliometric analysis.....	20
5.2	Basic concepts and context relevant to research .....	22
5.3	Current state of knowledge.....	27
6.	Challenges and obstacles for Czech businesses in implementing ESRS.....	32
6.1	Education and capacity building.....	33
6.2	Internal and external communication .....	34
6.3	Motivation.....	38
6.4	ESG team.....	42
6.5	Legal environment.....	48
6.6	ESRS .....	52
6.7	Data .....	59
6.8	Resources .....	65
6.9	Tangible changes .....	73
6.10	Added value (positives and negatives).....	76
7.	Institutions and associations: level of preparedness to support ESRS implementation ....	81
8.	Summary of main results.....	92
8.1	Summary of challenges and obstacles for businesses .....	92
8.2	Summary of institutional readiness .....	97
9.	Discussion and recommendations .....	99
9.1	The current state of implementation in the Czech Republic .....	99
9.2	Key challenges and context for implementation for Czech companies.....	100
9.3	Level of preparedness of government institutions and business associations .....	104
9.4	Recommendations for more effective implementation .....	105
9.5	Limitations of the research .....	107
9.6	Critical focus of the research .....	108

10.	Conclusion.....	109
10.1	Answer to research question 1 – Challenges.....	110
10.2	Answer to research question 2 – Level of preparedness of institutions.....	110
10.3	Recommendations for further research.....	111
10.4	Outlook.....	111
10.5	Call to action.....	112
11.	References and lists .....	113
11.1	References .....	113
11.2	List of abbreviations used .....	116
11.3	List of tables and graphs.....	117
12.	Appendices.....	119
12.1	Appendix A: Topics and questions for interviews with companies_version 1.0.....	119
12.2	Appendix B: Topics and questions for interviews with companies_version 2.0 .....	120
12.3	Appendix C: Research proposal resources provided by partners .....	122
12.4	Appendix D: Focus group results.....	124

# 1. Summary

This document is the English translation of the original Czech research report. More detailed information, sources, and context are available on the [mutualus.eu/research](https://mutualus.eu/research).

Dynamically evolving social sustainability requirements are directly affecting the business environment. In the EU, companies are gradually adopting the ESRS, the most advanced corporate sustainability reporting standards to date. However, public debate on this topic tends to be superficial and politicised. Furthermore, given the substantial social and corporate resources this agenda requires, there is a paucity of knowledge regarding actual implementation practices (see the chapters [Lack of knowledge](#) and [Literature review](#)). This lack of understanding hinders the sensitive design of public regulation and the efficient allocation of associated resources.

Between September 2024 and June 2025, mutualus, an independent law firm specialising in business sustainability advisory, conducted exploratory research to answer the following questions: *What are the main challenges and obstacles faced by Czech companies in implementing ESRS? What is the level of preparedness of government institutions and business associations in the Czech Republic to support the implementation of ESRS in the business sphere?*

This report presents the results of this research, the scope of which has broadened from ESRS implementation to corporate sustainability (ESG) implementation based on the data obtained. It contains almost 700 authentic, thematically categorised statements from 31 participating companies and experts, as well as follow-up responses from institutional research partners. The report thus provides a vivid picture of the obstacles and needs of companies, offering starting points for a factual public discussion on how to address these issues.

The results confirm that companies in the Czech market face significant challenges in implementing the ESRS and corporate sustainability in general, albeit to varying degrees. The primary source of these difficulties is the tension between the regulator's demanding requirements, limited knowledge regarding the actual necessity of corporate sustainability, and insufficient resource allocation.

A comprehensive collection of authentic statements from the companies involved in the research helps to provide a deeper understanding of the causes of these difficulties and the accompanying phenomena and offers insights into how to address them. The statements form the most extensive part of the research report, see [Challenges and obstacles for Czech businesses in implementing ESRS](#). They are categorised into the following topics: 01 Education and capacity building; 02 Internal and external communication; 03 Motivation; 04 ESG team; 05 Legal environment; 06 ESRS; 07 Data; 08 Resources; 09 Tangible changes; 10 Added value (positives and negatives). These 10 topics are further structured into a total of 55 sub-topics. Due to its extensiveness, a factual [Summary of challenges and obstacles for businesses](#) is also available.

The report also includes statements from respondents regarding the topic [Institutions and associations: level of preparedness to support ESRS implementation](#). The statements from companies are followed by responses from institutional partners. A short [Summary of institutional readiness](#) is also available.

The research team interprets the results in [Discussion and recommendations](#). This section presents the most significant findings with practical implications. The discussion also provides

**Recommendations for more effective implementation** and explains **Limitations of the research**.

The **Conclusion** of the report provides answers to research questions, describes possible further developments and makes recommendations for further research.

The section **References and lists** provides the sources used. The chapter **Appendices** contains supporting materials for the purposes of transparency, better understanding of the research results and further use of the research.

## 2. Authorship, funding, partners and acknowledgements

### Research Authorship

This expert research and report was prepared and authored by mutualus s.r.o., a law firm providing legal and business sustainability advisory services. Mutualus identifies the critical lack of capacity in this area as an urgent social issue. Therefore, in addition to its advisory activities, mutualus conducts expert research, delivers lectures, and publishes reports. This research was led by Jakub Adamec, Ph.D., an advisor to mutualus.

Research proposal and methodology: Jakub Adamec

Literature review and bibliometric analysis: Jakub Adamec

Data collection and interviews: Jakub Adamec, Tomáš Babáček, Filip Hloušek, Matúš Púll

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### Funding

The research was funded entirely by mutualus's internal resources.

### Independence

The author of this research works in the field of sustainability consulting services. Transparent methodology, triangulation of data sources and external feedback minimise the potential risk of bias and lack of objectivity.

### Partners and Research Auspices

We extend our gratitude to the partners of this research: the Ministry of Finance of the Czech Republic (MF ČR), the Ministry of the Environment of the Czech Republic (MŽP ČR), and the Confederation of Industry of the Czech Republic (SP ČR).

The partners' role primarily consisted of formulating research requirements, providing auspices to increase the corporate response rate, and actively participating in the roundtable discussions. The partners did not provide financial support, nor did they interfere with the collection, analysis, or interpretation of data. The author bears full responsibility for the research.



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The mutualus team



## 3. Introduction

### 3.1 Research problem

This research report summarises the course and results of expert research into the challenges and needs of Czech companies in implementing European Sustainability Reporting Standards (ESRS) and related corporate sustainability. The research was conducted by mutualus between September 2024 and June 2025.

The availability of high-quality, relevant information on corporate sustainability is critical for decision-making by investors, companies and governments. The EU Directive on Corporate Sustainability Reporting (CSRD) through the ESRS has established rules on how to generate and disclose this information. Directive (EU) 2022/2464 of the European Parliament and of the Council, 2022, hereinafter referred to as "CSRD".

The motivation for conducting this research was the absence of qualified knowledge regarding how ESRS implementation unfolds within the Czech companies. From the author's consulting activities and general information, it is known that ESRS implementation represents an administrative, financial, knowledge and organisational burden for Czech companies. The main aim of the research was to identify and understand the significant challenges faced by Czech companies in implementing ESRS and to formulate companies' demand for related necessary resources.

In their statements, the companies involved in the research often conflated the implementation of ESRS with corporate sustainability, which also reflected their experience. Therefore, the subject of the research was broadened during the research to include not only the implementation of ESRS, but also the implementation of corporate sustainability in general.

### 3.2 Lack of knowledge

#### September 2024

As of September 2024, no research or research project focusing on the implementation of ESRS in Czech companies had been identified. At the same time, no empirical study dealing with this topic had been published. Various questionnaire surveys were conducted among banks (shared banking ESG questionnaire), consulting companies and associations. However, the objectives of these surveys were diverse and sometimes insufficiently transparent. The 2024 dissertation *Reporting Sustainable Business Performance* takes a theoretical and less current approach, focusing on the GRI.

International research on this topic has also been limited. Examples include systematic literature reviews and bibliometric analyses on topics such as "sustainability reporting" by Benameur et al. (2024) or "CSR implementation" by Fatima and Elbanna (2023). The first practitioner publications focusing directly on the implementation of ESRS/CSRD and the readiness of companies for new requirements have been published. These include, for example, the German qualitative studies by Birkmann et al. (2024) on the impact of CSRD on CSR communication in large German companies and the empirical analysis by Kosi and Relard (2024) on the impact of the announcement and adoption of CSRD on sustainability reporting by German companies. Pantazi (2024) discusses the enforcement of mandatory reporting in the EU.

## September 2025

By early September 2025, the Czech Republic had yet to have an empirical study focused primarily on the implementation of ESRS in Czech companies. Existing thematic publications include practical surveys and analyses from banks, consulting companies and associations, which sometimes respond proposed amendments to the CSRD, the so-called Omnibus I. Compared to 2024, international studies are available, mostly from consulting companies (e.g. EY, DRSC, PwC, Deloitte), providing content-based and comparative analyses of ESRS reports from the first wave of publishing companies. The legislative deliberations around the Omnibus I package have postponed the possibility of Czech empirical studies based on a larger domestic sample.

The first empirical studies based on interviews and content analyses are now beginning to emerge from international research, providing early insights into the implementation and readiness of companies for the ESRS. Topics include differences in companies' preparedness and compliance with ESRS requirements, the impact of CSRD on disclosure practices and CSR communication, and practical experience with the application of the EU Taxonomy.

## 3.3 Objective, research questions and hypotheses

The objectives of this research reflected the needs of companies and research partners (Ministry of Finance of the Czech Republic, Ministry of the Environment of the Czech Republic, Confederation of Industry of the Czech Republic) and the intended practical application of the findings. This research aimed to expand current theoretical knowledge of the barriers organisations face when implementing complex standards, using the example of the implementation of ESRS sustainability disclosure standards.

### Main research objectives

- Identify and systematise the key challenges of implementing sustainability disclosure in Czech companies.
- Provide the contextual information necessary to understand these challenges.
- Capture practical insights and formulate recommendations for more effective implementation by companies, government institutions and business associations.
- Synthesise the results of international and local research focused on the implementation of sustainability reporting and related concepts.

### Secondary research objective

- Map the current state of sustainability reporting implementation in the Czech Republic.

### 3.3.1 Research questions and hypotheses

The research questions frame the area of research. The hypotheses have a supplementary character, arising from the basic literature review and the knowledge of the research team, and serve to initially define the key challenges.

#### Research question 1

What are the main challenges and obstacles faced by Czech companies in implementing ESRS?

## Hypothesis 1

The main obstacles to the implementation of ESRS in Czech companies are:

- i. the complexity of ESRS,
- ii. insufficient awareness and professional capacity of companies in the area of ESRS,
- iii. lack of interest on the part of company management,
- iv. unprofessional and ineffective stakeholder engagement,
- v. inability to map the supply chain, especially indirect relationships (tier 2),
- vi. general resistance to change,
- vii. lack of dedicated internal resources,
- viii. conflating compliance with ESRS sustainability disclosure requirements with a mandatory change in business strategy and decision-making,
- ix. information overload,
- x. accumulation of minor barriers and stressors,
- xi. insufficient availability or lack of methodologies,
- xii. duplication of reporting obligations.

## Research question 2

What is the level of preparedness of government institutions and business associations in the Czech Republic to support the implementation of ESRS in the business sphere?

## Hypothesis 2

Government institutions and business associations in the Czech Republic show varying degrees of preparedness due to:

- i. the scope and complexity of the ESRS,
- ii. the difficulty of coordination,
- iii. lack of know-how.

## 4. Methodology

This chapter describes and explains in detail the individual research procedures that were chosen to meet the set objectives and answer the research questions. The chapter presents the research design, sample selection and description, data collection and analysis methods, and measures to ensure the validity of the results.

The limitations of the methods used, and the sample of companies surveyed are described in the relevant sections. The limitations of the research are discussed in the subchapter [Limitations of the research](#).

### Research design

Due to the lack of existing studies on the implementation of ESRS in the Czech environment, exploratory qualitative research was chosen. This approach allowed for a deeper exploration and understanding of the main challenges and barriers faced by Czech enterprises in their real context. The research took place between September 2024 and June 2025. To ensure the comprehensiveness and robustness of the findings, a triangulation of data collection methods was used, combining semi-structured interviews with company representatives, expert interviews, moderated group discussions (focus groups) and a round table with institutional partners. This flexible design made it possible to respond continuously to new findings and optimise the research process.

The combination of qualitative methods made it possible to cross-check the results and thus increase their credibility. We continuously optimised the methodology during the research based on newly acquired information. For example, the originally planned expert interviews with representatives of institutions were not carried out due to irrelevance and were replaced by a round table with the participation of representatives of the research partners.

## 4.1 Data collection

### 4.1.1 Characteristics of the research sample of 14 companies

The sample for semi-structured interviews (the main part of the research) was selected using purposive sampling. The sample primarily targeted members of the Confederation of Industry of the Czech Republic and companies falling under the first or second wave of reporting obligations under the original CSRD but was not limited to these groups. All included entities meet the definition of a large enterprise (more than 249 employees).

*Table 1: Summary metrics for a sample of 14 surveyed companies. The information was obtained from publicly available sources, in particular financial statements.*

Indicator	Average	Median	Min	Max
Employees [persons]	2,101.6	1,391.0	295.0	6,642.0
Subsidiaries [#]	18.5	3.5	0	120.0
Turnover [m CZK]	18,516.7	12,944.5	965.0	57,010.0
Total Assets [m CZK]	31,042.0	21,308.0	1,645.0	149,050.0
Net profit margin [%]	5.6	2.6	-8.2	25.5

## Geography

Most of the companies involved operate globally (43%), followed by those operating only in the Czech Republic (36%) and, to a lesser extent, those operating in both the Czech Republic and the EU (21%).

## Ownership

50% of participating companies are privately owned in the Czech Republic, 14.3% are owned by the Czech state, 21.4% are owned within the EU and 14.3% outside the EU.

## Sustainability report

57.1% of participating companies had already published a sustainability report in the period prior to the interview (2024-2025).

## Sector representation

Manufacturing industry 5, Energy and utilities 3, Retail 2, Food and beverages 1, Construction 1, Transport/airport services 1, Chemicals 1.

## Respondents – company representatives

The average number of respondents per company was 1.36, and a total of four companies had more than one respondent. Respondents mainly covered i) ESG management/coordination, ii) finance/controllership/auditing, iii) environment/quality/technology, and iv) strategy/senior management. These roles often overlapped. The researchers subjectively assessed the level of ESRS knowledge on a scale of 0-2: 0 (basic overview), 1 (good knowledge with some overlap), 2 (high expertise and insight with practical overlap into business). With an average score of 0.79, the numbers were as follows: level 0 (6 companies); level 1 (5 companies); level 2 (3 companies).

## Sample limitations

The sample consists mainly of large and data-intensive companies, including regulated industries, which increases its relevance for advanced companies but limits the transferability of conclusions to medium-sized and small companies and companies without dedicated ESG capacity. The perspective is predominantly managerial, which may reinforce a top-down view and relative optimism about the ability to deliver a sustainability report. The research captures the early stages of ESRS implementation, and the challenges associated with it.

## Sample supplementation

In February 2025, the European Commission presented the Omnibus I legislative package, proposing to significantly narrow the scope of entities subject to CSRD reporting requirements. Simultaneously, it tasked EFRAG with simplifying the ESRS. The initial sample of surveyed companies tended to hold a neutral and pragmatic attitude towards regulation. However, to capture the reality of ESRS implementation and the full spectrum of opinions, the research team decided to expand the sample to include both extremely positive and extremely negative perspectives, which are prominent in public debate. As repeated direct and indirect approaches to several hundred companies via the Confederation of Industry were unsuccessful, proxy interviews with selected ESG advisors were included.

4.1.2 Data collection methods

Table 2: Data collection methods. The table provides an overview of all the methods used, the time period in which they were implemented, and a basic description with quantification.

<b>First literature review</b>	September 2024	Professional articles, studies, reports from consulting companies.
Objective: To map the current state of knowledge and identify "gaps" for the formulation of research questions and hypotheses.		
Output: Confirmation of the absence of research in the Czech Republic and background information for the design of our own research.		
<b>Semi-structured interviews with companies</b>	November 2024– April 2025	14 representatives of large, sustainability-advanced companies from various sectors.
Objective: To gain in-depth insight into the main challenges, obstacles and experiences of companies in implementing ESRS.		
Output: 14 recordings and verbatim transcripts of interviews, which formed the main data basis for the analysis.		
This was the primary method used in the entire research project. The interviews lasted an average of 75 minutes and were recorded with the consent of the participants and subsequently transcribed verbatim. Anonymisation was achieved by reinterpreting the statements (transcription) in this research report.		
Companies that are less advanced in the area of sustainability management were not included in the research, so we partially covered their perspective indirectly through interviews with consultants, see below.		
<b>Focus groups with companies</b>	10 April 2025	12 company representatives and experts at the Sustainability Summit conference.
Objective: To supplement and verify findings from individual interviews in the context of group discussion.		
Output: Minutes from discussions that identified shared topics and collective experiences, including recommendations.		
<b>proxy interviews with expert consultants</b>	April–May 2025	3 experts and consultants in the field of corporate sustainability.
Objective: To expand the sample of primary respondents and include in the research the perspectives of companies that are sceptical about corporate sustainability management and ESRS implementation or are hesitant to implement it. This was also important in view of the current discussion within Omnibus I at the time.		
Output: Anonymised notes and transcripts of mediated experiences.		
The limitation of this method was the indirect nature of the information obtained, as it was mediated experience rather than direct statements from companies.		

<b>Semi-structured expert interviews</b>	did not take place	Representatives of institutional partners: Ministry of Finance of the Czech Republic, Ministry of the Environment of the Czech Republic and Confederation of Industry of the Czech Republic.
Due to time and organisational constraints, individual interviews with representatives of relevant institutions were replaced by a round table discussion attended by representatives of research partners and supplemented by their written feedback.		
<b>Round table with representatives of partners and written feedback</b>	23 June 2025	5 representatives of institutional partners: Ministry of Finance of the Czech Republic, Ministry of the Environment of the Czech Republic and Confederation of Industry of the Czech Republic.
Objective: To present, validate and prioritise the key needs of businesses to research partners (Ministry of Finance of the Czech Republic, Ministry of the Environment of the Czech Republic, Confederation of Industry of the Czech Republic). To obtain their responses and input on the challenges and their solutions. Output: Prioritised list of needs (result of voting) and written statements from partners. The main points of the discussion were carefully recorded and sent to all partners for completion.		
<b>Second literature review of existing research</b>	September 20 2025	Newly published academic articles and expert studies (2024–2025).
Objective: To compare and contrast our own findings with the latest international research and practice. Output: Understanding the current state of knowledge (see <a href="#">Current state of knowledge</a> ), hypothesis testing and background for discussion of results. The research team considered it crucial to ensure an up-to-date picture of the issue of sustainability disclosure, as it is undergoing turbulent developments. Detailed information on this method can be found in the chapter <a href="#">Literature review</a> .		

4.2 Data analysis methods

The entire data analysis process was conducted with a view to maintaining objectivity and quality. The use of recordings and verbatim transcripts minimised the risk of misinterpretation of statements, coding by multiple researchers and ongoing consultation helped to align the meaning of categories, and triangulation together with validation of results ensured that no significant conclusion was based on a single data source.

4.2.1 Literature review

Detailed search methodology and source selection for literature reviews are provided in the relevant chapter [Literature review](#) . Effective source selection for literature review and an overview of the issues surrounding sustainability disclosure were provided by [Bibliometric analysis](#) .

## 4.2.2 Semi-structured interviews with companies

All interviews were recorded and subsequently transcribed using an automated transcription tool. The transcripts are not published because it was not possible to anonymise them in a meaningful way without omitting key information.

The data collected from the interviews was analysed using thematic analysis, which is a flexible and widely used method for identifying and analysing patterns (themes) in qualitative data. The aim was to systematically organise and describe the extensive text material (160,000 words, approx. 350 pages) and interpret its key aspects in relation to the research questions. To ensure scientific rigour and credibility, the process followed the phased model described by Nowell et al. (2017). These are i) familiarisation with the data, ii) generation of initial codes, iii) search for themes, iv) revision of themes, v) definition and naming of themes, and vi) presentation of results.

### Coding of statements

Atlas.ti software was used to analyse the interviews. The initial coding was performed by the primary coder, who personally participated in almost all interviews and was thoroughly familiar with the complete data set.

The coding of interview transcripts was carried out using an inductive-deductive approach. First, we formulated a preliminary set of challenge themes based on a literature review (see [Hypothesis 1](#)) and a pilot interview. During the coding of the transcripts of subsequent interviews, new topics covering additional challenges and contextual information were formulated based on what was actually said in the interviews.

Individual topics were continuously updated and reformulated to ensure that no topic was omitted. The output of the coding was a list of topics. From the 14 interviews, a total of 17 main topics and 948 sub-coded segments (statements) were initially identified.

This systematic processing made it possible not only to quantify the frequency of occurrence of the identified types of call topics to illustrate their significance, but above all to better understand their causes and contexts.

*Table 3: List of original themes (codes) based on qualitative analysis of 14 semi-structured interviews with companies, including code definitions for objective classification and frequency of statements (contains duplications across codes).*

Topics (codes)	Code description	Frequency of statements
Technical challenges of ESRS	secondary analysis, double significance, measurement, indicators, strategy	132
Attitude towards ESG	Opinion, individuals, companies, people, society in general	102
Source	description or lack thereof – time, human (consultants), financial and other	288
Legal environment	legislation, commentary, legal environment, certification, ISO	74
Data	collection, data issues, indicators, systems, digitisation and IT	117
Added value	positives as well as absurdity and counterproductivity ("it's	84



	useless", "pointless")	
Value chain	suppliers, clients, relationships and related topics (data collection)	84
Complexity	complexity and difficulty of the task, overload, too much to do	93
ESRS standard	comment directly on the standard – language, structure, etc.	74
Tangible Changes	on business, reality, adaptation, measures associated with and mentioned in connection with ESRS or ESG	90
Motivation	motivators for implementing ESRS or ESG in general	69
ESG team	Description of the team, size, education and roles, also related to resources, may include consultants and tools.	140
Requirements	demands, ideas, identification of problems for partners or in general	78
Communication	description, strategy, tools, how it works, challenges, groups, advice	85
Duplication	tasks, especially data	13
Education	direct and indirect	45
Specific information about the company	company characteristics, specific challenges for the sector, business, etc.	18

### Creation of final topics

The created themes (codes) were then analysed and grouped into broader, overarching themes. This step was carried out collaboratively within the research team. The primary coder presented a draft thematic structure (see previous subchapter) and other team members provided feedback. The meaning of individual codes and their interrelationships were discussed together.

The themes were repeatedly revised, refined, merged and divided during this process until the team reached a consensus on their final form and definitions. At the same time, the main themes were structured into individual sub-themes. This is the final structure presented in this research report in the chapter [Challenges and obstacles for Czech businesses in implementing ESRS](#).

During the finalisation of the topics and sub-topics from the statements, some of the original topics were merged, namely "Value Chain" (merged with "Data" and "Duplication") and "ESRS", "Complexity" and "Technical Challenges of ESRS" (merged into a new topic "ESRS"). "Attitude towards ESG" and "Added value" were merged into "Added value (positives and negatives)". The topic "Specific company information" was only used to describe the sample and was therefore not included in the analysis. The resulting topics presented in this report are:

1. Education and capacity building (45);
2. Internal and external communication (85);
3. Motivation (69);
4. ESG team (140);
5. Legal environment (74);
6. ESRS (309);

7. Data (210);
8. Resources (288);
9. Tangible changes (90);
10. Added value (positive and negative) (162).

To a certain extent, it was necessary to reinterpret or standardise the results for anonymisation purposes, which may have led to some distortion. In any case, the research team endeavoured to capture the statements and phrases as accurately as possible in the results.

### 4.2.3 Focus groups

Data from focus groups were analysed in the form of detailed transcripts. In the focus groups, we focused on identifying common themes and consensuses or differing views among participants. Key points from the discussions were compared with the results of individual semi-structured interviews with companies, with the focus groups serving as a verification tool. New insights emerged from the group interaction, with participants inspiring or opposing each other.

We then structured the results from the focus groups into identified topics, see [Creation of final topics](#).

### 4.2.4 Proxy expert interviews with advisors

Transcripts of three expert interviews with consultants were processed using detailed notes. As with the results from the focus groups, the main findings were structured into identified topics, see [Creation of final topics](#). This made it possible not only to supplement the sample with proxy information about other companies not included, but also to compare the external perspective of the consultants with the internal perspective of the individual companies.

### 4.2.5 Data triangulation

In the next phase, data triangulation was performed, i.e. mutual comparison and combination of findings from all sources. Findings from interviews were confronted with findings from focus groups and expert interviews. If a particular challenge was repeatedly confirmed across different methods, it can be considered robust. Conversely, challenges that were raised only occasionally should be assessed cautiously with regard to context (e.g., specific to a particular company or respondent).

In the final phase, the results were compared with findings from the literature review. This ensured that the findings were also tested within the current research. When comparing the results with the literature, it is very important for the research team to be cautious in understanding the context of the research (including the time period, the robustness of the findings and the methods used).

### 4.2.6 Round table

The results were validated with the participation of research partners in the form of a round table. Preliminary conclusions (in particular, the identified list of businesses' needs vis-à-vis the state and other actors) were presented to representatives of relevant institutions, who had the opportunity to provide feedback and clarification. Through structured discussion and voting, the most important needs were prioritised, i.e. experts expressed which areas they considered most critical to address.

### 4.3 Research ethics

Throughout the research, emphasis was placed on transparency and ethical principles. All participants in the interviews, focus groups and round table provided informed consent to participate in the research. Respondents to the recorded interviews (semi-structured with 14 businesses and proxy expert with 3 consultants) also provided informed consent to be recorded.

To ensure anonymity, all statements presented in the results were anonymised and, in some cases, reinterpreted so that it was not possible to identify a specific company or person, while striving to preserve the original meaning as much as possible.

Artificial intelligence tools were used in the preparatory stages of this research. The GPT-4o (OpenAI) language model was used to consult on the methodology and structure of the research. The NotebookLM (Google) tool was used to summarise and analyse texts as part of the literature review. The qualitative analysis itself, including coding and topic creation, was performed exclusively manually. The mutualus author team bears full responsibility for the final interpretations and conclusions.

## 5. Literature review

The subject of the literature review focused on publications identified by the previous bibliometric analysis. This analysis identified the main trends in the researched issue of implementing sustainability information disclosure, more specifically the implementation of ESRS.

### Search methodology and main sources

The search for publications was not strictly limited by publication date, but publications from 2024 and 2025 were given priority. The search itself was conducted using Harzing's Publish or Perish software. The search for scientific publications was supplemented by a search for other relevant documents from European business associations, large consulting firms and other relevant institutions.

The search term ESRS was gradually abandoned because the acronym represents other unrelated concepts<sup>1</sup>. The following keywords were used in various combinations and phrases for individual search queries: ESRS, Czech Republic, research, sustainability ESRS, sustainability, reporting, CSRD.

The main sources of information searched were academic journals (Journal of Cleaner Production, Sustainability, Accounting in Europe, Accounting, Auditing & Accountability Journal), academic literature search engines (Google Scholar, Crossref), public institutions in the Czech Republic and the EU (European Commission, Ministry of Finance of the Czech Republic, Ministry of the Environment of the Czech Republic, Czech Statistical Office, EFRAG, Government Council for Sustainable Development) and studies by consulting companies (EY, PwC, KPMG).

This research draws upon findings from various authors and institutions, including EFRAG, Müller, Galeotti et al., Kwarto et al., Traxler et al., Yahaya, Wagenhofer, Hristov & Searcy, Krčál či Deutsches Rechnungslegungs Standards Committee (DRSC).

### 5.1 Bibliometric analysis

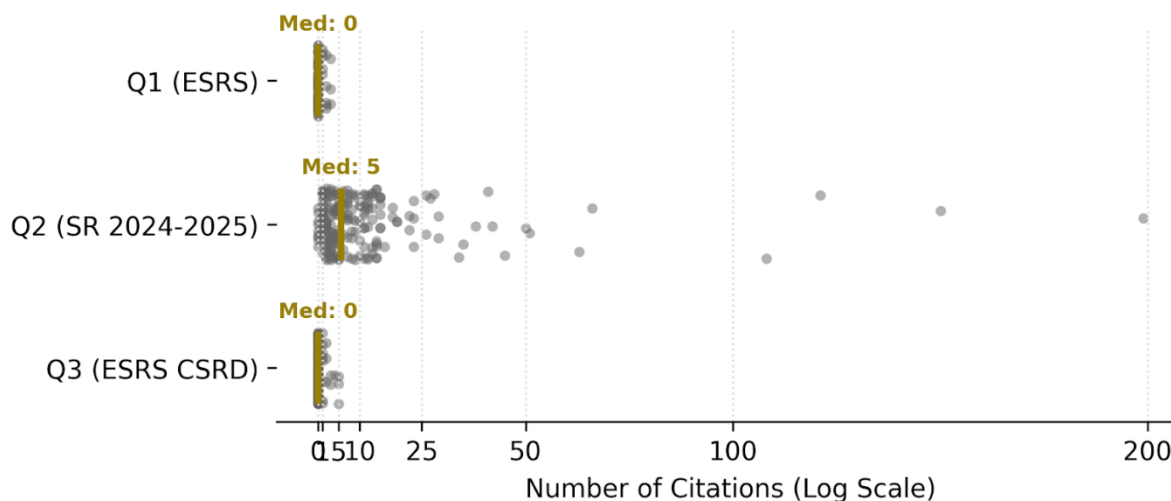
A basic bibliometric analysis of scientific literature was performed to capture the main trends in research in the field of sustainability disclosure. Based on initial exploratory scans of the literature, the analysis does not include searches in the Czech language, as various search queries in Czech or about the Czech business environment repeatedly returned 0 records, confirming the absence of such studies. The final analysis included three search queries limited to a maximum of 200 records:

- Q1: source: Google Scholar; year of publication: 2024–2025; keywords: "sustainability, reporting, ESRS, CSRD, omnibus"
- Q1 result: 199 records, average 0.2 citations/publication
- Q2: source: Google Scholar; year of publication: 2024–2025; keywords: "sustainability reporting AND (implementation OR issues OR challenges)"
- Q2 result: 188 records, average 12.6 citations/publication
- Q3: source: Crossref; year of publication: 2020–2025; publication title: "European Sustainability Reporting Standards"

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<sup>1</sup> E.g. Environmental and Social Review Summary, Epidural Spinal Cord Recordings or European Sleep Research Society.

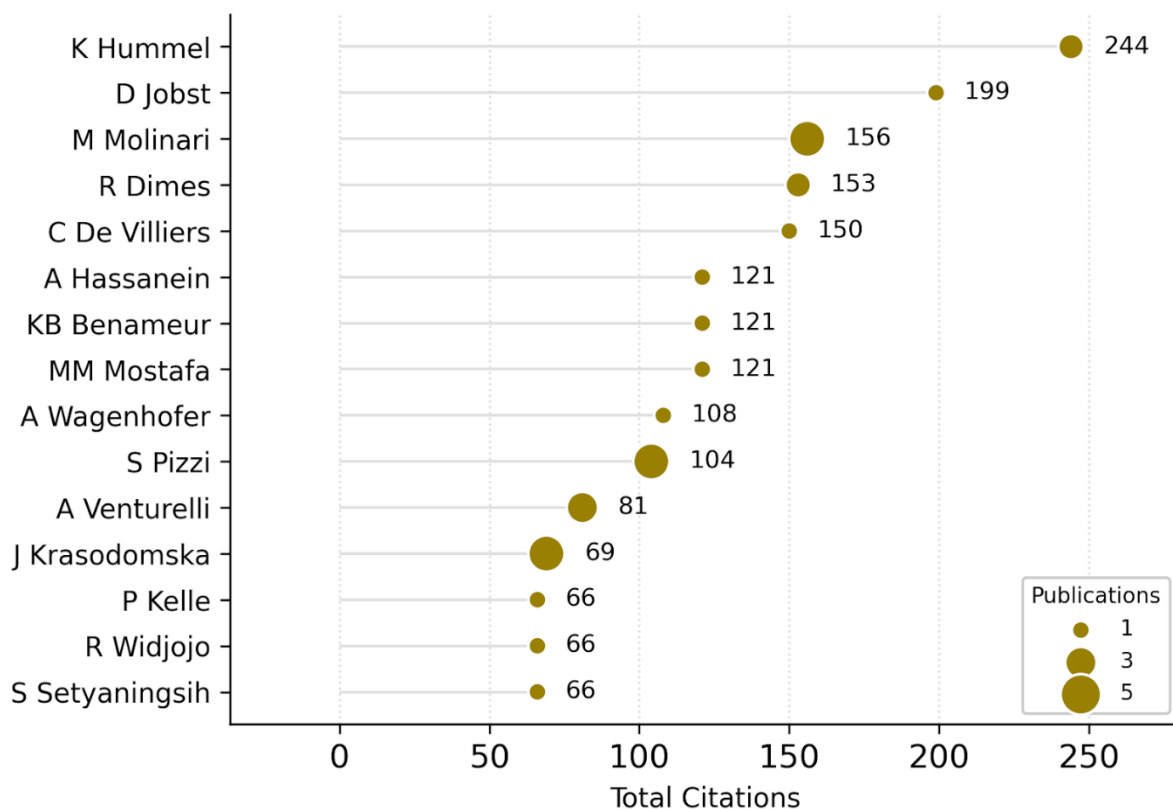
- Q3 result: 87 records, average 0.3 citations/publication



Graph 1: Number of citations of publications for individual search queries Q1-Q3 (see description above).

Bibliometric analysis shows that the body of scientific literature focused directly on ESRS is still small and has a very low citation rate. In contrast, there is many publications on the topic of sustainability reporting, and the citation rate is significantly higher. There is a total of 2,365 citations in query Q2, and the median number of citations per publication is 6.0. This confirms that the discussion on implementation challenges is currently anchored in the more general framework of sustainability reporting, while ESRS-specific knowledge is only just beginning to emerge. Journals such as *Sustainability and Management Decision* stand out among the sources, indicating that the issue under investigation largely concerns management and decision-making processes.

The identified absence of ESRS-specific publications for our research meant that it was necessary to rely more on literature focused on sustainability reporting. At the same time, the analysis confirmed our consideration of the need to secure primary data for research and not to rely on a very limited set of thematically relevant publications.



Graph 2: Top 15 authors by total citations. The number of non-duplicate publications is represented by size of the circle.

## 5.2 Basic concepts and context relevant to research

### 5.2.1 Corporate sustainability and reporting

#### Sustainability

The concept of sustainability or sustainable development is a broad, holistic concept aimed at achieving a long-term balance between environmental, social and economic dimensions at a global level. The original definition in the 1987 Brundtland Report reads: *"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."* (World Commission on Environment and Development, 1987) Currently, the concept of sustainability is defined by the UN Sustainable Development Goals (SDGs) and Agenda 2030 (Pantazi, 2024). Although Agenda 2030 encourages businesses to take greater social and environmental responsibility and to integrate sustainability information into their reporting, it primarily focuses on global and societal goals (Donner et al., 2025).

#### Corporate sustainability, ESG

Sustainable development has a dual significance for business. Companies provide goods and services that meet the needs of current and future generations, and it is necessary to maintain the long-term viability of companies in order to continuously meet these needs (Barker, 2025). At the same time,

business activities create negative externalities (pollution of the environment with heavy metals, waste production, deforestation, health risks for consumers) and private economic interests can be pursued at the expense of current and future generations, which is contrary to the concept of sustainable development (Barker, 2025).

The term corporate sustainability can be understood as a process in which a company manages and describes its performance in terms of sustainability. For greater clarity, corporate sustainability is often described in terms of its main themes: i) environmental responsibility (E), ii) social responsibility (S) and iii) governance (G), hence the frequently used acronym ESG.

Companies most often assess their sustainability according to one of the designated frameworks or standards (e.g., the GHG Protocol for greenhouse gas emissions, GRI standards for overall sustainability) (Setyaningsih et al., 2024). Standardisation primarily ensures i) easy comparability of results, ii) transparency and credibility of information, iii) efficiency (companies do not have to develop their own methods), and iv) easy compatibility (with public regulation or other standards). These factors form the basis for sustainability reporting, which is gradually evolving from an initially voluntary initiative into a regulated obligation.

### **Corporate sustainability reporting**

Corporate sustainability reporting means the systematic management and disclosure of information about business activities in the areas of the environment, social issues, and governance. It originated in the 1980s and 1990s as a response to environmental disasters and growing public pressure. Initially, companies voluntarily published reports as part of the concept of corporate social responsibility (Donner et al., 2025; Kosi & Relard, 2024; Setyaningsih et al., 2024; Sundarassen et al., 2024). The first widely recognised methodological framework was introduced by the Global Reporting Initiative in 1997 (pilot) and 2000 (official) (Sundarassen et al., 2024), and specialised standards such as the GHG Protocol (greenhouse gas emissions) and CDP (Sundarassen et al., 2024) were also developed. In the first decade of the 21st century, corporate sustainability reporting began to be integrated into annual reports and became an important source of data primarily for investors and rating agencies.

Since 2014, the reporting of corporate sustainability information in the EU has been regulated by the NFRD Directive, which was replaced in 2022 by the CSRD Directive introducing mandatory reporting according to ESRS (CSRD, 2022). In parallel, harmonisation at the global level has been achieved through the ISSB (IFRS S1 and S2) (Hummel & Jobst, 2024). The motivation for the creation of these standards is primarily the identified need for reliable and comparable information that helps investors manage risks and companies identify savings and opportunities (Rusu et al., 2024).

### **5.2.2 What are ESRS**

The European Sustainability Reporting Standards (ESRS) are new corporate sustainability reporting standards in the EU that determine what information on environmental, social and governance issues companies must disclose. According to the double materiality (sustainability) concept, companies should provide information on how they affect people and the planet and, conversely, how sustainability affects companies themselves. This information should form a separate section of the annual report and be in digital format (Commission Delegated Regulation (EU) 2023/2772, 2023, hereinafter referred to as "ESRS"). The standards cover both qualitative and quantitative information, as well as historical and, newly, forward-looking information on sustainability in the areas of:

- governance, management and supervision,

- strategy and business model,
- policies and measures,
- indicators and targets.

The standards are structured as two cross-cutting and ten thematic standards (e.g. climate change, pollution, working conditions and business ethics). Sectoral standards were also originally planned, but their future is currently uncertain.

The reason for the creation of the ESRS is to provide investors and other users with comparable and reliable information on corporate sustainability. This is to be achieved through uniform rules (standards) for the disclosure of information. The ESRS is therefore a framework promoting corporate transparency, which aims to provide users with sufficient high-quality information and thus strengthen their decision-making capabilities (ESRS, 2023). Conversely, the ESRS does not introduce an obligation to implement sustainability principles in production processes or corporate management. The implementation of corporate sustainability is not mandated by the reporting itself, but increased transparency, growing reputational risks and pressure from relevant entities create pressure to do so.

### Updating and reduction of ESRS

During 2025, the original ESRS will be simplified as part of the Omnibus I legislative package, see below. EFRAG has been mandated to revise first set of ESRS to reduce the volume of requirements and to refine and clarify certain parts. As of August 2025, for example, this involves a 68% reduction in the total number of data points, a 57% reduction in the number of mandatory data points, and a 60% reduction in the overall length of the standards (EFRAG, 2025a). The concept of double materiality and the basic structure of the ESRS are retained. It is supplemented by the principle of "fair presentation" of information, and requirements for eco-design and circular economy principles are newly incorporated in line with Regulation (EU) 2024/1781 of the European Parliament and of the Council on the eco-design of sustainable products (ESPR). For the first wave of reporting companies, relief measures are introduced, such as the option to temporarily omit reporting on Scope 3 emissions or biodiversity data (ESRS E4) and financial impacts in 2024–2026 (European Commission, 2025b).

EFRAG is expected to submit its final technical proposal for the revision of the ESRS by the end of November 2025. The exact date of entry into force of the subsequent amendment to the directive, and thus the date of adoption of the amended ESRS, was not known at the time of writing this research report (EFRAG, 2025b).

## 5.2.3 History of corporate sustainability reporting in the EU

### 2014-2015 – NFRD and the Paris Agreement

Around 2015, there was a turning point in public awareness of climate change as a global risk, and political pressure mounted to find solutions. In 2015, the Paris Agreement on climate change and the UN Sustainable Development Goals were adopted. Corporate sustainability disclosure is intended to be one of the pillars for addressing this crisis (Hummel & Jobst, 2024).

The main reason for creating a uniform reporting framework was to reduce the growing gap between the demand for non-financial information (especially from investors) and the limited supply from companies ( ). Due to this information gap, there was a significant increase in the number of individual requests for non-financial information that companies had to deal with (CSRD, 2022).



Voluntary disclosure of non-financial corporate information reduces information asymmetry between investors and between managers and shareholders, leading to lower estimated risk, higher market liquidity and lower capital costs (Hummel & Jobst, 2024). Following on from this, in 2018 the European Commission introduced an Action Plan for Financing Sustainable Growth, which included strengthening the disclosure of information on corporate sustainability.

Directive 2014/95/EU (NFRD) introduced in 2014 the obligation to disclose selected non-financial information for large public-interest companies with more than 500 employees. The obligation applied to financial years beginning on 1 January 2017 or during the calendar year 2017. Its aim was to increase the relevance, consistency and comparability of information disclosed by certain large companies and groups across the EU and to stimulate change towards a sustainable global economy.

However, it gradually became apparent that the information disclosed was often insufficiently complete and did not provide sufficient comparability and reliability (CSRD, 2022). The situation for information users was further complicated by the fragmentation of the standards used for sustainability disclosure.

### **2019–2020 – Green Deal**

Investors, civil society and regulators have shown growing interest in sustainability and, consequently, in information about the environmental and social impacts of companies. In Europe, social and political pressure led to the adoption of a set of policy measures in December 2019 aimed at making Europe climate neutral by 2050 – the Green Deal.

In response to the COVID-19 pandemic, in May 2020 the EU announced a €750 billion recovery package, of which the Green Deal is an integral part (Hummel & Jobst, 2024). This reinforced the emphasis on sustainability in economic recovery, indirectly supporting demand for related information.

The NFRD has been repeatedly criticised for shortcomings in the comparability, consistency and reliability of the information provided and for the limited number of companies covered. These shortcomings were confirmed by a review by the European Commission and paved the way for a substantial revision of the NFRD. According to experts, the sustainability reporting mandate was needed to transform reporting into a tool for transparency and accountability and to prevent greenwashing (Hummel & Jobst, 2024). In 2019, the EU guidelines on the NFRD mention for the first time the concept of double materiality, which is key to the ESRS.

As part of the EU Action Plan on Financing Sustainable Growth from 2018, two regulations were adopted that are key to directing capital flows towards more sustainable areas: Regulation (EU) 2019/2088 on sustainability-related disclosures in financial services (SFDR) and Regulation (EU) 2020/852 establishing a framework to facilitate sustainable investment (EU Taxonomy) (Hummel & Jobst, 2024). These regulations were expected to be linked to the new CSRD Directive.

### **2022 – Adoption of the CSRD**

The economic situation in the EU stabilised and showed signs of growth, which supported social responsibility and the trend towards introducing corporate sustainability concepts. Directive 2022/2464 (CSRD), effective from 14 December 2022, replaced the inadequate NFRD and introduced a new high standard for the disclosure of corporate sustainability information, which applied to the first wave of companies from the 2024 financial year (i.e. the first reports were published in 2025)

(Hummel & Jobst, 2024). The CSRD thus significantly determined the future direction of the EU in terms of openness and accessibility of information about companies and their management.

The scope of mandatory entities was extended to all large companies, listed small and medium-sized companies (with the exception of micro-enterprises), parent companies of large groups and selected companies from third countries with a significant presence on the EU market. According to EU estimates, the CSRD was expected to gradually expand the obligation from 11,700 entities (covered by the NFRD) to around 50,000 (covered by the CSRD) (European Parliament, 2022).

The CSRD clarified and specified the concept of double materiality from the 2019 NFRD. The requirement for information from the entire value chain was expanded. An obligation to publish information in a uniform electronic format (ESEF) with digital tagging was established. Sustainability reports (sustainability statements) are no longer to be separate documents, but are to be integrated into the annual report and published in parallel with the financial statements. The tool for ensuring the quality of information is to be the verification of reports by auditors, gradually moving from limited assurance to reasonable assurance.

According to an analysis by the Czech Ministry of Finance, the disclosure of sustainability information in the Czech Republic should already affect companies employing about 25% of the Czech workforce (1,978 companies) in 2026 (Czech Ministry of Finance, 2024). According to estimates, the implementation of the CSRD should lead to an approximately tenfold increase in publicly available information on greenhouse gas emissions from companies compared to that currently published through the EU ETS I system (Ministry of Finance of the Czech Republic, 2024).

### **2023 – Adoption of the first set of ESRS**

Regulation (EU) 2023/2772 of 31 July 2023 officially adopted the first set of binding ESRS for sustainability reporting. These standards, which are mandatory under the CSRD, were intended to provide the information necessary to understand a company's impact on sustainability issues and the impact of these issues on the company's development, performance and position. The ESRS provided comprehensive standardisation of corporate sustainability information across 10 topics and 1,073 individual data points (EFRAG, 2025a). The regulation came into force shortly after its announcement and applied to accounting periods beginning on or after 1 January 2024 for companies falling under the NFRD (ESRS, 2023).

The ESRS brought revolutionary changes to corporate sustainability reporting. Companies were now required to describe their business from the perspective of dual sustainability significance, i.e. what ESG risks could threaten them and what impacts their business could cause (ESRS, 2023). The companies concerned also had to start collecting data that they had never collected before (e.g. information on material flows) and gathering information with which they had no experience (value chain indicators or data on fair wages and wage inequalities) within a very short time frame (ESRS, 2023). To varying degrees, companies had to build or expand ESG teams and implement the necessary systems and processes.

### **2025 – Adoption of the Omnibus I simplification package**

Between 2022 and 2025, the geopolitical and socio-economic conditions in the EU changed fundamentally. The war in Ukraine contributed to the energy crisis in Europe, rising prices and the weakening of the European industrial base. At the same time, the EU faced increasing trade tensions between China and the US. These factors created political pressure to strike a balance between the

ambitions of the Green Deal and the need to strengthen the competitiveness of European businesses.

In these circumstances, the Omnibus I package of proposals for changes to business regulation was created, with the main aim of simplifying rules, reducing administrative burdens and freeing up additional investment capacity. According to the Commission, it should bring administrative relief to businesses estimated at over EUR 6 billion (European Commission, 2025c). The package also responds to criticism arising from Mario Draghi's report on Europe's competitiveness and to the demands of the Budapest Declaration, which called for a "simplification revolution" (European Commission, 2025c).

The Commission explicitly emphasised that the intention is not to deviate from the objectives of the Green Deal and the Action Plan for Sustainable Finance (European Commission, 2025a). Consultations with businesses and other stakeholders confirmed broad support for the objectives of the CSRD and CSDDD but also highlighted the need for simplification and harmonisation of implementation (European Commission, 2025a).

According to the Omnibus I proposal, simplification is achieved by reducing the scope of entities subject to mandatory reporting by approximately 80% (European Commission, 2025a). The obligation remains only for companies with more than 1,000 employees (and with a turnover of more than EUR 50 million or a balance sheet total of more than EUR 25 million). This should bring the number of entities subject to mandatory reporting back to the level in 2014 before the adoption of the CSRD<sup>2</sup> (European Commission, 2025a).

The second wave of companies that were supposed to report for 2025 have been granted a two-year deferral and are not expected to start reporting until the 2027 financial year (reporting in 2028) (European Commission, 2025a).

## 2025 – Creation of the second set of ESRS

See the previous subchapter "[Updating and reduction of ESRS](#)".

## 5.3 Current state of knowledge

Academic and applied research responds to rapidly changing European requirements with a lag. Consequently, conclusions must be interpreted in light of current regulations. The Czech Republic still lacks domestic empirical studies primarily focusing on the implementation of the ESRS, and internationally, there are few publications directly addressing implementation. The generalisability of many studies is limited by their national (e.g., Germany, Italy, Austria) or sectoral (e.g., food, oil and gas) contexts (Setyaningsih et al., 2024), which underscores the importance of this research.

### Regulation and motivation

Compliance has become a primary and rapidly growing driver for sustainability disclosure. For example, between 2023 and 2024, compliance as the main motivating factor for implementing ESG disclosure increased from 38% to 59%. European companies cited compliance as their main

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<sup>2</sup> Based on the current political direction of the EU (as of September 2025), it is likely that the scope of mandatory entities will be reduced even before the entry into force, resulting in de facto deregulation.

motivation in 63% of cases, and companies with more than 5,000 employees in up to 75% of cases (Sextl, 2024).

Uncertainty and inconsistent interpretations of new EU sustainability regulations (ESRS, CSDDD, EUDR) persist among companies. Consequently, divergent interpretations lead to overcompliance and pressure to provide clearer guidance (Cambou, 2025). Many companies justify their reactive or inactive stance by claiming that they are waiting for guidelines from government authorities or the European Union (Cambou, 2025).

Mandatory disclosure of sustainability information (NFRD and CSRD) also demonstrably increases the volume and transparency of disclosed information. For example, there has been a 50% increase in SDG disclosure by German multinational companies since the introduction of the requirement (Donner et al., 2025).

### **Data and systems**

The key challenge is data collection, validation and management. Up to 42% of study participants mention that they struggle with fragmented data sources, while 38% report problems with data quality and reliability (Sextl, 2024).

According to KPMG, most companies (47%) still used Excel spreadsheets to manage ESG data in 2024 (KPMG, 2024).

Lack of transparency in greenhouse gas emission calculation methodologies is also a serious problem for data comparability and reliability, as only 43% of the 100 companies analysed report coverage of the entire consolidated group (Frank Bold, 2024).

An early analysis of 166 companies in the EU that published an integrated sustainability report in 2023 revealed low average compliance with the ESRS (approximately 37%), with the highest compliance in the area of corporate governance (Raimo et al., 2025).

### **Organisation, capacities and ESG teams**

CSRD has increased demand for experts in corporate sustainability, especially among reporting entities (Funke et al., 2024). According to a KPMG study (2024), 90% of organisations plan to increase their investment in ESG over the next three years, with the main areas being dedicated staff (43%), specialised software (40%) and employee training (38%) (KPMG, 2024). Specialised ESG departments report higher demand for hiring new experts (34%) compared to finance (16%) or other departments (22%) (Sextl, 2024).

The overall level of preparedness of companies in the EU for ESRS is uneven, with many companies waiting for sector-specific standards (Leal Filho et al., 2025). The preparedness of companies varies considerably depending on their size and sector. Larger companies and companies operating in environmentally sensitive sectors show a higher level of compliance with ESRS requirements (Leal Filho et al., 2025; Raimo et al., 2025). These companies are under greater pressure to be transparent. Companies in the agri-food and forestry sectors appear to be more prepared than companies in the mining and textile industries (Cambou, 2025). At the same time, companies subject to the NFRD already have existing reporting systems in place, which increases the overall quality of their reports (Kosi & Relard, 2024).

The banking and financial sector is the most active in ESG reporting, with 67% of organisations publishing a report by 2023 (Sextl, 2024). In contrast, small and medium-sized enterprises face limited resources and a lack of support (Donner et al., 2025; Setyaningsih et al., 2024).

### **Value chain and proportionality**

The CSRD extends sustainability reporting requirements to the entire value chain of companies. The ESRS framework acknowledges the challenges of obtaining information from the value chain (proportionality), particularly from entities not subjected to the obligations (Hummel & Jobst, 2024; Leal Filho et al., 2025). Smaller suppliers may face displacement from supply chains due to administrative requirements (Cambou, 2025).

### **Communication and reputation**

In practice, one-way communication and two-way communication (consultation) dominate. Multilateral participatory forms of communication are almost non-existent in the ESG field, reflecting the formal or cautious nature of corporate ESG communication (Galli et al., 2024). The formality of communication is also confirmed by an analysis of 100 ESRS sustainability reports (2024), in which 89 of the companies surveyed did not provide clear information on whether and how the administrative, management and supervisory bodies are informed about the views and interests of the parties concerned (Frank Bold, 2024).

In some cases (the food sector), transparent disclosure of information and deeper stakeholder integration lead to improved financial performance, company reputation, customer trust and legitimacy (Galli et al., 2024; Setyaningsih et al., 2024).

A high level of concern about greenwashing was expressed by 43% of respondents, and only 9% had no concerns (Silvestri, 2023). In addition to greenwashing, a specific phenomenon of deliberate opacity in the area of corporate sustainability, known as greenhushing, (Galli et al., 2024) has recently been described. Some companies deliberately limit or completely omit communication about the sustainability of their business, even though the results are positive. The reason for greenhushing is the fear of creating problems for their supply chains or the entire industry through transparent communication in a conservative market (Galli et al., 2024). This phenomenon has been observed in small and medium-sized enterprises operating in the Italian food industry. It is highly likely that this phenomenon will spread due to the black-and-white nature of sustainability perceptions and the prioritisation of economic interests<sup>3</sup>.

### **5.3.1 Testing hypothesis 1 (implementation challenges for businesses)**

The table 4 is based on general findings about the challenges faced by businesses in the EU when implementing ESRS. The table 4 summarises the alignment between the challenges identified in the literature and the 12 challenges of hypothesis 1. Of the 12 challenges, nine were confirmed by the literature review, three were not confirmed, and four other key challenges were newly identified.

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<sup>3</sup> At the same time as greenhushing is developing, the European Commission issued Decision CASE AT.40669 – END-OF-LIFE VEHICLE RECYCLING, condemning European car companies, among other things, for agreeing not to provide data on the rate of end-of-life vehicle processing.

*Table 4: Results of testing hypothesis 1 on key challenges for companies when implementing ESRS within the literature review. Classified as a) confirmed, b) unconfirmed, and c) new challenges.*

Confirmed	i. the complexity of ESRS (Kosi & Relard, 2024; Pantazi, 2024; Raimo et al., 2025; Sexl, 2024)
	ii. insufficient awareness and professional capacity of companies in the area of ESRS (Cambou, 2025; Galli et al., 2024; Kosi & Relard, 2024; Setyaningsih et al., 2024; Sexl, 2024)
	iii. lack of interest on the part of company management (Setyaningsih et al., 2024; Sexl, 2024)
	iv. unprofessional and ineffective stakeholder engagement (Frank Bold, 2024; Setyaningsih et al., 2024)
	v. inability to map the supply chain, especially indirect relationships (tier 2) (Cambou, 2025; Frank Bold, 2024; University of Cologne, 2023)
	vi. general resistance to change (Cambou, 2025; Setyaningsih et al., 2024)
	vii. lack of dedicated internal resources (Cambou, 2025; Kosi & Relard, 2024; KPMG, 2024; Leal Filho et al., 2025; Setyaningsih et al., 2024; Sexl, 2024)
	viii. conflating compliance with ESRS sustainability disclosure requirements with a mandatory change in business strategy and decision-making (Galli et al., 2024; Setyaningsih et al., 2024)
Unconfirmed	ix. insufficient availability or lack of methodologies (Cambou, 2025; Frank Bold, 2024; Galli et al., 2024; University of Cologne, 2023)
	x. information overload
	xii. accumulation of minor barriers and stressors
Significant new challenges	xiii. duplication of reporting obligations
	xiii. regulatory fragmentation and uncertainty (inconsistency between EU, national policies and ISSB, and overestimation of national regulations) (Cambou, 2025; Kosi & Relard, 2024; Pantazi, 2024; Setyaningsih et al., 2024)
	xiv. communication and reputational risks (greenhushing, fear of negative publicity, misunderstanding of benefits) (Funke et al., 2024; Galli et al., 2024)
	xv. data availability and quality (collection, validation and systems across departments and suppliers) (Funke et al., 2024; Leal Filho et al., 2025; Setyaningsih et al., 2024; Sexl, 2024)
	xvi. IT and tools for ESG/ESRS (system and infrastructure limitations, automation) (Cambou, 2025; Setyaningsih et al., 2024; Sexl, 2024)

### 5.3.2 Testing hypothesis 2 (level of institutional preparedness)

The level of preparedness of public institutions to support corporate sustainability reporting cannot be assessed solely based on the reviewed literature. A detailed assessment requires primary data. The literature included focuses on the general EU framework and experiences from other Member States, in particular Germany and Austria, so only general requirements and challenges for Czech government institutions and business associations can be identified.

Government institutions and business associations in the Czech Republic face the task of ensuring the effective implementation of ESRS by individual companies. This requires not only the harmonious adaptation of legislation, but above all the development of support mechanisms, education and the sharing of know-how. Without the active role of institutions, there is a risk that implementation will become a bureaucratic exercise.

Banks play an irreplaceable role in implementing sustainability information in practice. This is because the financial sector is subject to considerable requirements for the integration of this new information (Hummel & Bauernhofer, 2024).

### **Government institutions**

Governments are seen as the primary users of information from sustainability reports, which inform the formulation of relevant policies (Barker, 2025). However, an emphasis on data standardisation risks reducing sustainability disclosure to a bureaucratic exercise. Government institutions must strike a balance between standardisation and a flexible approach that accounts for the specific context of each company (Rusu et al., 2024).

The enforcement of sustainability disclosure obligations by public authorities has historically been problematic under the NFRD due to the absence of direct reference in the Transparency (Pantazi, 2024). The CSRD amends this directive to add the missing enforcement mechanisms (Pantazi, 2024).

The scope and complexity of the standards represent a key issue. Consequently, the state should provide sufficient support, particularly for small and medium-sized enterprises (SMEs), which are the most vulnerable (Galli et al., 2024; Hummel & Jobst, 2024). This includes supporting the development of robust data collection and processing systems, as current practices rely largely on Excel rather than reliable database systems (Hummel & Bauernhofer, 2024).

The government should ensure standardised policies in the area of corporate sustainability that would be widely applicable, especially by small and medium-sized enterprises. This would achieve certainty and a more unified direction (Setyaningsih et al., 2024).

### **Business associations**

Business associations are key to providing external training and bridging gaps in know-how and resources, particularly for SMEs (Setyaningsih et al., 2024). They often act as intermediaries, gathering feedback from members and conveying it to policymakers, thereby helping to shape future regulatory frameworks (Hummel & Bauernhofer, 2024; Hummel & Jobst, 2024). Furthermore, they play a vital role in consultations regarding the implementation of ESRS-related standards, such as sector-specific standards or simplified standards for SMEs (Setyaningsih et al., 2024). At the same time, they can work to ensure interoperability between the ESRS and other international standards (e.g. ISSB, GRI) in order to reduce the burden on businesses.

## 6. Challenges and obstacles for Czech businesses in implementing ESRS

This section of the report presents structured results from the first part of the research. The data was obtained through semi-structured interviews with 14 companies, two focus groups with 12 company representatives, and three proxy expert interviews with consultants.

The aim of this part of the research was to find an answer primarily to the first research question: "What are the main challenges and obstacles faced by Czech companies in implementing ESRS?" For the purposes of evaluating the research, the respondents' statements were coded (categorised thematically) into the following 10 research topics (the original frequencies of individual statements, 1,472 in total, are given in brackets) and 55 sub-topics:

1. Education and capacity building (45);
2. Internal and external communication (85);
3. Motivation (69);
4. ESG team (140);
5. Legal environment (74);
6. ESRS (309);
7. Data (210);
8. Resources (288);
9. Tangible changes (90);
10. Added value (positive and negative) (162).

The respondents' statements are presented here as individual paragraphs of text, each capturing one central idea from the respondents' statements. While the statements presented are based on the original statements as much as possible, they are anonymised and summarised, so they are not typically direct quotations. When anonymising and summarising the statements, the researchers endeavoured to preserve their content and authentic tone as faithfully as possible, which is why any phrases that sound informal or unnatural in written form have been retained. Unless the report states, that the statement was made by one particular entity or a specified group of entities, any statement is considered to be a collective statement, made by an unspecified number of respondents and confirmed or uncontested by multiple respondents. However, this does not change the fact that there may be contradictions between individual statements.

Although the statements below are not verbatim quotations from the respondents, in accordance with the approach described above and in order to facilitate a better understanding of this part of the research findings, the statements are marked in italics, which evokes direct speech for the reader of the report.



## 6.1 Education and capacity building

### 6.1.1 Problems with ESG education

#### Interviews with companies

*The problem with ESG education is that many aspects are unclear and ambiguous. They change frequently and are not standardised.*

*ESG training courses are often unnecessary, repetitive and do not bring anything new to ESG managers.*

*There are two basic types of ESG training: (i) superficial and general training provided by companies that see it as a business opportunity, (ii) training with deeper and more specialised content with high added value, but more expensive and less accessible.*

*There are controversial topics surrounding ESG, but it is important to educate people and provide clear and objective information. Misleading, unsubstantiated information and strongly conflicting views are common.*

*The goal of the first ESG projects is not just to write the first report. It is more important to build know-how and a team.*

*The ESG agenda needs time, 5 to 10 years, after which everything will be clearer. Currently, there is uncertainty and insufficient knowledge.*

*First, methodologies must be established, which is the most challenging part. This is followed by education and the acquisition of information and skills. Only then will the company begin to use the data for analysis and its own improvement.*

*There are changes in the status quo. Two years ago, people laughed at this, today they are cooperating.*

#### Expert interviews

*For many people in companies, ESG only becomes understandable when they see the real impact on their own business.*

*Knowledge and skills are very uneven. Some people can calculate their carbon footprint themselves, while others cannot grasp it even after a year. Language is also a barrier. Companies rely on poor Czech translations, and some sources (e.g. SBTi) are not available in Czech at all.*

### 6.1.2 Education and capacity building – others

#### Interviews with companies

*Some companies are establishing ESG competence centres.*

*It is important for employees to take ownership of the new ESG agenda in their work. This facilitates data collection, evaluation and communication.*

*Without educating employees about sustainability, it is impossible to have effective discussions with them or request relevant information and data from them.*

*Knowledge gaps can be significant in the rapidly growing and changing field of ESG.*

## Expert interviews

*Most companies do not have an experienced ESG specialist or a full-fledged team. The agenda is often delegated to the company's environmentalist or marketer, neither of whom are prepared for it and have the capacity. Part-time positions are proving insufficient, as the agenda typically requires full-time work. At the same time, companies are reluctant to hire a specialist because they do not recognise the business potential of this area.*

*The education and certification ecosystem is still being developed. Institutions and programmes such as ACCA are gradually increasing the accessibility of knowledge.*

## 6.2 Internal and external communication

### 6.2.1 Company management

#### Interviews with companies

*It is essential to intensively communicate with senior management and win them over to ESG.*

*For ESG to be successful, it is important to avoid internal organisational cultural and value barriers. These are based on corporate culture and employee values. Barriers are reduced when management embraces the ESG agenda. The agenda should come from the top. Employees will then find it easier to adapt. Problems arise more often with the bottom-up model, where the ESG manager must convince the board of directors.*

#### Expert interviews

*The "tone from the top" has a fundamental influence. Management sets how seriously will the company take sustainability and ESG and how quickly will the issues be incorporated into decision-making.*

*Communication that shifts from "persuading about the rightness" to the argument "it pays to do it" or "it doesn't pay not to do it" works better on management.*

*Long-term management is more likely to provide positive motivation, even though these people usually do not view reporting positively ("we do ESG, we don't need to report it").*

#### Focus groups

*Foreign parent companies put pressure on their subsidiaries in the area of ESG. There is very little information and management from the parent company, and insufficient resources are provided for ESG. Without knowledge of the subsidiary's context, the parent company defines unrealistic requirements for ESG measures. These measures are based on analyses (including double materiality assessments) carried out at the parent company level, rather than at the subsidiary level.*

### 6.2.2 Uncertainty surrounding the concept of corporate sustainability

#### Interviews with companies

*The specificity of corporate sustainability complicates communication. This is due to the large number of unclear concepts and the need for basic education of participants.*

*Employees adopt narratives from superficial articles such as "The Green Deal will destroy Czech industry". This creates emotions and barriers to communication. Mental attitudes are often related to the consumption of shallow news, rather than a deeper study of the topic.*

*Most people in the company have misconceptions about ESRS. They often confuse ESRS with efforts to reduce carbon footprints. This makes it difficult to communicate progress to the public and internally, as the agenda is simplified to greenhouse gas emissions and carbon footprints.*

*ESG team members work with different formats of information. It is necessary to bridge the gaps and communicate in the "same unified ESG language". Otherwise, there is a risk of information loss, inefficiency and misunderstanding of the assignment.*

*Communication between the ESG leader (the person responsible for collecting ESG data) and data owners is often taken out of context. The ESG leader requests data according to the standard but does not communicate this clearly. The owner then does not understand the requirement and provides incomplete, different or incorrect data. This results in errors and misunderstandings. Individual, open communication is appropriate, allowing for "stupid" questions and timely resolution of errors.*

*ESG is often simplified because information consumers demand it. ESG is a broad field. Only a few people have the time to read 80-page documents.*

*Corporate sustainability is difficult to communicate because everyone has different notion and different levels of knowledge. A practical and pragmatic approach is appropriate.*

### **Expert interviews**

*The public sphere is divided and politicised. Political parties use the topic in their campaigns, reinforcing the perception that sustainability is unnecessary regulation that causes a loss of competitiveness. Negative communication and labelling of ESG are also fuelled by the interests of entities that do not want Europe to progress on this issue. A megalomaniacal and politically driven approach to implementation in the EU deals a brutal blow to the entire area and contributes to the impression that ESG is difficult to grasp and that its essence is lost in communication.*

*Language and framing play an important role. One organisation uses the term "financial health of the company", which is less provocative because it emphasises prosperity and long-term profit, in which sustainability is inherently included. In general, it has proven effective to move from a moral appeal to "convince of the rightness" to a business appeal that it pays off.*

*The innovation and technological progress behind the ugly label of ESG are particularly difficult to communicate to manufacturing companies, especially at the beginning.*

## **6.2.3 Values and ideals**

### **Interviews with companies**

*Employees, especially those in blue-collar positions, are often indifferent to ESG. They are mainly interested in salary increases or benefits. However, this is more about their own benefit than the concept of sustainability.*

*There are significant intergenerational differences. Younger people often have a more positive attitude towards sustainability, while older people base their views on their own experience and established values. This contradiction can be exploited politically. This makes dialogue and the inclusion of all parties even more important.*

## Expert interviews

*Internal resistance is often related to values. The term "ESG" is widely misused in some companies and carries a very negative connotation. Moral arguments (protection of children or animals) are ineffective in practice and reinforce the perception that it is a cult.*

### 6.2.4 Corporate culture

#### Interviews with companies

*Companies with a professional corporate culture do not usually encounter negative attitudes towards ESG internally. However, the process of reporting itself is perceived as a boring and rigid agenda, a nuisance for most people.*

*Sustainability should be integrated into corporate culture. Writing codes of ethics and policies is not enough; the principles must be implemented. People should then be explained why this makes sense and the changes should be clearly communicated.*

*Communication and approach to sustainability are related to corporate culture. Approaches vary between companies and people. In one company, unprofessional and emotionally charged reactions to ESG data collection requirements are not tolerated, with an emphasis on professionalism and responsibility for the work performed.*

*Employees' attitudes towards the ESG agenda are not uniform; some are resistant. Companies with a good culture usually have no problem with data collection.*

#### Expert interviews

*When someone within a company understands the business impact of ESG and becomes a promoter, they often encounter resistance and are labelled as "naïve idealist". In many places, the topic is communicated negatively, and the internal communication approach within the company needs to change. Many teams start from a difficult position due to the negative image of ESG in business.*

*A revolutionary implementation without a clear explanation of its meaning causes controversy. For example, if the motivation comes from the parent company in the style of "it must be done because the mother said so", internal resistance increases.*

### 6.2.5 Communication with suppliers

#### Interviews with companies

*Communication with suppliers varies greatly and is often negative, unprofessional and biased.*

*Some customers and suppliers say that they are not interested in ESG or that it is a burden.*

*For suppliers, ESG is often a novelty, and not everyone is willing to devote resources to it, especially when they have no say in the matter. With market development and greater awareness, communication may become more civilised and constructive.*

*Issues such as packaging and food, which are subject to specific regulations, are discussed with suppliers. There is no unified communication channel for ESG.*

*We contacted 120 suppliers and received a minimum number of responses<sup>4</sup>. The situation gradually improved and some responded later. A gradual change can be seen<sup>5</sup>. The situation may change. This illustrates the regulatory motivation and dependence of the ESG agenda on companies' human resources.*

### **Expert interviews**

*In Western supply chains (e.g. Bosch, Walmart), ESG is perceived as a standard business matter. In contrast, in Czech supply chains, some companies say it is something made up there and they prefer to wait and see if it will pass.*

*A practical impact is the extensive questionnaires from customers. A sustainability report allows for a quick and easy response to customer requirements.*

### **Focus groups**

*There is no established practice, recommendation or tool for what is reasonable to require from a supplier. The complexity of the supply chain varies greatly depending on the business. For example, a company may have very different suppliers (large/small, European/Asian). Each of these entities then requires a different approach to communication and data collection, which is very costly and difficult to ensure.*

## **6.2.6 Internal and external communication - other**

### **Interviews with companies**

*Each stakeholder group requires a different form of communication. The board of directors needs a high-level view with an overlap into the business, while specialist employees need detail. This places great emphasis on the erudition and communication skills of ESG managers/communicators.*

*ESG communication is often perceived as an obligation and a formality. It is not linked to a clear business objective. For example, ESG and volunteering are mentioned side by side, which leads to them being confused.*

*Communication often takes place in a way that suits only the initiating party. This may not suit the other party. For example, state administration and business associations send extensive documents for commenting. For a live business, this is burdensome and unrealistic. If they want relevant feedback, they should ask clear questions and briefly outline the topics and main challenges, such as legislation, ideally with a managerial summary or visualisations. Even then, it will not be possible to comment on everything, but the outputs can be more effective and of higher quality. Today, it relies on lobbyists and companies with a clear business agenda; there is no business consensus.*

*Sending out questionnaires on double materiality is very ineffective. The results often do not make sense, with approximately 10% response rate, which distorts the results. In practice, this limitation is often not considered.*

*The challenge is to understand the nature of each stakeholder and to select an appropriate form of communication accordingly. You talk to each of these stakeholders a little differently.*

*It is positive that people who do not normally communicate or share know-how have started to meet and communicate, which highlights the interdisciplinary nature of ESG.*

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<sup>4</sup> Statement from one specific company.

<sup>5</sup> Statement from the period before the introduction of Omnibus I.

*The superficial knowledge of ESG among ordinary employees poses a barrier to communication.*

## 6.3 Motivation

### 6.3.1 Marketing

#### Interviews with companies

*Some companies sought additional marketing and reputational benefits from ESRS reporting. For example, when a company was required to do it, it wanted to present the reporting not only as a fulfilment of its obligations, but as a tool for building its brand, client base and reputation.*

*One of the mentioned secondary motivations for implementing ESG in a company and using it at least for marketing is the effort to attract young people as potential employees who have requirements other than just salary conditions. However, this is rather marginal motivation and a more of a secondary agenda.*

#### Expert interviews

*Some companies see the value in ESG and attribute it to the gradual cultivation of public opinion. This framework works better where the topic is seen as part of long-term reputation and branding, rather than just compliance.*

### 6.3.2 Business relationships

#### Interviews with companies

*In the early stages after the acquisition of the company, the group-wide approach to ESG was not addressed, as there were other, more important priorities. This points to the fact that the factors influencing the approach to ESG are partnerships and the regulatory environment of the market in which the goods and services are sold, and the parent company.<sup>6</sup>*

*If it is strategic for the company from the perspective of existing or potential customers, ESG is given more attention. It is advisable to monitor trends flexibly and respond to them. This is not a comprehensive implementation of sustainability, but rather "cherry picking" and selecting aspects that can be sold as added value to customers. The customer can thus define the degree of sustainability implementation depending on the business model of the company.*

*Some companies receive a large number of questionnaires. Some customers already have their own online platforms for ESG information and requirements.*

*As part of the tender, some customers require participants to provide an assessment according to the Eco Vadis methodology.*

*If a company collects sustainability information, it is much easier to obtain it from suppliers than from customers. In order to maintain relationships, companies prefer not to burden their key partners or customers, and if they have any indication of a negative stance towards ESG, they are not willing to jeopardise their commercial and financial interests because of it. At the same time, pressure is not put on key suppliers, depending on the complexity of replacing their supplies.*

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<sup>6</sup> Statement from one specific company.



*Some of the companies' clients have specific requirements regarding sustainability goals and their practical implementation (usually through specific measures) or the product/service supplied.*

*The decision on what the company focuses on in the area of ESG, what activities and measures it undertakes, depends on customer requirements and costs. Of course, measures/investments that are economical and effective do not have to be regulated and are implemented anyway. However, it may not be clear from which pool of measures to choose and what criteria will ultimately be used to select the final measures to be implemented.*

### **Expert interviews**

*The requirements of large customers and banks are strong motivators. Banks have their own questionnaires and obligations to the ECB and have become the main advocates for ESG data. The financial sector has long been a catalyst for large companies, as they began to perceive ESG through ratings and risk management.*

### **6.3.3 Regulatory obligation**

#### **Interviews with companies**

*The regulatory obligation enshrined in the Accounting Act is absolutely fundamental. As soon as it was implemented into law, every board of directors and management automatically stopped discussing it and began taking steps to comply with this obligation.*

*The motivation for most companies to engage in ESG reporting is 100% compliance.*

*ESG legislative obligations from major markets where companies operate are also a motivation. These requirements are not focused on reporting, but rather on carbon neutrality and similar specific topics.*

*When it comes to regulatory obligations, companies take a responsible approach. They have invested attention and financial resources into preparing for ESRS reporting.*

*The main and almost sole motivation for companies to report is to fulfill regulatory requirements. However, this approach may evolve over time.*

*Initially, no one in the supply chain wanted to communicate about ESG, but once the obligation arose, the situation changed markedly and companies themselves began to reach out retrospectively, partly because someone in the company began to focus on the ESG agenda.*

### **Expert interviews**

*The primary impulse is compliance with legislative obligations in non-financial reporting, which many companies pragmatically view as a trend and a legislative obligation, even though they perceive ESG negatively.*

*The most important motivator, i.e. the obligation under the CSRD, has currently disappeared due to the omnibus, leading to delays in work, especially among the second wave of companies that want to invest as little as possible and pass the audit with minimal effort.*

*Some small companies with a good corporate culture work on sustainability outside the scope of compliance because formal compliance is too expensive for them.*

### 6.3.4 Financial interests

#### Interviews with companies

*The motivation of some multinational companies or subsidiaries of global groups stems from requirements related to their presence on listed stock exchanges (around the world). These include, for example, SBTi targets.*

*Some companies are asked by investors for specific information, which was another motivation for collecting and reporting ESG information.*

*The board of directors' motivation was better access to financing. However, this has not yet been proven, which negatively impacts the perception of this topic and creates some mistrust and doubt.*

*For companies, ESG must bring not only environmental value, but also economic value.*

*There is a need for specific information for investment portfolios that include the company in question. These portfolios have rules and meet certain criteria (such as the absence of modern slavery), and this must be demonstrated, even though it may not be entirely relevant to the company in question.*

*Projects to reduce energy consumption and optimise production were already being addressed in companies before ESG reporting.*

*Although the market is slowly changing and there are criteria and information on the carbon footprint of given products, the lowest price is still a fundamental and dominant factor.<sup>7</sup>*

#### Expert interviews

*It is always a question of cost. Even billion-pound companies have a problem allocating a budget of hundreds of thousands to millions of CZK for a project lasting several months and compare options such as Excel versus an external tool.*

*It is true that the cost of today's preventive measures is lower than the cost of dealing with future consequences, which is an argument that can help with internal approval.*

*A change in perception usually occurs when real impacts begin to occur, such as climate risks in agriculture or a shortage of raw materials in manufacturing.*

*Investors think longer term than managers and push for sustainability because of the future marketability of companies.*

*The biggest barrier is often understanding sustainability and finding a convincing business argument. Companies often do not connect it with their own business and tend to focus on current issues such as customs duties.*

#### Focus groups

*In large companies, there is only one priority: increasing profits. Therefore, it's a problem if I spend millions on creating a report instead of investing in tangible sustainability, which I no longer have the resources to present.*

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<sup>7</sup> Statement from one specific company in a specific sector.



### 6.3.5 The absence of added value as a demotivating factor

#### Interviews with companies

*Reporting should have clear added value, which should be compared with the financial costs associated with separate reporting (not the entire ESG agenda). For example, what is the value of this information and what information is the most valuable to users of the reported data and information?*

*At the beginning, we launched the ESRS implementation project to help us achieve better financing, but it turned out that this would not be the case. We currently do not see the benefits of this agenda. Therefore, we currently lack and are looking for a clear project goal and motivation to pursue it.*

*To support ESG, it is necessary to see the positive impacts of activities and operations. This is particularly difficult to track in ESG reporting. The company and its management want to see positive impacts on the company, its finances, position, etc. External positive impacts are only a motivation if they can be used for marketing, but then the emphasis is on the effectiveness of the funds spent. A good ESG rating is perceived as positive and motivating for management, although it does not mean much in itself.*

*ESG managers raise a fundamental question of how to transform the unnecessary administrative obligation of ESRS reporting into something that does not distract the company from its core business but rather helps it in its core business. How to transform this obligation into something that is genuinely a useful tool<sup>8</sup>.*

### 6.3.6 Motivation – others

#### Interviews with companies

*The nature and ESG culture of a given sector is also a major motivator for ESG implementation. This context determines expectations, goals and activities. There are sectors that are under great pressure in terms of implementation itself – not necessarily reporting, but often such companies have also had an advantage in reporting. Higher requirements and pressure to implement ESG come from markets and customers in Western countries, the UK and Japan.*

*Even in the context of the Omnibus, we will continue with the ESG projects we have started, regardless of whether or not it will be mandatory.<sup>9</sup>*

*For the implementation itself and to motivate employees to cooperate, it would help if management sent a clear signal – we will do it, or we will not do it. But mostly it is a matter of leaning and treading carefully and waiting to see how others react. No one wants to take responsibility, and this creates uncertainty and also conflicts within companies.*

*For companies that have been reporting for a long time and have mature internal ESG teams with good know-how, mandatory ESRS reporting is just an administrative exercise and a burden that they try to fulfil as efficiently as possible. They want to devote their main resources and efforts to their internally defined projects and activities with a long-term vision.*

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<sup>8</sup> It was not specified for whom such a tool would be useful. We assume that it was intended to be primarily useful for the companies themselves. Such statements illustrate the contradiction between the positive impacts of ESG reporting on companies, which companies expect, and the positive impacts on society and the environment, which is supposed to be one of the goals of reporting as a tool for increasing transparency.

<sup>9</sup> Statement from one specific company.

*The state itself is unable to clearly define public procurements in line with sustainability principles, which is why the vast majority of contracts are based solely on price criteria.*

*A positive example is obtaining a good ESG rating and other awards, as it can motivate and reward work, but it is still not sufficient motivation. It is important to clearly understand the benefits and be able to communicate them clearly.*

### Expert interviews

*Managers focus on operations and short-term challenges, so they perceive ESG as a strategic issue with a 3-10 year horizon. The discrepancy between the perception of a "burning roof" (an immediate risk to be addressed) and a "flood wave" (a major risk that already exists but is not yet visible, which is why companies prioritise the burning roof) accurately reflects their prioritisation. The mental capacity of decision-makers is overloaded with operational matters, which limits the scope for sustainability.*

### Focus groups

*Companies that undertake ESG reporting voluntarily often postpone the agenda and, in terms of prioritisation, only address it after financial issues. This is one of the reasons why ESG reporting is so time-consuming.*

*It is important to start addressing the ESG agenda as soon as possible.*

## 6.4 ESG team

### 6.4.1 Interdisciplinarity

#### Interviews with companies

*Building such an interdisciplinary and specific team with different skills and knowledge is completely unrealistic for small and medium-sized companies. Only the largest companies can afford it. Smaller companies will never go into detail or will only have topics and aspects that the person in question is competent in.*

*Teams are often made up of experts in each field, and ESG is only part of their agenda or extra work. Each member of the team brings different know-how to the table, but every member of the team is important for the overall result.*

*Intensive interdisciplinary cooperation is essential for the successful implementation of ESRS.*

*Corporate ecology and ESG is already a very broad topic and cannot be covered by one person. However, these topics often overlap, and it is difficult to define clear roles and boundaries, which is one of the challenges for companies - coordinating the team itself and setting up effective cooperation and communication.*

### Expert interviews

*ESG managers need support across the company. This includes, for example, cooperation between HR, energy specialists and environmental specialists in production, and the ability to coordinate these resources.*

*In practice, the role is recruited from various professions. More often from finance/controllers or H&S, less often from HR and marketing, which confirms the interdisciplinary nature of the work.*

## 6.4.2 Management

### Interviews with companies

*The board of directors often has no deeper responsibilities related to ESG, at most compliance. Sometimes ESG falls under the remit of someone on the board, but it is more about ESG in general, not necessarily just reporting.*

*Sustainability is discussed once a quarter in our company; it is a topic for discussion at the highest level.<sup>10</sup>*

*Management pays attention to this, and the CFO is primarily responsible.*

### Expert interviews

*Management's perception of the topic directly influences the team's mandate and motivation. If management does not believe in ESG, it demotivates even those who see the value in it.*

*Another problem is that management often does not see the importance of the role enough to give it a full mandate or leadership.*

## 6.4.3 ESG team structure

### Interviews with companies

*Our ESG team consists of a single person responsible for ESG reporting/10 people/15-20 actively involved people/around 30 people.<sup>11</sup>*

*Most often, the ESG team is structured so that the main ESG team cooperates with local representatives for individual branches/subsidiaries.*

*There is cooperation with accountants and production quality control.*

*The involvement of lawyers and auditors is based on the nature of the matter, as set out in the ESRS.*

*The position of ESG manager, responsible for ESG reporting, is often under the CFO.*

*Compliance and risk management are other departments that are involved.*

### Expert interviews

*Only large companies tend to have separate ESG teams. These teams typically consist of 8–12 people, which is described as the size capable of handling the breadth of the ESG agenda. In contrast, many companies do not have a dedicated team, and the agenda ends up being managed by the company's environmentalist or marketer.*

*Allocating 0.5 FTE to calculate the carbon footprint, double materiality and data collection does not work, and a full-time position, costing approximately one million CZK per year, represents a significant investment for companies.*

<sup>10</sup> Statement from one specific company that is advanced in its sustainability management.

<sup>11</sup> Companies reported very different numbers of ESG team members, often just one person or a few members.

#### 6.4.4 Qualifications

##### Interviews with companies

*The fields from which people have moved to ESG reporting include business operations, corporate environmentalists in individual subsidiaries/branches, financial background, those who know the company and have been there for a long time, quality control (they are ESG champions for individual factories), heads of finance departments (which includes ESG reporting), and heads of competence centres.*

*Knowledge of financial reporting, finance and data tools was a great advantage for the position of ESG manager.*

*It is absolutely essential that people working on ESG have a good knowledge of the company, without which it is impossible to do the job effectively or correctly, because it is never clear what is related to what and what follows from what.*

*I consider the work of an ESG manager to be change management, which is the management and effective implementation of change.*

*Compliance and project management are important skills for an ESG manager.*

*Analysis of European legislation and project financing are important skills. The ability to interpret European legislation and clearly understand it within the context of a given company. Practical thinking and what actually follows from it, and based on that, creating a project plan and schedule.*

*Individual data owners must clearly know what to collect, how to collect it, but also why to collect it. The ESG manager must provide them with all this, and then his job is much easier. It is therefore a matter of methodological support.*

*Insight team – a team that collects information and data, a kind of central brain that then interprets and passes on information to, for example, the strategic department.*

*BI team – data is the absolute foundation of ESRS, but one data-qualified person can handle most needs.*

*The actual work of implementing ESRS is done by specialists – economists and ecologists. Respectively, those who "know the numbers".*

*The position of ESG manager and good ESG team members requires a high level of competence and knowledge in various fields. In the long term, it makes the most sense to build this internally.*

##### Expert interviews

*Finding a reasonable person for ESG is difficult. It is similarly challenging to find advisors who combine deep knowledge of sustainability with business thinking.*

*They are expected to have a relationship with the topic, the ability to connect with the company, project management skills, and political support, for example from the CFO.*

#### 6.4.5 Responsibilities and roles of the ESG team

##### Interviews with companies

*ESRS reporting and taxonomy.*

*The ESG department often has a coordinating and communication role.*

*Strategic work – outlooks, visions, scenarios for the future of the energy sector<sup>12</sup>.*

*Implementing ESG principles in the company.*

*Responsibilities and roles can often only be assigned when the company gets into great detail, because the names themselves make the topic seem somewhat different from the actual data points that need to be filled in, so it is not easy to determine who should be on the team at the very beginning of the ESRS implementation project.*

*Overseeing the entire project, schedule, project management.*

*This often involves partnership work, where the ESG team provides interpretation of ESRS and sets specific requirements (methodological support) for thematic teams responsible for specific topics, whether at the E, S and G levels or in more detail. The ESG team then collects the information and compiles a unified result from the various parts.*

*The ESG manager sometimes faces a difficult position when colleagues are reluctant to cooperate, provide cleaned data, assist, explain something, etc. This person may then feel lost and hopeless. This leads to errors and inefficiencies. It is related to resistance and the unclear role and powers of the ESG manager. Unrealistic expectations are also often placed on them due to a lack of knowledge of ESRS and their complexity.*

*In larger companies, the position of ESG manager is primarily a managerial position – communication, decision-making, project management. In smaller or specific companies, this position is more of a technical position – executing tasks and individual needs to fulfil obligations. Sometimes the two positions can overlap – for example, on the one hand, timeless strategic plans are being discussed, and on the other, the task is to collect data on whether products are packaged in plastic or paper. This is specific to these unclear positions and the hugely diverse and interdisciplinary work involved.*

*Due to repeated communication and data requests for reporting, I have become very unpopular. I don't think I have maintained good relationships from the past.<sup>13</sup>*

*There is a desire among ESG managers to create platforms for sharing implementation practices and experiences, as well as case studies from ESRS implementation, problems and challenges, and their solutions.*

*Efforts to translate ESG concepts, terminology and methodologies into corporate and understandable language. The role of the ESG manager is therefore also that of a translator. They translate and interpret ESRS into understandable corporate language. Specialists and data owners often lack the capacity to study a new language and terminology, so it is more advantageous and common to adapt ESRS to the conditions of the company. This creates a certain branches of the ESRS standard in the context of each company. However, popular creativity can be a challenge for the quality and comparison of the information provided and the implementation of the standard.*

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<sup>12</sup> Statement from one specific state institution.

<sup>13</sup> Statement by a representative of one specific company.

## 6.4.6 The role of ESG managers

### Interviews with companies

*ESG managers are most often technically educated people with the ability to fulfil regulatory reporting obligations (this is what they should be hired for, which is the main motivation for ESG in companies). They are not leaders or decision-makers, but reporting experts.*

*There are not enough people with expertise and experience in ESG reporting.*

*When we were looking for an ESG manager, we didn't know exactly who to hire.*

*The expectations for ESG managers are very different. They are responsible for reporting, as well as ESG implementation and, for example, marketing related to sustainability. Providing ESG reporting is central. However, this gives rise to other secondary challenges and roles, such as internal education, searching for data sources and their owners.*

*One of the significant challenges is the role of the "ESG messiah" and "ESG bearer", as ESG is often perceived controversially or even negatively in Czech society, and considerable pressure is placed on the bearer of this entire agenda, which is now represented in the company by the ESG manager.*

*A fundamental problem arises when the controversy and negativity of the ESG agenda is perceived or felt by the company's management. In such a case, the ESG manager is in an extremely difficult situation. At that moment, cognitive dissonance occurs, as their role is to implement sustainability and thus try to promote sustainability values within the company, but at the same time they may encounter often indirect or even direct and open resistance.*

*ESG managers establish contacts, for example at conferences, and maintain contact with their colleagues in other companies and advise each other. There is a lack of community for these individuals/professions.*

*ESG managers should ideally have a teaching approach or the ability to educate, explain and provide accessible and non-emotional information to the rest of the team. Their main role is often to support others and implement new approaches, methodologies and legislation. They ensure their accessibility and unify the understanding of ESG within the company. Activities such as communicating, explaining and educating employees in the area of ESG put pressure on the role of the ESG manager. Their key skills include very good knowledge in various and often different fields, good communication skills and the ability to excel at obtaining and passing on information.*

*A major challenge for the ESG manager position is the uncertainty of working in an uncertain regulatory environment. The ESG manager must monitor the changing regulatory and political environment closely and respond to it by adjusting priorities and ongoing projects.*

*ESG managers often have a difficult role in terms of explaining and defending the ESG agenda to the board of directors and senior management. They often have to explain that publishing sustainability information is a matter of compliance, but that the important thing is the work system in general. Without management's understanding of the goals and their support, ESG is greenwashing. ESG managers often lobby within the company to defend the ESG agenda. They encounter resistance. However, the most important thing is to communicate with directors and management, who can be the main catalysts for change. An effective strategy is to make small changes, explain and let others decide – voluntariness is important, but they must have good information and understand the ESG goals.*

## Expert interviews

*The position of ESG manager is often assigned beyond the standard agenda to people from other roles, such as H&S, without a full mandate and without overall responsibility for the area.*

*Companies often look for a specialist reporting to the CFO or to the director, who handles technical tasks.*

### 6.4.7 Internal team

#### Interviews with companies

*Educating people and building internal know-how is one of the fundamental investments in ESRS implementation. At the same time, it puts pressure on existing human resources, which can become overburdened if the new agenda is not adequately considered in their existing duties.*

*It is necessary to educate and train people, especially in the area of data collection, understanding what indicators mean, what the methodology is, the specifics and how a particular indicator is applied within a given company. This is important from the perspective of data consistency, therefore, a uniform methodology must be applied consistently throughout the entire company and its subsidiaries. People need to understand the matters and to not be robots who don't think about them and don't understand them, because then mistakes and inefficiencies occur. On the contrary, this can lead to increased efficiency.*

*Internal teams practise most on the work itself. Therefore, once they have experienced it, they have excellent knowledge and are ready for the next year and to deal with other aspects. This gradually improves the quality of the data, as unclear aspects are clarified.*

*The approach to education is fluid and flexible; people learn gradually and what they currently need for a specific output. There is no set curriculum of what they must know, because that is neither clear nor effective. Everyone on the team, even on a team of 20, plays a role. Each role requires a different skill-set and brings something different to the whole puzzle.*

*People build skills and knowledge within the boundaries of CSRD, which defines the areas in which people are educated. There are clear methodological approaches, and people gradually improve in their application and learn related skills and knowledge.*

*The basic skill is the knowledge of the ESRS standard so that they can at least consult on the given aspects accurately and objectively.*

*As for the training of the ESG team itself, which is composed of various employees from different departments, it is challenging to unify the content of the workshops. This involves further training, for example in reporting and then in other methodological aspects of the project. This must be done continuously and gradually; it cannot be done in a single workshop, but requires at least several of them.*

*The main challenge is the diversity and depth of knowledge of the various members of the internal team in different aspects of ESG and, at the same time, the different skill requirements of each team member, as they play different and specific roles that cannot be clearly defined at the outset. The most effective approach seems to be having a flexible approach, gradually assessing the level of knowledge and gaps in skills and progressively addressing them.*

## Expert interviews

*The ESG process is capacity intensive. It typically requires approximately 1.5 FTE over the course of a year. At the same time, it is desirable for the ESG manager to be familiar with the company's environment, people*



*and history, but it is not enough for them to only work 30% of full-time hours. Without dedicated capacity, the work does not progress.*

#### 6.4.8 ESG team – others

*Initially, in 2017, the current agenda was corporate ecology, but that role has now been transformed and expanded to that of ESG manager or director of the environmental organisational unit.*

*A major pressure and challenge for the ESG manager position is how to approach the ESG agenda at the outset. This depends on the skills, previous experience and tools that the person in that position can use in their work.*

*There is often an effort to build internal know-how and implement ESRS internally. It is important to ensure continuity.*

*It is not advisable to just hire new people. The ideal solution is to recruit people with a good knowledge of the company for the ESG team. Project management, interdisciplinarity and knowledge of many aspects of the company that interact with each other are required, as well as in-depth knowledge of various fields. ESG demonstrates the need for a holistic view of the company, rather than one fragmented into individual departments and data points. The challenge lies precisely in the interaction of different areas, which cannot be separated and managed separately.*

*I have had bad experiences collecting data from specific individuals. The aim is to collect data from a central repository. However, this is only feasible for new or innovative companies with a good data base and structure, which is not the case for manufacturing and other companies, for example. This means that the companies in industries where data is readily available and is part of their business or strategy, or where they place great emphasis on data management, have an advantage.<sup>14</sup>*

*Those, who actively work in ESG and with documents and data on a daily basis have a significantly better understanding and knowledge of ESG than management and those who are familiar with general information; it is a matter of the level of detail with which one operates.*

*The position of ESG manager in some companies was created on the basis of CSRD. It is therefore likely that similar positions will be abolished, at least to some extent.<sup>15</sup>*

## 6.5 Legal environment

### 6.5.1 Dynamic and changing environment

#### Interviews with companies

*The dynamic legislative environment is a challenge. It is constantly changing, yet it is absolutely essential for companies to ensure stability for effective planning.*

*Regulation is overly complex and, rather than providing greater control, it places a burden on companies, especially small ones.*

<sup>14</sup> Statement from one specific company.

<sup>15</sup> Reference to changes in CSRD and ESRS in the context of Omnibus I.



*Companies followed Draghi's report and the EU Competitiveness Compass. Most hoped for simplification and clarification of legislation. On the contrary, they criticised further changes and the highly dynamic and changing environment, which undermines the decision-making abilities of companies.*

*Legal certainty is essential, and it is needed as soon as possible<sup>16</sup>.*

*The legislative environment is so dynamic and problematic that companies establish ESG manager positions to oversee it. ESG manager and coordinator positions arise mainly due to the opacity, inconsistency and complexity of ESG legislation.*

*Businesses need a vision, a clear path, clear goals and rules, and they need to stick to them for a while. The problem is frequent change and the absence of clear goals and visions for transformation at the sector and business levels.*

### **Expert interviews**

*The changes following the Omnibus weakened the main motivator for ESG activities in the form of legal obligations, which caused frustration among more active companies and confirmed the attitudes of sceptics.*

*The setting of changes, including thresholds for reporting obligations that do not respect the sector and riskiness, has also been criticised. The result is a vacuum and demotivation in the area of ESG.*

## **6.5.2 Disharmonious legislative environment**

### **Interviews with companies**

*Complex ESG legislation reveals inconsistency and a non-harmonised legal system within the EU.*

*Significant problems arise for companies operating in several countries at once. The legal framework is often not harmonised.*

*Large differences are also evident in the approaches of individual companies depending on the market in which they operate – for example, Germany and Western countries in general are much more advanced.*

*A huge challenge for companies operating in multiple countries is mapping and keeping track of local legislation.*

*We are considering whether it makes more sense to issue local reports within the framework of local legislation and rules rather than pan-European ones, as the differences are really striking in terms of both priorities and approach.*

*Some laws of EU member states may impede the collection of certain data required by the ESRS.*

### **Expert interviews**

*Both businesses and the financial sector are calling for greater harmonisation of requirements.*

*A uniform approach by banks is considered necessary so that individual institutions do not create competitive advantages and the process progresses predictably.*

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<sup>16</sup> This statement was supported almost unanimously by all companies.

### 6.5.3 Absence of a regulator and interpretative body in the implementation of the ESRS

#### Interviews with companies

*The biggest challenge is the uncertainty surrounding the regulator's stance on the CSRD agenda.*

*The fundamental problem with the legislation is that it is not clear, is not easily applicable, and there are no clear rules, interpretations, methodologies or tools.*

*We waited for the publication of guidelines and manuals from EFRAG before we finally started with the analysis of dual significance, for example.*

*ESRS leave room for interpretation, and companies must choose their own path, as it is not clearly defined by the standard, and then hope that it will be correct according to the auditor. Therefore, companies most often rely on the opinion of the auditor who will issue the statement.*

*The challenge is that there is no authority to oversee interpretation and resolve uncertainties.*

#### Focus groups

*A body should be established to provide clear answers to specific ambiguities and thus provide the missing certainty.*

### 6.5.4 Resolving uncertainty

#### Interviews with companies

*We address uncertainties through voluntary tools such as EcoVadis, which defines the methodology more clearly and provides greater assistance in evaluation. In addition, it is also an ESG assessment/rating, which can be used further, not just for reporting, which has no significant use for businesses.*

*We draw on experience from ISO 14 001 (environmental management), ISO 50 001 (energy management) and ISO 31 000 (risk management). We used GRI as the standard for creating the first reports before ESRS.*

*We look at how others do it, but it is not enshrined in legislation. It is a development of practice and is more of a practical issue than a clear legislative obligation. We all look around us, for example, at how others in the sector report according to ESRS.*

*We create legislative maps and maps of legislative changes, which help us navigate and take appropriate measures in a timely manner.*

*We analyse, simplify and interpret legislation with the help of external experts, so they usually have the know-how, and we get results we can work with. Great efficiency gains can be achieved when the regulator provides this interpretation, guidance and tools centrally.*

#### Expert interviews

*Regulatory uncertainty hinders implementation and planning. A typical reaction is to wait for the final requirements for data points and other clarifications, without which companies postpone steps that could subsequently be unnecessary or contrary to the new interpretation.*

#### Focus groups

*It is advisable to accept the uncertainty associated with ESG implementation. This is because it is a process and not a single, comprehensive task.*

### 6.5.5 The auditor as a source for resolving uncertainty

#### Interviews with companies

*Consulting companies also have limited insight and knowledge, and there is a high risk that we will purchase services that bring us little benefit or even, in case of errors, negative value. That is why we focus on building internal know-how. Of course, consultations then take place at least with auditors, who actually have the final say.*

*The demands and complexity are significant, and few can manage without external consultants.*

*It is also controversial when different consultants have different opinions on the same parts of the ESRS. This is a problem and a source of uncertainty, and it cannot be bought or paid for.*

*There is a problem with the audit trail for qualitative data. We do not understand how something we describe will be checked, and we are a little afraid of this.*

*Consultation with an auditor is often decisive for companies in terms of what they ultimately have to report.*

#### Focus groups

*The auditor compares us to large global companies and expects us to take the same measures as global companies, especially in the area of human rights and child labour.*

### 6.5.6 Legal environment – other

#### Interviews with companies

*Legislation is the main motivator for introducing new ESG processes. We are looking for synergies and other uses for these processes beyond reporting.*

*It is very difficult to achieve objective transparency or even come close to it. Especially when it comes to ratings and evaluations, companies try to conceal inappropriate information or present it in a more positive light.*

*Companies operating in highly regulated sectors (<sup>17</sup>) tolerate ESG legislation much better than companies in other, less regulated sectors.*

*ESG is like opening lots of new drawers in a cupboard. However, the whole cupboard has opened very quickly and now companies are standing in front of it, overwhelmed and not knowing what to do first and which drawer to tidy and organise. It would be better to proceed gradually, prioritise clearly and have a plan.<sup>18</sup>*

*The Taxonomy is extremely complex and very unrealistic to apply to new projects. We tried to define projects/operations/products according to the Taxonomy criteria and very often found it impossible and unrealistic to meet all the criteria. Even mapping was difficult because we don't have the data. This leads to frustration and calls for help.<sup>19</sup>*

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<sup>17</sup> The energy sector was specifically mentioned.

<sup>18</sup> Statement by a representative of one specific company.

<sup>19</sup> This was a rather marginal statement made by several companies.

*Employees often think that the purpose of reporting is to publicise the positive impacts and activities of the company in ESG. They perceive it as a way of raising the company's profile. Gradually, they are learning that this is not the case.*

*The challenge is to make CSRD a useful tool for companies, so that it is not just a burden and an obligation like GDPR.*

### Expert interviews

*In the Czech context, there is a lack of political will and broader consensus on a rational approach to regulation, which contributes to ESG becoming a political issue and the subject of campaigns.*

*Financial reporting is as complex as ESG, but it is already accepted.<sup>20</sup>*

## 6.6 ESRS

### 6.6.1 Complexity – ESRS

#### Interviews with companies

*The vagueness of ESRS is a fundamental problem that leaves room for interpretation.*

*The enormous scope of ESRS data points is overwhelming.*

*The complexity of ESRS also stems from the fact that ESRS and similar legislation are written in very general terms. This is a problem because it creates ambiguity and leaves considerable room for interpretation.*

*The introduced terms are unclear. Each company must further define or adapt these terms to its own situation and needs. This works against efforts to achieve comparability and standardise the ESG agenda.*

*ESRS are relatively general, and EFRAG is constantly updating and clarifying various information. Therefore it's not a case of "publish and done". It will be a long-term process of developing relevant standards.*

*One strategy against the complexity is to divide the whole into individual parts – sub-tasks for individual agenda owners. These owners then supplement the information within their agenda. After the endless initial meetings, we tried to reduce their duration. In the end, only the results were discussed again.<sup>21</sup>*

*At the beginning, it is unrealistic to correctly determine which people need to be involved. This will only become clear through a double materiality analysis and then the actual determination of data points. This clearly defines who we will need to involve.*

*The fundamental problem is not with the quantitative data, but with the qualitative data. For understanding, collection, unification, its content and even for explanation. Numerical data is easily comprehensible for most of those involved.*

*There are two main parts of the ESRS – the quantitative part and the data we collect, and then the qualitative part. We see it as a paperwork exercise that must complement the data.*

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<sup>20</sup> Statement by one expert.

<sup>21</sup> Statement by one specific company.

## Expert interviews

*The standards are too complex and difficult to understand and implement, even for consultants who are learning them on the fly.*

*Companies often underestimate the demands imposed by the standards and do not expect them to have such a profound impact on their business.*

## Focus groups

*ESRS confusingly combine disclosure requirements and application requirements (AR).*

## 6.6.2 Impacts of the scope and complexity of ESRS

### Interviews with companies

*The extensive scope and complexity of the standard's architecture can manifest differently across various companies. Some companies operating in multiple countries face much greater resource pressure because they have to deal with the differences and specifics of each country.*

*ESRS is varied and entertaining, but also demanding because there is so much to it.*

*The collection, evaluation and consolidation of data is a technical and time-consuming exercise.*

*Depending on the size and complexity of the group structure, there may be delays and problems with consolidation. This is very demanding in terms of project management and control.*

*ESRS contains a huge number of requirements. It is simply too much. The fundamental challenge is not complexity, but the simple fact that there is just too much. Furthermore, in addition to the volume and quantity of data, it is also difficult to correctly compare and unify data into a single format (consolidation).*

*It is difficult to plan and estimate the workload, because, for example, one data point can mean a week or even a month of work, depending on the quality and how the company actually operates. Some data points can be resolved in a minute by writing YES or NO. Therefore, one data point certainly isn't comparable to another data point. This is a phenomenon that is problematic in planning, because we are talking at the level of data points, such as how many are left, how many of them do companies have, etc., but in reality, this does not reflect the workload at all. In addition, different data points can cause different problems for each company, making a uniform estimate of the data point workload inaccurate and complicated.*

*The complexity of ESRS implementation is too high in the first year. Preparations must begin at least a year in advance in order to be able to report in full. It is advisable to go through the entire process in advance, as problems and gaps will arise during the reporting and drafting of the sustainability report itself.*

*Scope 3 is often discussed and complex for companies to implement.*

*The challenge is the complexity and versatility of ESRS topics, which forces companies to report a huge amount of data, but often of low quality.*

*We try to focus on the quality and relevance of the data rather than necessarily fulfilling all ESRS requirements. We want to use the data for business purposes, so we focus on the quality of less data rather than having everything but a lot of estimates and inaccuracies.<sup>22</sup>*

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<sup>22</sup> Statement by one specific company.

*Companies simplify the standard and then gradually examine it in greater detail. First, they familiarise themselves with general topics and then they delve deeper.*

*The team was mistakenly organised within a company based on topics or subtopics, with one person responsible for each, but this did not work at all because the data points did not correspond to this division in terms of volume and complexity. One data point is like 20 others in terms of complexity or difficulty.*

*Complexity and difficulty are at the level of data points, and that is where we need to get as quickly as possible. That is where we can really start planning and estimating difficulty.*

*ESRS is the most complex and comprehensive obligation we have encountered. We cannot imagine anything more complex than this.*

*Employees and various specialists with education and know-how in different areas may have problems with the limitations of their abilities and in-depth knowledge of all indicators and methodologies, especially in interdisciplinary positions such as ESG manager. This can reduce the quality of outputs and data.*

### **Expert interviews**

*ESRS are too megalomaniacal. We recommend simpler standards on a smaller scale, e.g. 20-30%, and gradual implementation using the step-by-step approach for greater usefulness and less resistance.*

*Failure to understand double materiality and the subsequent phases leads to the selection of too many topics and "millions of data points," which increases the administrative burden.*

### **Focus groups**

*There is a kind of snowball effect at work here. The ESRS implementation project itself has a marked tendency to grow during the process as new findings emerge and new problems and shortcomings are uncovered.*

## **6.6.3 Analysis requirements**

### **Interviews with companies**

*Individual ESRS requirements also require analyses, and this is where the limits of what the system and the market are able to provide and produce are encountered. Some analyses are really demanding and therefore time-consuming and resource-intensive – for example, scenario and future modelling.*

*Some companies approach analysis and requirements in a more organic and informal way.*

*There is materiality – what I should and should not report, but we do not know what to focus on more in reality, where we should add more. What we lack is overall prioritisation, especially practical prioritisation, not just for reporting. Because the ESRS are complex and cover a lot of topics, attention is often diluted and work is done on everything, but in fact on nothing. It would be appropriate to prioritise more clearly and better for actionability, not just for reporting.*

*The most difficult thing is the double materiality analysis. It is very difficult to agree on what is important and even more difficult to decide what to really discard as an insignificant topic. This makes decision-making all the more difficult because the topics are general and vaguely described or unrepresentative. Uncertainty about some terms also adds to the complexity.*

*In a company, data analysis must be done by someone who understands the field in question so that they can go into detail and understand how things influence each other. Otherwise, it will be very general<sup>23</sup>.*

*Some companies apply questionnaire surveys for customers and suppliers to double materiality. However, companies often evaluate the questionnaire survey in an uninformed manner and place great emphasis on the results, even though they are often random (e.g., a return rate of 10 out of 120 questionnaires sent out).*

*For some multinational companies, it is very difficult to develop transition strategies for operating on different continents with different climate scenarios – there are no uniform scenarios, and there are also different transformation strategies depending on the jurisdiction. In such cases, it is probably necessary to divide the individual strategies appropriately according to location. Of course, this also raises the problem of consolidating such diverse aspects.*

*As part of the DMA assessment, we did not evaluate biodiversity as material, but we wanted to act responsibly, so we added this topic.<sup>24</sup>*

*Double materiality is great, as it allows you to filter irrelevant aspects out and to focus on the key ones.*

### **Expert interviews**

*Standards force companies to analyse risks. It is costly and time-consuming, but strategically important.*

*We guide companies towards setting reasonable materiality thresholds and limiting unnecessary data, so that organisations are not overburdened. At the same time, clients do not understand the DMA requirements and the related internal documentation required by the audit.*

*Bridging the double materiality of ESRS data points is complex and lacks clear guidance.*

### **Focus groups**

*It is important to start the double materiality analysis based on numerical and factual information, not as a mandatory exercise according to the standard. Often, this can only be done in the second year after the initial data collection and first double materiality analysis, which is mostly an estimate.*

## **6.6.4 ESRS as a transformational framework for the enterprise**

### **Interviews with companies**

*We are trying to integrate ESRS into existing corporate structures, but in practice, implementation often takes place separately and it is not at all easy to break the status quo.*

*Reporting forces us to set up processes that we have never had before, such as collecting transport data for Scope 3 emissions.*

*We are creating strategic documents required by ESRS.<sup>25</sup>*

*The main challenges of implementation are carbon footprint, policies, strategies and targets. Designing and setting these in a way that everyone involved in the company agrees with, is a demanding task.*

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<sup>23</sup> Statement by one specific company.

<sup>24</sup> Statement by one specific company.

<sup>25</sup> Companies are therefore formally adapting to the model of corporate governance defined by the ESRS.



*We see the ESRS as a standard that defines how our company should be managed. We then try to integrate this into our structures.*

### Expert interviews

*The ESRS framework pushes companies towards more systematic sustainability management and internal change.*

### Focus groups

*The key question is how to tailor ESG reporting to the specific business model of a given company.*

## 6.6.5 Interpretation of ESRS

### Interviews with companies

*We try to interpret the ESRS standard in terms of what we should be doing. The ESRS standard is not just for reporting, but primarily as a guide for implementing ESG principles, strategies and priorities for the company.*

*We understand that the challenge in reporting is striking the right balance: accurately reporting without misleading, yet not disclosing more information than necessary. This is not entirely clear and is often a matter of interpretation. This fact can jeopardise companies that are more transparent than their competitors. ESG data can be used for various types of analysis and to estimate important information. This standard does not adequately address this issue. The minimum possible threshold is not clearly set; again, it is left to the auditors to assess adequacy.*

*It is necessary to harmonise methodologies and adopt a uniform approach. There is too much latitude in the ESRS, and this needs to be addressed. It would also be good to unify consulting, or possibly regulate or standardise it in some way, so that there are no significant differences in opinions and interpretations.*

*ESG managers often play the role of translating standards into the company's language. Other employees need clear instructions on what to provide, which is difficult given the current wording of the ESRS.*

*We are seeing significant and rapid developments in the understanding and interpretation of the ESRS itself.<sup>26</sup>*

*For some indicators, we need to establish an internal methodology for how we calculate them, what is included and what is not. However, we rarely work with something structured, such as a reporting manual or indicator manual, which would contain definitions, units and perhaps FAQs.*

*The fundamental problem is simply the reading of the standard, as the language itself is very unclear and understanding what is required of the company is extremely difficult and unclear.*

*ESRS are a large and complex agenda, and the interpretation and accessibility of standards must be ensured by experts who are able to provide detailed data. It is therefore a two-level task – one consolidating, interdisciplinary and high-level, with an understanding and interconnection of all aspects and adequately simplified, and the other at a detailed level, where experts are needed to provide data, ensure relevant and realistic plans and implement them in practice – which cannot be done from behind a desk. The role of ESG managers is often to ensure that specialists translate the standard into understandable questions.*

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<sup>26</sup> Statement by several companies that are advanced in sustainability management.



*We undertake additional projects and have our own ESG goals and strategy; reporting is merely a legislative obligation and more of a burden for us. We strive to focus on added value and projects with a real impact, rather than just legislative reporting.*

*We were involved in decarbonisation programmes even before 2010.*

*We do a lot of things in ESG, but we are unable to connect them and frame them into a unified strategy or vision. It is random and depends on the specific knowledge and interests of the people who make the decisions.*

*We are building on ESG projects that were already running in the company. Sustainability was practised here even before the legislation.*

*Energy savings are an example of measures that have always been taken.*

### **Expert interviews**

*The problem is the language of the standards. The official Czech translation is disastrous; companies need understandable Czech.*

*There is a lack of clear interpretation and a risk of different interpretations.*

### **Focus groups**

*ESRS often require their own definitions of various phenomena. However, there are no established good practice or examples, how to define these phenomena. It is therefore necessary to create new internal definitions, which often do not exist. Advisors are also unable to come up with general definitions, nor do they have any.*

*Very often, different entities, advisors and auditors interpret ESRS differently, and their opinions sometimes change over time. This increases uncertainty and helplessness in correct implementation.*

*Practice shows different understandings/interpretations of data points. If a company is not completely standard, which is probably the case for most companies, then more or less data points and disclosure requirements do not fit. Furthermore, the auditor interprets these requirements differently, which leads to errors based on interpretation that cannot be covered in advance.*

*When identifying the impacts, it is not entirely clear how to separate what is the responsibility of the physical producer and what is the responsibility of the production contractor.*

## **6.6.6 ESRS – other**

### **Interviews with companies**

*The ESRS singles out certain companies, for example by identifying sectors that have a high impact and should be monitored more closely. This results in their automatic exclusion.<sup>27</sup>*

*Many things can be estimated, but nothing can be known for certain. For example, when it comes to decarbonisation scenarios, there are so many variables and unknowns that we consider it counterproductive to develop any kind of strategy.*

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<sup>27</sup> Statement by one specific company.

*ESRS put pressure on suppliers, which companies try to avoid by replacing the direct need to collect data, etc. ESRS thus create several layers of administrative burden, not only directly but also indirectly, on the supply chain.*

*Companies estimate a large part of the information and data.*

*Some ESG managers feel that they can do good through the ESG agenda and see it as a very positive contribution to society.*

*We are waiting to see what the reports will look like in the future and will either reduce or increase our demands and investments accordingly. This uncertainty is currently the largest.*

*The challenge is to understand exactly what is expected of us. Unclear interpretation of ESRS or lack of know-how and practice.*

*ESRS is not a huge task, it is more about technical steps in great detail.*

*It is frustrating that we are trying to meet the ESRS requirements to the best of our knowledge and belief, but due to the high level of interpretative uncertainty, we still do not know if we are doing it right, where we have made a mistake, etc.*

*We are setting up data collection and the entire mandatory reporting process creatively so as to minimise the administrative burden on people in the company. The aim is to automate and describe the processes and make them clearer. It is important that reporting does not depend on people, but on processes. If a data and information owner leaves, a significant problem could arise.*

*The challenge is effective management and the technical skills of employees in new areas of ESRS.*

*We do not see the added value of certain data that we are required to collect. For example, the number of women in management.*

*We are concerned about the potential misinterpretation of the data we will publish, such as being taken out of context. For example, when it comes to average salaries for men and women, it is necessary to understand that women work in administrative positions that are less well paid than blue-collar jobs, where men work.*

*The most important and biggest challenge at a high level is to report on the first year. After that, companies will know what is missing, where the biggest gaps and problems lie, and what they can gradually improve, what resources to allocate, etc.*

*We are concerned that competitors either already have or will create departments dedicated to collecting data on competitors, including newly comprehensive and analytically interesting sustainability reports.<sup>28</sup>*

*The current trend in ESRS implementation is improvisation. It often depends on the knowledge and background of the ESG manager in question how they will implement ESRS, what they emphasise, what tools they use, what their plans are, and their overall approach.*

*Different people in different companies have the same problems with interpretation and explanation. However, this could be done uniformly and extremely effectively, at least to a large extent.*

*There is no concise, clear and simple guide on how to derive climate risks from available data.*

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<sup>28</sup> Statement by one specific company.

*Some information is already indirectly included in the financial statements in the same units, such as electricity costs, waste disposal costs, water consumption costs, etc. However, the company must collect this information again for ESRS purposes in different units – water in litres, waste in tonnes and broken down by type. This is unnecessary and duplicative.<sup>29</sup>*

### Focus groups

*Poor quality Czech translation of the ESRS, inconsistency with Czech terms and legislation. Czech companies operating in the Czech language therefore use the English version of the ESRS.*

## 6.7 Data

### 6.7.1 Indicators

#### Interviews with companies

*Data collection requirements are unrealistic. Either we cannot obtain the data at all, or we are missing some of the necessary indicators. For example, when collecting data for the carbon footprint, we have the information on kilometres driven, but we do not have other data – what car, what model and exact consumption. In practice, we often encounter unrealistic expectations that everything must be collected using the most precise method. We are unable to adequately apply estimates and make our work easier by working with deviations and estimates.*

*Qualitative information is a problem.<sup>30</sup>*

*We were missing about 60% of the qualitative data, which we had to complete, create or otherwise satisfy.<sup>31</sup>*

*Covering 80% of indicators and collecting data is not a problem. The remaining 20% is a significant problem. Often, the interpretation of these indicators is unclear, which makes it difficult to collect data; it is a matter of interpretation.*

*We find the disclosure of salary information to be the most controversial. It can provoke negative emotions towards groups that earn more. This can be counterproductive. Specific individuals should not be singled out, but in most cases, it is possible to estimate fairly accurately how much each person earns from the data.*

*Some investors require a carbon footprint calculation. This currently appears to be a key indicator in the ESG area.*

*We need to collect as little data as possible with the greatest added value. We want quality over quantity in terms of data and information.*

*We are concerned that if we report sensitive information and our competitors do not, they will have a competitive advantage. The standard does not address this in any way, and due to interpretation and double materiality, there is a great deal of latitude and ambiguity as to what should be reported – this is a fundamental problem to be solved.*

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<sup>29</sup> Statement by one specific company.

<sup>30</sup> This statement was supported almost unanimously by all companies.

<sup>31</sup> Statement from one specific company.

*Scope 3 emissions are an absolutely fundamental, complex and constantly debated indicator. This places a heavy burden and administrative load on the supply chain and service providers, as relatively detailed information is required.*

*Companies often collect the required data, but in a different form or in a different way.*

*Companies are concerned about the misinterpretation of salary-related information, which they believe does not make sense to users without context.*

*Sometimes companies come to extreme interpretations of the ESRS, that they should measure unmeasurable aspects. For example, for emissions to be accurate, it would be necessary to measure them at the level of individual natural gas molecules in the distribution network, because there is no other way to track where the gas comes from and how it is polluted during production, etc. Companies thus find themselves in situations where data collection becomes counterproductive. They lack a clear definition that data should not be collected in such cases.*

*The problem with tabular data (e.g. for Scope 3) is that it is not possible to evaluate the impact of measures and other events. Therefore, at more advanced levels of ESG, it is essential for companies to use primary data or the best possible proxies.*

*ESRS is based, among other things, on IFRS, but not all companies in the Czech Republic apply IFRS accounting. This leads to situations where it is still not possible to compare information due to different accounting practices, for example when comparing revenues that are defined differently relative to various indicators.*

*Most of the information for ESG is already included in financial accounting, but in financial units. We now have to convert it into volumes<sup>32</sup>.*

*The names of ESRS areas and topics do not correspond to the content and indicators, which is counterintuitive, and it is necessary to work at a detailed level of the standard, otherwise misinterpretation occurs.*

### **Expert interviews**

*In practice, companies encounter different types of indicators. Narrative (qualitative) information is more difficult to interpret and compare than quantitative data, which complicates evaluation and management.*

*There is also often a lack of connection between the reported data and its use for strategy and risk management, so the information is not reflected in decision-making.*

*There are no data points or clear methodology for measuring and setting indicators for ESRS E2 (microplastics). There is no clear definition of microplastics. In its own analysis, the company came to the extreme conclusion that it produces more microplastics than the entire EU currently reports.<sup>33</sup>*

### **Focus groups**

*When testing three different platforms for calculating the carbon footprint, each came up with significantly different results.<sup>34</sup>*

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<sup>32</sup> Statement by one specific company.

<sup>33</sup> Statement by one specific expert.

<sup>34</sup> Statement by one specific company.

*There is no publicly available (free) tool for measuring carbon footprints. The data points go beyond the scope of the GHG Protocol, causing uncertainty in the use of a uniform methodology.*

*A lot of minor data is missing, such as information on refrigerants.*

*The postponement now allows us to go through the data points again and determine which ones make real business sense for us and which ones we can omit.*

*The most problematic aspects of reporting are information on biodiversity, the value chain and the affected community.*

## 6.7.2 Data collection processes

### Interviews with companies

*We try to avoid manual data entry and rewriting. This leads to inefficiencies, errors and other problems.*

*We currently work in Excel because it is flexible and everyone knows how to use it. Simplicity is essential. However, we have plans to gradually move to a more complex interface where it is possible to check the entered values against the previous period and apply additional data checks.*

*Companies often talk about automation, but in reality, it is rarely implemented effectively. It is more likely to be implemented in companies that already had a good data base before CSRD, so ESRS implementation is not typically the motivator.*

*We had to manually collect certain data, such as carbon footprint data from invoices, as this information was not digitised.*

*It was necessary to create a data catalogue for clarity and interpretation of qualitative information.<sup>35</sup>*

*We convert requirements into questions and assign a person to answer them. We use the Power BI system for this.<sup>36</sup>*

*We are looking for ways to save time and automate some data collection processes. It is a gradual process.*

*We create our own IT systems and solutions, and our databases work with them, rather than implementing a completely separate new system.*

*It is important for the data collection system to be flexible and able to change as ESG requirements and demands change. There is no one-size-fits-all solution, because every company has different definitions, different requirements and different data that it collects. An individualised solution appears to be the most effective and advantageous.*

*ESG managers sometimes have to literally mine data from their colleagues.*

*Automating data collection is the next step we want to take in implementing ESRS.*

*We are unsure about the audit trail for qualitative information; it is a purely bureaucratic task.*

*We are developing our own methodologies for measuring the carbon footprint of our specific products, including their use, and we are then trying to address these inefficiencies with measures.<sup>37</sup>*

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<sup>35</sup> Statement by one specific company.

<sup>36</sup> Statement by one specific company.

<sup>37</sup> Statement by several companies that are advanced in ESG.

*When it comes to data collection and reporting itself, we place great emphasis on efficiency and minimising the time burden on staff. Various solutions are being sought for this.<sup>38</sup>*

*It is not appropriate to collect data and link processes to individuals, but rather to responsibilities that can be assigned to multiple people. It is important to maintain continuity and simplicity and to prepare for the risks associated with staff turnover.*

*We strive to make the most of existing data and systems.*

*In companies that have been around for a long time and have older systems, it is important that data is collected by someone experienced who knows the systems. There are anomalies in companies, and data is collected inconsistently. It is important to capture the context. Otherwise, it is just robotic mechanical work without much added value.*

### **Expert interviews**

*Data collection is challenging from the very first step.*

*For groups with multiple subsidiaries, there is a problem with consolidation across diverse business sectors.*

*Uncertainty following Omnibus is leading many second-wave companies to postpone setting up data collection as they await the outcome.*

*There is a lack of reporting manuals and methodologies, which increases the error rate, especially in groups with subsidiaries.*

*The agenda is broad and requires data from many departments, placing high demands on internal capacities and attention.*

### **Focus groups**

*The problem with ESRS reporting is the diversity of the data required. For example, not all the data for the carbon footprint is available at the end of the year. There is extreme time pressure when the data is available at the end of February and the report must be finalised for audit by the end of March.*

*When creating new data sources, it is advisable to focus on their business value and benefits.*

## **6.7.3 Suppliers and data**

### **Interviews with companies**

*Collecting data from the supply chain is the most significant challenge for ESRS implementation.*

*We are increasingly drawing on primary data from suppliers to replace our original estimates. The maturity and progress of a company in this area can be measured by the percentage of primary data from suppliers, although quality is, of course, also important.*

*We evaluate the supplier and the robustness of their system, and based on that, we either request or do not request the necessary data and continue to work with such information. This appears to be advantageous, particularly due to the potential threat to business relationships posed by administrative burdens.*

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<sup>38</sup> Statement by one specific company.

*We have 800 different suppliers, and we are absolutely unable to collect data from them. It is extremely challenging because it requires communication and individualisation of requirements for each supplier.<sup>39</sup>*

*We work with our key suppliers on data collection, typically for input materials for production.*

*Suppliers are often not prepared to provide new data, so we only draw on invoices.*

*In reality, it is not just about suppliers, but also about subcontractors. It is an interconnected network, and then it actually depends on the culture or general standard of the country in question; it is not just about one company or a few suppliers. This is a structural problem that the company cannot solve. Logically, there will be enormous pressure when the ESRS requires primary data from suppliers. This is an absolutely fundamental element that could gradually change the entire market. It is a long-term endeavour.*

*In some sectors where there is greater pressure, such as the packaging industry, it is easy to obtain data. It can be significantly more challenging from suppliers in other sectors, as the level of ESG maturity among suppliers is fragmented.*

*We work with micro-suppliers who will never be able to provide us with the necessary or even basic data – farmers, fishermen, etc., who do not deal with administration.*

*ESG implementation has changed significantly in one year. A key supplier did not even respond to the questionnaire sent a year ago, but a year later, this supplier sent us their own questionnaire and wanted to start intensive communication and cooperation – they hired someone to take charge of ESG.<sup>40</sup>*

### **Expert interviews**

*The biggest data challenge is the carbon footprint, especially Scope 3.*

*Data from suppliers is often unavailable, conversion factors are missing, and it is difficult to ensure an audit trail.*

*Financial institutions originally hoped that the CSRD itself would provide ESG data from their clients, but the reality is more complex.*

### **Focus groups**

*It is very difficult to ensure the reliability of data, for example from Asia and other diverse markets.*

*Currently, there is a major challenge in understanding what the minimum requirements are for a given company and how to explain this to suppliers.*

## **6.7.4 Duplication**

### **Interviews with companies**

*The ISO 50001 energy management standard requires us to do something very similar to the ESRS, but from a different perspective.<sup>41</sup>*

*For various purposes, we have to convert the same data into different formats. But this is not so common<sup>42</sup>.*

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<sup>39</sup> Statement by one specific company.

<sup>40</sup> Statement by one specific company.

<sup>41</sup> Statement by one specific company.

<sup>42</sup> The most frequently mentioned issue was duplication in HR data, e.g. counting full-time positions vs. headcount.

*OHS is reported according to one piece of legislation, and CSRD is actually introducing a new system.*

*In the qualitative part, we perceive a duplication of information requirements in the ESRS themselves, with the same information then appearing three times in the report.*

### **Expert interviews**

*Companies face a large number of questionnaires from customers, which take up a full-time job to complete. The need to centralise and consolidate data in one place is crucial. A good ESRS report could eliminate some of this duplication and reduce the number of questionnaires.*

### **Focus groups**

*Suppliers are facing a growing number of requests from customers who often require different data every month, such as carbon footprint calculations, which may vary depending on the methodology used.*

## **6.7.5 Data - other**

### **Interviews with companies**

*There are areas where we have absolutely all the data and are already collecting it, and there is no need to do anything extra, and there are topics where we have absolutely nothing because no one was interested in them from a business point of view, and we do not have a single piece of data, and it is almost unrealistic and very costly to collect the data.*

*Sometimes it is impossible to collect certain information and data due to existing legislation, such as GDPR, in the context of employee salaries and other HR data.*

*We are now publishing data that we have always had but never published them before. This causes some discomfort – most often, the HR data such as salaries, education, and other personal information are controversial.*

*Data collection is by far the most difficult and demanding challenge in implementing the ESRS.*

*A significant amount of data is still estimated and not based on primary data.*

*We are already actively applying environmental indicators, particularly those related to carbon footprint, to assess and select investment projects.<sup>43</sup>*

*Some information does not relate to us at all, such as child labour, but we have to describe or comment on it somehow.*

*Thanks to the nature of our production, we have the vast majority of the necessary data and have no problem collecting it.<sup>44</sup>*

*The greatest resistance to ESG and ESRS is evident in data collection, where it is sometimes very difficult and challenging to get all employees involved in collecting data for reporting to be on the same page. We often encounter resistance and reluctance.*

*We are now inundated with questionnaires from various partners.*

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<sup>43</sup> Statement from several companies advanced in ESG.

<sup>44</sup> Statement from one specific manufacturing company.



*We have received 10 different questionnaires, we have to register on a different platform each time, learn how to use it and fill in various data in different formats. This is quite a burden.<sup>45</sup>*

*Some information requirements trigger potential changes in the organisation, such as fair remuneration. When a company discloses this information, it tries to implement measures to ensure that the disclosed information is positive or more favorable in nature.*

*It is necessary to introduce a new IT system or update the existing one, as it does not meet the needs arising from the ESRS requirements.*

*We have a problem with consolidating the data we use to calculate our carbon footprint, as each of our companies uses different product labelling and categorisation for historical reasons. Consolidating this huge number of products is a major burden.<sup>46</sup>*

*Consolidation is a major challenge. This depends on the structure of the company, but very often companies have problems with the double materiality consolidation and, consequently, with data, especially of a qualitative nature. There is no clear methodology for collecting data and information in this regard. For quantitative data, the challenge is standardisation and unification of indicators across consolidating companies and, consequently, the associated time consumption.*

### Expert interviews

*Uncertainty about future market data is holding back investment, as companies are reluctant to make decisions without reliable data.*

## 6.8 Resources

### 6.8.1 Time resources

#### Interviews with companies

*Data collection is not technically challenging for technically proficient ESG managers, but it is time-consuming.*

*It is best to start early, as it is necessary to go through the analyses and understand their outputs, and then redo them correctly if needed. It is necessary to apply new methodologies to the specific context of the company, and this cannot be easily replicated or fulfilled by a consultant, as each company has a specific situation.*

*It is necessary to examine and analyse the implementation impacts of ESRS as soon as possible. It is advisable to start early and gradually adjust processes, methodologies and reporting itself. This is a longer-term process.<sup>47</sup>*

*Time is the primary resource, but it is difficult to calculate because there are no records of who is affected and how much of an agenda this represents for each person.*

*Managing the timing of ESRS implementation is extremely challenging because there is little experience and it is a new and specific agenda for each company, where each company may face specific challenges*

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<sup>45</sup> Statement from one specific company.

<sup>46</sup> Statement by one specific manufacturing company.

<sup>47</sup> Statement by virtually all companies surveyed.

*that cannot be predicted in advance. The project itself grew as we identified new gaps and needs to meet the requirements.*

*The ESRS implementation project involved seven months of intensive work.<sup>48</sup>*

*We needed a lot of time for internal coordination and education of the entire ESG team that will carry out the implementation itself.*

*The time-consuming nature of the project was due to the number of meetings and internal discussions. We identified this challenge during the process and actively began to address it by reducing the number of meetings and devising more effective forms of communication (more individual work, standardised documents). ESRS implementation is highly dependent on communication and the flow of information between a large part of the company and various departments; it is a multidisciplinary project.*

### **Expert interviews**

*Decision-makers encounter limited mental and time capacities due to the priority given to operational issues.*

### **Focus groups**

*The timing of ESG reporting coinciding with financial reporting and auditing is very unfortunate and challenging. Most employees prioritise the agenda linked to established financial reporting. ESG reporting then encounters resistance due to overload and low prioritisation.*

## **6.8.2 Financial resources**

### **Interviews with companies**

*We have to fill out stacks of paperwork, and then there is no time left to reduce our environmental impact.<sup>49</sup>*

*Implementation meant investments in the order of millions.<sup>50</sup>*

*Consulting in this area is expensive.*

*We have no problem investing in compliance. We have funds for the ESG agenda, so we are prepared to invest around CZK 10 million, which of course does not mean that we want to.<sup>51</sup>*

*The challenge is to manage the administrative burden of CSRD so that it does not create unnecessary additional costs.*

*The financial burden consists mainly of the creation of a new ESG manager position, i.e. the salary for this position. Other costs are almost zero. However, these are direct costs, and this consideration does not include indirect costs, which are difficult to quantify.*

*Financing the ESG agenda is not a problem.<sup>52</sup> Financing the ESG agenda is a problem.<sup>53</sup>*

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<sup>48</sup> Statement by one specific company.

<sup>49</sup> Statement by one specific company.

<sup>50</sup> Statement by one specific company operating in four countries.

<sup>51</sup> Statement by one specific large company.

<sup>52</sup> Statement by the ESG manager of one specific company.

<sup>53</sup> Statement by the CFO of the same specific company.

*Each country where we operate will have to invest CZK 2 million to meet ESRS requirements. The added value for the company is small for the financial burden involved.<sup>54</sup>*

*The lack of know-how (legal and technical, e.g. GHG Protocol) is compensated for by expensive external consultants.*

### Expert interviews

*Implementation costs tend to be higher than companies expected. Even large companies do not have dedicated budgets for long-term ESG projects.*

*There is a lack of space and finance for innovation and change, companies often do not know how to profit from sustainability, and they lack incentives to invest.*

### Focus groups

*ESG reporting according to ESRS is expensive for some companies and places an unreasonable burden on them. It is necessary to hire people and increase internal capacity. Companies also often have to secure funding for audits and consultants to calculate their carbon footprint, analyse climate risks and other methodologically demanding aspects of reporting preparation.*

## 6.8.3 Human resources

### Interviews with companies

*The problem is that those responsible have to bother other employees, which has a negative impact on their reputation and relationships.*

*People in the company are often busy and do not have the capacity or, more importantly, the desire to take on any new agenda. This is all the more problematic with the ESG agenda, which has mixed and sometimes negative connotations and responses. This can lead to conflicts and other negative manifestations, including subdued or toxic communication or lower job satisfaction.*

*New positions are being created, or rather new responsibilities for existing employees and management. For example, ESG managers, guarantors of individual ESG areas and topics. With the help of guarantors, we are trying to implement and communicate ESG issues internally.*

*Specifically, the double materiality analysis and, in general, ESRS and ESG require the involvement of a large number of employees from the company.*

*We are building a system that is as independent of people as possible. The aim is to reduce errors, save resources and, above all, reduce dependence on specific individuals – to preserve know-how even after they leave.*

*The problem with human capital overload is that employees have new responsibilities on top of their regular agenda. However, this is not addressed by reducing or loosening existing responsibilities. One reason for this is the demanding preliminary estimate and the subsequent lack of mapping of this burden on employees. This burden can evolve and shift significantly depending on priorities and newly identified issues.*

*Fifteen to twenty people worked on the implementation of the ESRS in our company.<sup>55</sup>*

<sup>54</sup> Statement by one specific company.

<sup>55</sup> Statement by one specific company.

*Our goal at the beginning of the implementation project was to set it up in such a way that it would not burden people with administrative work. The solution was to try to obtain as much data as possible from the internal database and avoid manual interventions.<sup>56</sup>*

*Employee resistance is highest at the beginning of the implementation project, which is a key issue, especially in manufacturing companies and companies with a less professional corporate culture, where employees' personal opinions can be expressed more intensely and sometimes inappropriately. Gradually, the tense situation will stabilize and normalize.*

*Internal advocacy and communication are absolutely essential tools in which we invest in connection with ESG across the entire company.<sup>57</sup>*

*ESG is not a one-person agenda. You cannot solve ESG by hiring one person whose position will be called ESG manager or something similar.*

*ESG is interesting to us because it is a topic that appeals to young people, and we need to attract young talent.<sup>58</sup>*

### Expert interviews

*The costs of hiring, training and retaining dedicated ESG specialists represent a significant investment.*

*There is a lack of leadership from the top. Companies often fill the roles with junior or more technically focused employees and view ESG more operationally than strategically, which limits the mandate and impact of the work.*

### Focus groups

*In practice, ESG and data requirements are growing dramatically, affecting the entire company, which does not have the team, tools and capacity to cope with this, putting great pressure on those responsible.*

## 6.8.4 Pressure on employees and resistance

### Interviews with companies

*The challenge is the attempt to avoid new responsibilities, which creates resistance and tension among employees. People try to do as little work as possible. They make their work easier, and the workload is then shifted to someone else. Typically, when collecting data, employees are asked by the ESG manager to obtain certain data. The data is sent in raw form, unedited and unexplained. The ESG manager then has to spend long hours deciphering, understanding, converting and cleaning the data into the required form. This gives them knowledge, but in a very inefficient way.*

*The problem is the large and sudden burden on a specific employee who is automatically responsible for the ESG agenda (often the company's environmental officer), but who has other responsibilities (which have also been increasing recently), often does not understand reporting and CSRD methodologies, and becomes severely overloaded in this position. The volume of and the complexity of the ESG agenda are often misjudged and underestimated. It is assessed as a side duty and compliance without added value.*

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<sup>56</sup> Statement by one specific company, advanced in the field of databases and IT systems.

<sup>57</sup> Statement by one specific company.

<sup>58</sup> Statement by several industrial companies.

## Expert interviews

*The ESG agenda is often assigned as an extra task to people with existing agendas, such as corporate environmentalists or marketing staff, which leads to insufficient capacity. A part-time position proves to be insufficient.*

*Organisations are often daunted by the volume of work, even when supported by external consultants.*

## Focus groups

*Implementation means a lot of agenda items assigned to a large number of people in the company. Someone has to devote 100% of their time to this agenda, and many people take on a large amount of work in addition to their existing workload. This causes resentment and demotivates people.*

### 6.8.5 Know-how, knowledge resources and external experts

#### Interviews with companies

*This often involves legal or very specific advice.*

*Even the largest companies lack the know-how to calculate greenhouse gas emissions, create climate scenarios and transition plans, and lawyers specialising in complex ESG legislation. This knowledge is supplemented externally.*

*The collection of primary documents and external consultants are most often the basis for addressing the ESG agenda.*

*Consultants help with the interpretation and retrieval of primary documents.*

*In our contracts, we require consultants to provide us with all documents and sources used, thereby building our own know-how.<sup>59</sup>*

*Companies have varying experiences with consultants. Some have excellent experiences and rely on their advisors, while others have had negative experiences and have taken over the agenda themselves. Personal preferences and the desire to control and understand the agenda may also play a role.*

*Advisors play an interpretive and verification role, holding up a mirror and providing different perspectives and options for solving problems. Advisors almost never solve issues "turnkey".*

*To verify the correctness of procedures and reporting, we use pre-audits, where the auditor plays an advisory role and provides feedback without further consequences. We often consult on the methodologies used.*

*We prefer to build internal know-how.*

*We realise that we build internal know-how through our demanding work and problem-solving. It is possible to consciously invest more in internal resources in order to build our own know-how and staff capable of handling the agenda.*

*For the first year and the start of ESRS implementation, an external advisor and know-how are absolutely essential. We plan to intensively collaborate with a consultant only for the first year, in order to set up processes and acquire know-how.*

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<sup>59</sup> Statement by one specific company.

*We try to combine multiple sources, including the opinions of multiple consultants and auditors, manuals, similar methodologies, studies, and examples of good practice. It is more expensive, but it reduces uncertainty.<sup>60</sup>*

*The main part of the work must be done internally; no one can deliver it externally. Methodologies, instructions, etc. can be provided, but not content, specific data, and information about the company.*

*We try to establish partnerships with consultants, working together on projects. The consultant brings us their know-how of standards and methodologies, and the internal team brings specific information and know-how about the company.*

*It is essential to be able to consume legislation and technical materials.*

*The ESRS and ESG agenda requires a wide range of knowledge, expertise and types of work. It often involves highly creative, diverse and independent work.*

*ESRS implementation is a technically and methodologically demanding exercise.*

*External advisors and consultants compensated for our lack of experience in the first year. This was one of the main benefits of having advisors.*

*It was necessary to ensure technical competence and effective project management.*

*The company must provide methodological support, interpretation of standards, assistance with data collection, etc. This is often provided by ESG managers, possibly in combination with consultants.*

### **Expert interviews**

*Companies often lack internal ESG qualifications and are reluctant to hire new people because they do not see evident business potential in the topic. This lack of know-how complicates both process setup and day-to-day operational decision-making.*

## **6.8.6 The role of consultants**

### **Interviews with companies**

*We form partnerships with our consultants, who bring us new perspectives, but this is more of a collaboration than a one-sided role for the consultant. One reason for this may be the need for detailed, specific knowledge of the company, sector and business, which the consultant does not have. The consultant discusses, provides feedback and suggests solutions, but usually with the strong involvement of the internal team.*

*It is advisable to build ESG know-how within the company. Consultants may have deeper knowledge or be slightly ahead, but it is strategic to build this knowledge internally for continuous use, every year and more often. To do this, I would have to use a consultant every year and very intensively. It makes sense to learn and then build this know-how to a certain extent.*

*The question is, to what extent know-how should be held internally and when to use consultants. It is advisable to have basic, recurring and key aspects covered internally. New, very complex or uncertain aspects should be addressed in combination with external experts.*

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<sup>60</sup> Statement by several larger companies.

## Expert interviews

*External consultants are necessary due to the complexity of standards and a lack of internal knowledge, but their capacity is limited, and their services are expensive. This makes projects more expensive and also creates pressure for companies to build their own competencies more quickly.*

## Focus groups

*The consultants were supposed to guide us for a few million. The reality was that we received initial instructions, and now, when we have technical and specific questions, the consultants do not know the answers.*

## 6.8.7 Methodologies, instructions, documents

### Interviews with companies

*We lack usable materials for the detailed implementation of ESRS requirements.*

*There is a lack of Czech translations of basic supporting documents, for example from EFRAG. Working in English is usually not a problem, but very often Anglicisms and inappropriate Czech translations or terms arise, that are not accurate. This can create communication problems and confusion.*

*We most often draw inspiration from our competitors. Companies with more resources conduct research from various studies.*

*EFRAG's FAQs are written very defensively and do not answer many questions clearly. At the same time, they often do not cover aspects that we needed to resolve.*

*There are no practical guidelines. The materials are general and need to be interpreted in relation to one's own situation and carefully considered in order to meet the requirements. For example, there is a lack of best practices, which we very much expect. After the first wave of ESRS reports, we expect significant stabilisation.*

### Expert interviews

*Excel is often used for data collection, which is perceived as "free", but in reality leads to high time costs and error rates. This points to the need for better methodologies and tools that will reduce the burden and improve data quality.*

### Focus groups

*Decisions are often made without sufficient information. For example, companies are not always aware of the possibility of using estimates in the calculation of Scope 1 and Scope 2 greenhouse gas emissions, or other methodologically correct simplifying solutions that significantly reduce the complexity.*

*The resources provided by EFRAG (Q&A, IG 1, 2 and 3) are insufficient in terms of both content and clarity. At the same time, they are very fragmented and vaguely linked, and often do not follow on from each other or refer to each other.*

*It would be excellent to have a rough overall project plan for implementation and reporting according to ESRS at the outset, e.g. percentage estimates of the main phases and how much capacity to allocate to each, examples and dependencies, what and why may take a long time, what attributes determine time requirements, identifying what is simple and what exactly is best to start with for the given context.*



*It is necessary to ensure high-quality Czech translations of ESRS and other supporting documents and guidelines for Czech companies.*

*A greater number and availability of high-quality instructions and methodologies would be helpful, as would a clear explanation and simplification of the disclosure requirements under the ESRS.*

*An example of publication should be provided for each data point, especially for qualitative data.*

*When implementing ESRS, it is necessary to have (i) clearly defined requirements and (ii) extensive methodology with recommendations in the given context (sector, country, location, etc.). However, there are currently no specific methodologies or best practices for individual sectors.*

*We need sector standards that will reduce uncertainty and facilitate reporting, analysis and prioritisation of impacts, risks and opportunities.*

*It would be helpful to have information sources with relevant data for ESG reporting, such as emission factors, calculation methodologies, etc.*

### 6.8.8 Resources – other

#### Interviews with companies

*For example, the global branch and other parts of the company may be burdened with additional administration and work, which may limit resources and work efficiency in other areas that are more important to the company's goals.*

*We try to invest as little time and money as possible in the ESG agenda.*

*One of the challenges is that the ESRS agenda is not stable and standardised. We do not know how much time and resources a given project will require.*

*The initial investment in resources is the largest, but each subsequent year requires significantly less work, as there are not as many changes and problems to deal with. Basically, the first year is absolutely crucial in terms of pressure on resources and the company.*

*The cooperation of the entire company and the entire system is essential. We uncover inefficiencies, lack of data, and responsibilities. Therefore, a side effect of ESG/ESRS implementation is a kind of global audit/due diligence of the company in certain areas that ESRS requirements open up.*

*An important resource that needs to be secured is management support for the agenda. Support from senior and broader management can ensure a smoother process, easier cooperation between people, and easier communication in the context of ESG/ESRS requirements. At the same time, people have a more neutral or positive attitude towards the task at hand, rather than a negative one, because they consider it part of their work and responsibility.*

*We have developed pilot reports that test the implementation of ESRS within business operations and reveal potential challenges and shortcomings, which can then be addressed in sufficient time.*

*Pressure on resources now also stems from the large number of different ESG questionnaires and the completion of data related to the supply chain. This applies in particular to companies with extensive client or supplier networks. In 2024 and 2025, the number of these questionnaires increased significantly. The problem is that the questionnaires have different granularity, require different information and have different user interfaces (web application, Word, Excel).*



*The burden arising from ESG obligations, not just reporting, may have a negative impact on competitiveness in relation to non-European companies.*

*A large part of the ESRS agenda is similar for large corporations and smaller manufacturing companies. Although the volumes of the analyses themselves are very different, the methodology, information and data recording, and process settings are often identical. The lack of methodology and the considerable pressure in the first year to set everything up has a more significant impact on smaller companies.*

*ESRS reporting has minimal impact on the real current change in our sustainability parameters.*

*During implementation, it is necessary to estimate capacity shortages, which can change dynamically and be discovered unexpectedly. The person responsible must then address this capacity shortage by either increasing or simplifying the solution or postponing it. This reduces the quality and functionality of the overall implementation.*

*The biggest challenge is the overall volume and scope of the entire ESRS implementation exercise.*

*As a next step after our first report, we plan to develop or purchase tools and solutions for automating data collection and evaluation. However, it is necessary to understand in the first year where the main challenges lie and what makes sense to automate. It does not seem normal or effective to introduce significant automation in the first year without experience.*

*A large amount of resources and communication energy must be spent specifically on the design of policies, objectives and strategies. It is particularly difficult to internally bring together the people who are involved in the relevant areas and who should therefore be closely involved in their design. The approach to setting policies, objectives and strategies is new to us and requires resources.*

*For small businesses, such an exercise will be completely unrealistic and beyond their capabilities, due to the absence of similar standards and regulations and their generally weaker infrastructure (data, know-how, resources).<sup>61</sup>*

*I actively and intensively use the paid version of LLM as an advisor in the ESRS implementation and related tasks.<sup>62</sup>*

## 6.9 Tangible changes

### 6.9.1 Perception of sustainability

#### Interviews with companies

*ESG changes can have an impact on the functioning and lives of ordinary people. It is not clear what is sustainable and what is not. This raises questions and controversy.*

*During the education process, the company came to understand that reporting is not just about choosing positive impacts and the best projects and then publishing them, but that it must be transparent and open and publish both positive and negative information, and in particular that this is audited. This caused concern and ESG gained in importance.*

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<sup>61</sup> Statement by several large companies.

<sup>62</sup> Statement by one specific company.

*ESRS is simplified to carbon footprint, and then investments and measures are shaped accordingly. That is a problem.*

### Expert interviews

*Companies that have entered into implementation are finding that it is a much more complex and demanding topic than they expected. The original idea that it is only about reporting is quickly changing, as it turns out that it involves double materiality, strategy and carbon footprint, and has a profound impact on business.*

*Managers deal with operations and short-term challenges, while sustainability has a multi-year horizon. This is a clash of time perspectives in looking at business.*

### Focus groups

*First, a company should clarify internally what its business strategy is and how it interacts with ESG. It should then monitor and report on this accurately and without bias, and not try to artificially build an ESG system separate from the real functioning and business of the company and then stick it on.*

## 6.9.2 Organisational changes and role changes

### Interviews with companies

*Reporting alone does not lead to a change in the direction of our business, but organisational changes are coming. ESG has no influence on decision-making and business strategy in most companies.*

*Real change in companies in the area of ESG begins with a change in management responsibilities and roles. This is mostly formal.*

*The big challenge for ESRS is integration within the company, because there is pushback and it takes time, education and resources.*

*Implementing control elements into company management is the most complex task.*

*A major breakthrough occurs when the majority of senior management gets on board with ESG.*

## 6.9.3 Formal changes

### Interviews with companies

*We have to report on strategies, policies and measures. In most cases, we did not have any of these and we are starting to develop them very quickly and hastily, often without authority, good management insight and in a vacuum. Their realism will be low while their formality will be high. The question is whether this makes sense. We do not want to report that we have nothing.*

*We are trying to implement ESG into decision-making processes, but it is not clear how; it is probably a formality.*

*We have implemented ESG into our decision-making processes; we have special indicators for it, which are evaluated for investments, and then decisions are made about which investments have the highest impact, not just financial.*

*Companies have already done most of the work, and it is now just a matter of formalisation.*

## 6.9.4 Tangible changes – others

### Interviews with companies

*The problem with the directive is that it defines sustainability and indirectly clearly points out what is sustainable and what is not. This should not be imposed at this stage; it should be decided on the basis of political discussion. This is a secondary impact of the directive that is not being discussed – it creates a kind of witch hunt.*

*There is an effort to identify and select which CSR activities have the highest added value and a real positive impact.*

*Some requirements arising from ESG legislation, such as the proportion of recycled materials in products, are impossible to meet commercially with current technologies.*

*Based on ESG and, for example, the pressure to decarbonise, we do not want to delist or disadvantage our suppliers. On the contrary, we will try to accommodate them and find them tools and possible solutions to the problem.*

*We were afraid that Taxonomy would affect construction and property prices, but in the end, we do not utilize these aspects commercially and accept all orders regardless of criteria and Taxonomy compliance.*

*There are no realistic solutions to the real changes, that the companies in the Czech republic face. We are unable to switch the dominant industry and construction sector to green energy.*

*We deal with aspects arising from ESRS, such as gender pay inequality, which we consider to be the biggest ESG challenge at present.*

*Some legislative measures have positive side effects, not directly on the company, but on our assets. For example, the replacement of the fleet of multi-purpose vehicles from diesel and propane-butane to electric has been accelerated. Employees have praised this move, and it is probably a good step, but the question is, of course, for whom.*

*The risk management methodology has been updated.*

*Currently, we perceive more the potential risks, that our customers will tell us that our product is not sustainable enough and we will lose business. This is probably the biggest impact we see from an ESG perspective – market pressure in unclear directions.*

*ESG managers try to have as little impact as possible on data owners, whether they are internal employees or suppliers. They try to find the most efficient ways to access data.*

*It is a great challenge, but it is essential to reconcile the two opposing camps: the younger generation and the older generation, which is based on different values, but we should have the same goal.*

### Expert interviews

*The energy sector and other highly regulated industries are more advanced in terms of sustainability, while medium-sized manufacturing and automotive companies perceive ESRS as a novelty and are not prepared for detailed risk management. This points to significant sectoral differences in maturity.*

## 6.10 Added value (positives and negatives)

### 6.10.1 Negative opinions

#### Interviews with companies

*Mandatory reporting has zero added value; voluntary reporting is better. The added value of the information disclosed is zero.*

*We have no problem with reporting, but we consider it unnecessary given that we are already so regulated.<sup>63</sup>*

*The added value is lower than originally intended. It is no longer defined what value was originally intended.<sup>64</sup>*

*We do not see any financial benefit in reporting.<sup>65</sup>*

*Reporting itself has low opportunity value. When we have to reveal our business model and how we operate, perhaps negatively, we perceive it as a penalty imposed by legislation.*

*We are a private company, and a private company has an owner. The owner has the company to generate profit, not to build a team that will do some reporting that brings nothing. The owner will say, "Yeah, let's do that. What will we get out of it? Why are we going to do it?" Well, we're going to do it because we want to show our district what we're like.<sup>66</sup>*

*The introduction of mandatory reporting was not initially well received or appreciated within the company. Rather than helping, it is a burden. At the same time, it is very complicated and can kill smaller businesses. Often, the effort and expense outweigh the benefits.*

*The company focuses on its existence, which is most often linked to the growing earnings of owners and investors or, for example, securing critical infrastructure, etc. Companies thus place ESG in the position of a secondary task, which they must perform outside of their main task. It is like secondary mandatory business (increasing energy efficiency, installing solar panels, etc.).*

#### Expert interviews

*The current approach to ESRS, which is perceived as overly complex and politically motivated, discourages companies from getting involved and is described as a brutal blow that trivialises the issue. As a result, some companies prefer to invest in lobbying rather than in the actual implementation of sustainability. Most companies do not see ESRS reporting itself as a competitive advantage or direct business potential, but rather as a necessary evil or a must-have for meeting external requirements. A negative attitude is also evident within organisations that have been practising sustainable procedures for a long time and are resisting reporting because they do not see the benefits and it may even represent a loss of their current competitive advantage, as it raises the reporting standards of their competitors.*

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<sup>63</sup> Statement by several companies in more regulated sectors.

<sup>64</sup> Statement by one specific company.

<sup>65</sup> Statement by one specific company.

<sup>66</sup> Statement by one specific company.

## Focus groups

*The complexity and demanding nature of ESRS reporting has brought about a new perception that has narrowed down to the compilation of a report, behind which it is no longer clear why it is being done.*

### 6.10.2 Risks

#### Interviews with companies

*So that it does not just become a mandatory exercise.*

*This is not necessarily a bad thing, but currently, it certainly does not bring any competitive advantages on the international market.*

*It is necessary to consider one's strengths when seeking paths to sustainability, but increasing bureaucracy is not the solution and can provoke strongly negative reactions.*

*When attempting to obtain primary data for ESRS reporting from clients and suppliers, it is possible to encounter negative responses and there is a risk that the company will lose its customers.*

*When publishing various data, we are concerned that analysts, in combination with various other data, will calculate energy prices and other even more sensitive information that could threaten or harm us, or give an advantage to those who obtain and possess the data.*

*The problem arises when data is published that we have no experience in publishing. We are concerned about what this could do, for example, to employees if we publish information about salaries.*

*A large number of ESG topics are controversial and give rise to conflicts of opinion and misinformation.*

#### Focus groups

*It could be interesting not only to quantify how much change costs in the context of ESRS implementation, but also to quantify how much it costs to do nothing.*

### 6.10.3 Positive changes and opportunities

#### Interviews with companies

*We consider it beneficial to identify and examine areas where there is room for improvement.*

*Improving the processes that did not run smoothly.*

*In fact, they force you to start looking at where you live, and that's a very good idea, because in every area I had to look back and search, I found something.<sup>67</sup>*

*The implementation of sustainability has long-term positive benefits and needs to be implemented as soon as possible.<sup>68</sup>*

*Visions and strategies are much easier to develop. The ESRS provides guidance on how to work in the longer term and how to start working with uncertainties and estimates.*

*In particular, the double materiality confirmed that we were on the right track in terms of real changes in society and the environment. There were only minor adjustments and better coordination of individual*

<sup>67</sup> Statement by one specific company.

<sup>68</sup> This is a common statement made by ESG managers and employees involved in business operations. CFOs tended not to perceive these positives.

*activities, but this did not result in significant changes in the business model. Rather, it was evolutionary in nature, but very rapid in terms of real changes.*

*Being ranked among the most sustainable companies is the greatest benefit for our reputation, but its impact on improving competitiveness is debatable.*

*The main benefit is that it provides the first framework for centralised and unified sustainability management within the company. It helps us define a clearer path holistically and not in a fragmented way as before, where great inefficiencies and even nonsensical projects could arise.*

*Based on the impetus and findings for ESRS reporting, a comprehensive review of the entire waste management system was carried out, a more efficient method was established, and savings were increased.<sup>69</sup>*

*ESRS can play a significant role in the further professionalisation of our company.<sup>70</sup>*

*Risk management is a great benefit. This includes, first and foremost, minimising the risk of compliance reporting, minimising the impact of negative risks, and on the other hand, taking advantage of the untapped potential that the company has.*

*The double materiality assessment is a key input, providing new information and a new perspective on the company.*

*Indirectly, the ESRS standard forces the establishment of certain responsibilities and processes within the company's governance and management, which is very beneficial and appropriate.*

*ESRS implementation is primarily perceived as a compliance exercise, but it can also be used to enhance reputation, among other things.*

*Activities are beginning to take place that arise from obligations but were previously ignored because the company did not have the time or capacity to address them.<sup>71</sup>*

*Financial management takes ESG risks very seriously, and this is now a priority issue. To a large extent, ESG risk management began to be enforced and implemented only after the ESRS reporting project.*

*Based on activities related to ESRS reporting, we replaced our fleet of Multicar vehicles, which we had been reluctant to change for a long time for economic reasons. The replacement has resulted in greater comfort and thus more satisfied employees, improved safety and a reduced environmental footprint.<sup>72</sup>*

*Despite the negative attitude towards reporting, we intend to intensify our sustainable activities and see this as a fundamental trend.<sup>73</sup>*

*I see the huge benefit in thinking about what you are doing. You have been doing it for many years and suffer from a kind of blindness from being stuck in your bubble. Under normal circumstances, you would not let anyone new into your business to uncover problems and provide a new perspective on your business.*

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<sup>69</sup> Statement by one specific company.

<sup>70</sup> Statement by one specific company.

<sup>71</sup> Statement by one specific company.

<sup>72</sup> Statement by one specific company.

<sup>73</sup> Statement by the vast majority of companies surveyed.

*Let alone to think about something else. We did it, and it is a good opportunity to look back and re-evaluate some things.*<sup>74</sup>

*We anticipate that by addressing the topic of ESG, which resonates more with the young people, we will be able to attract young talent. We are currently seeing a growing problem of a shortage of qualified labour force in the industrial sector.*<sup>75</sup>

### Expert interviews

*A well-prepared ESRS report can reduce the administrative burden by replacing a number of individual questionnaires from customers and providing a uniform basis for communication.*

*The ability to calculate the carbon footprint and other indicators strengthens our negotiating position in tenders and helps us to better compete with our rivals.*

*ESG should lead to real technological innovations, such as higher energy efficiency or the use of secondary raw materials, which increase resilience and long-term competitiveness.*

*Part of this framework is also the long-term prosperity of the company in the form of retaining customers and attracting quality employees.*

*Failure to implement sustainability practices leads to existential problems, loss of reputation and clients over time.*

## 6.10.4 Added value – other

### Interviews with companies

*We are waiting to see what benefits this will bring us; we don't see many direct benefits yet.*

*The obligation is not necessary, we will do it voluntarily, but it is true that when the sword of Damocles hangs over you, it is the best motivation. There is little time and the demands are too high for companies to do this voluntarily on their own without standardisation and clear obligations.*

*We do not expect the implementation of ESRS to shift our business model or the functioning of the company from right to left (significantly).*

*We see ESRS more as a part, but only a very formal one, of an overall gradual transformation towards more sustainable operations. We do not perceive ESRS as revolutionary pressure.*

*The added value of reporting should be assessed not by companies but primarily by those who will use the published information. We perceive reporting as a necessary evil and understand the reasons for its introduction.*<sup>76</sup>

*Currently, in the short term, the added value of ESG reporting is not clear. In the long term, the EU faces various challenges, such as major changes in employment, labour shifts, brain drain and population ageing.*

*The added value lies in real changes such as the introduction of energy efficiency measures and the promotion of principles of economy and efficiency.*

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<sup>74</sup> Statement by one specific company.

<sup>75</sup> Statement by one specific company.

<sup>76</sup> Statement by one specific company.

*We tried to obtain all the primary data on transportation, including, for example, shipping, which we do not control and for which we need a lot of information that the carrier cannot provide us with. After making the request, we concluded on what may be the limitations and problems in the carrier's calculations and estimates.<sup>77</sup>*

*I think it is important to take care of the company's strategy as well as the environment and employees. However, this care should be carried out rationally and with prudence, not through overly strict guidelines.<sup>78</sup>*

*The implementation of ESRS is now just an administrative exercise. Our goal is to do it in the most efficient way possible so that we can tick it off, because this is just the icing on the cake, and what is important to us is to have the cake underneath.<sup>79</sup>*

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<sup>77</sup> Statement by one specific company.

<sup>78</sup> Statement by one specific company.

<sup>79</sup> Statement by one specific company.



## 7. Institutions and associations: level of preparedness to support ESRS implementation

This section of the research report contains supplementary results. The relevant part of the research was conducted using a round-table method (moderated discussions) with research partners (Ministry of Finance of the Czech Republic, Ministry of the Environment of the Czech Republic and Confederation of Industry of the Czech Republic) and their written statements. The round table aimed to obtain feedback from institutions and business associations on the challenges and specific requirements of businesses. At the same time, the results provided relevant information for the second research question:

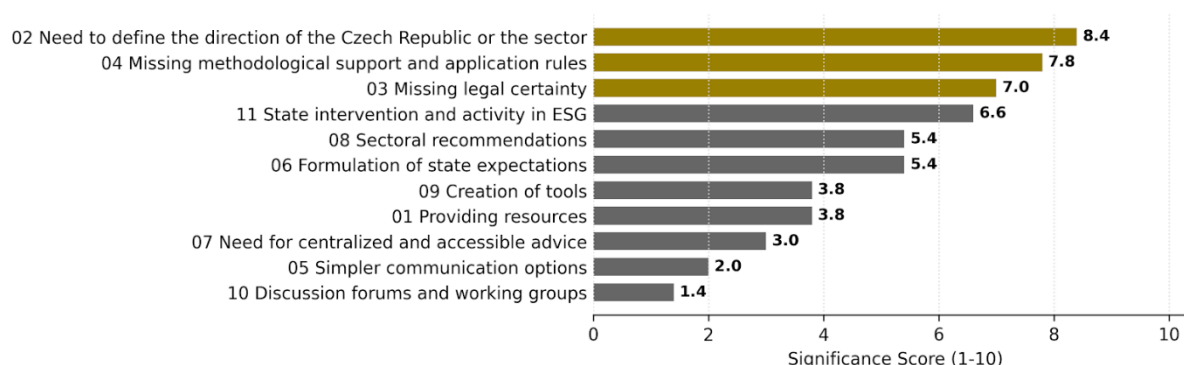
"What is the level of preparedness of government institutions and business associations in the Czech Republic to support the implementation of ESRS in the business sphere?"

The main input for this part of the research partially consisted of the results from the first part of the research, see [Challenges and obstacles for Czech businesses in implementing ESRS](#), namely the respondents' statements coded (thematically categorised) into the following 11 sub-themes of the topic "Needs and requirements for partners":

1. Provision of resources;
2. Need to define the direction of the Czech Republic or the sector;
3. Lack of legal certainty;
4. Lack of methodological support and application rules;
5. Simpler communication options;
6. Formulation of state expectations;
7. Need for centralised and accessible advisory;
8. Sectoral recommendations;
9. Development of tools;
10. Discussion forums and working groups;
11. State intervention and activity in ESG.

The processing of respondents' statements (companies, experts and partners) is subject to the provisions of the previous section of the research (these are anonymised summary statements).

During the round table discussion, the research partners voted on the importance of 11 sub-topics of requirements identified by companies. The results of the vote are shown below.



Graph 3: Average rating of the importance of 11 identified sub-topics of requirements by companies. These ratings were provided by all round table participants.

### 7.1.1 Provision of resources

#### Identified needs of companies

Financial needs	<i>The largest companies have to pay expensive consultants in the order of millions of CZK for climate scenarios.</i>
	<i>Support services and products should be co-financed, supported by subsidies or covered by the Czech Republic or the EU.</i>
	<i>There are numerous sustainable subsidies available, but no one knows how and what to apply for.</i>
Methodologies and step-by-step guides	<i>We would welcome a database of detailed questions and answers that would replace individual consultants and save costs.</i>
	<i>We would welcome the establishment of a working group funded by the EU or the Czech Republic to prepare uniform materials for individual sectors.</i>
	<i>Small businesses in particular need significant and comprehensive methodological support from the state.</i>
	<i>The information should be absolutely clear and available in full in Czech.</i>
	<i>A major obstacle is the lack of standards for product carbon footprint data, as suppliers often do not have the data available.</i>

#### Written statement from research partners

*The state administration is aware of the growing demand from businesses for expert consultations, methodological support and financial tools in the area of climate scenarios and sustainability. It also notes that especially the small and medium-sized enterprises face obstacles in navigating subsidy options, carbon footprint calculation standards and the availability of practical guidance. However, due to limited human and budgetary capacities, the state administration cannot operate individual consultation platforms in the long term. However, it is actively seeking ways to systematically meet these needs.*

*The state administration aims to enhance transparency and predictability in the implementation of new directives, for example through clear interpretative documents such as the Framework Guidelines for the Implementation of the DNSH Principle. It supports the development of standards for carbon footprint reporting, including cooperation with international initiatives. Additionally, it contributes to the availability of tools in Czech language.*

## 7.1.2 Need to define the direction of the Czech Republic or the sector

### Identified needs of companies

National strategies and scenarios	<i>The Czech Republic lacks climate and sustainability scenarios.</i>
	<i>A clearly defined framework from the state is necessary for effective planning.</i>
	<i>Businesses need clear direction from the state, which should explain it clearly and unite the actors.</i>
	<i>Companies are willing to cooperate if the state comes forward and clearly states the direction to be taken.</i>
Political continuity and stability of rules	<i>The instability of the legislative environment, with rules changing every two years, is destroying business investment.</i>
	<i>Stability and predictability are essential. "Above all, do not change the rules."</i>
	<i>Businesses criticise fragmentation and the absence of clear leadership from politicians.</i>
	<i>We fear that Czechia will remain uncompetitive because it lacks a clear vision.</i>

### Written statement from research partners

*The state administration is aware that businesses need clearly defined direction in the area of climate policy and sustainability policy, which would enable them to plan investments and strategic steps effectively. It also recognises the need for political continuity and a stable legislative framework that would minimise the risks associated with frequent changes to the rules. Climate and sustainability scenarios are therefore being gradually developed within the framework of national and European strategic documents (e.g. NKEP).*

*Although the Czech Republic's direction in the area of sustainability is framed by European legislation (e.g. CSRD, ESRS), which is transposed to Czech law, we strive to ensure that national priorities and objectives are communicated clearly and consistently and are available in the form of comprehensive strategic documents. We welcome cooperation with businesses – we call on companies, industry federations and associations to actively participate in strategy development. Their suggestions are a valuable resource for ministries when setting specific measures.*

## 7.1.3 Lack of legal certainty

### Identified needs of companies

Legal and interpretative uncertainty	<i>We do not know how to meet the requirements properly; we have to interpret everything ourselves.</i>
	<i>There are unnecessary costs for second opinions from auditors and consultants ("and then pray that it is correct").</i>
	<i>We clearly need a stable legal framework, without frequent changes that undermine the confidence in the system.</i>
Lack of a unified body	<i>It is necessary to establish a body or department (e.g. within a ministry) that would unify the interpretations of standards and provide a consistent voice.</i>

Uniformity of methodology	<i>Currently, there is no clearly designated authority to which companies can turn for guidance on standards.</i>
	<i>The methodologies are too open, unclear and each party interprets them differently.</i>
	<i>Consultants and auditors do not agree, which increases uncertainty and confusion.</i>
	<i>The methodology should be simple, clear, unified, and should not depend on the opinions of advisors.</i>
	<i>We propose creating a "Wikipedia"-type platform where auditors and consultants could contribute and seek consensus on interpretation.</i>

#### Written statement from research partners

*The state administration is aware that legal uncertainty and inconsistent interpretation are obstacles for businesses when implementing European sustainability legislation.*

*We recognise the need for a stable legal framework, a uniform methodology and a clear channel of communication between the state and businesses. Within the limits of our capabilities, we strive to ensure that changes are predictable, communicated in a timely manner and that businesses have sufficient time to implement them. However, the CSRD and ESRS rules are part of harmonised European legislation, which the Czech Republic is transposing. We do not have full control over their content, but we strive to ensure that their interpretation is as clear, consistent and accessible as possible in Czech. We support the creation of a specialised unit (as is already the case with Taxonomy) to coordinate the interpretation of the rules and provide a uniform opinion on methodological issues (given the capacity available, this would probably mainly involve assessing controversial interpretations, which could then be published). We also want to further develop methodological support in the form of clear explanatory materials, such as the Framework Guidelines for the Implementation of the DNSH Principle.*

*When drafting the CSRD legislation, a pilot period was envisaged, during which the interpretation would be clarified on the basis of examples from real companies. In the first years of CSRD implementation, it is also expected that auditors will take a more lenient approach.*

See also the general comments.

### 7.1.4 Lack of methodological support and application rules

#### Identified needs of companies

Methodologies and support	<i>The Czech Republic lacks a unified contact point responsible for methodological support.</i>
	<i>Companies lack support – they are responsible for applying the rules and do not know how to apply them correctly.</i>
	<i>They often have to interpret everything themselves, seek second opinions and hope that their approach is correct.</i>
Sectoral approach supported	<i>We need sectoral standards and working groups to prepare application methodologies and practical guidelines, funded by the EU or the Czech Republic.</i>

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*We need specific and practical examples for our sectors because there is no precedent. "None of us (in this sector) has done this before."*

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*It is difficult to collect and structure the data that we must provide ourselves, even if it concerns our suppliers or other entities.*

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#### Written statement from research partners

*The state administration is aware that companies face uncertainty in applying the requirements of European legislation in the area of sustainability. It recognises the need for clear and practical methodological support to help companies implement the rules in their daily practice.*

*We have long sought to expand the range of explanatory materials available and are considering creating a single unit to support businesses in interpreting the rules. We support the creation of working groups composed of representatives of companies, associations, experts and the state administration to prepare methodologies and practical guidelines.*

See also general comments.

#### Statements by research partners at the round table

*Data should be divided into historical and future-oriented data, as the purpose of the framework is to be forward-looking and contribute to the development of transition plans.*

*It is necessary to work with a contractual definition of sustainability through finance and the value chain, for example by creating joint questionnaires on access to funding.*

*The benefit of ESRS implementation should not be reporting, but a change in the business model.*

### 7.1.5 Simpler communication options

#### Identified needs of companies

Communication needs	<i>We receive draft legislation at short notice, leaving us with little time to study and comment on it.</i>
	<i>The documents are complex, and we spend our weekends studying them.</i>
	<i>We want short, visually clear materials: "picture, aha moment, what's the key issue".</i>
Communication channels and platforms	<i>Small and medium-sized enterprises do not have their own specialists, so they need concise instructions and timely, practical notifications of changes.</i>
	<i>There is no designated unit/person to unify the interpretation of standards and answer questions.</i>
	<i>More sector-focused ESG workshops and seminars are needed; general ones are not valuable and repetitive.</i>
	<i>Discussion platforms are needed where the "last 20%" of ambiguities across sectors can be addressed.</i>

#### Written statement from research partners

*The state administration is aware that effective communication plays a key role in successful implementation of sustainability requirements. We understand that businesses, especially small and medium-sized ones, need information in a timely manner, in a comprehensible format that facilitates its practical use.*

*In cooperation with industry federations and associations, we want to strengthen the system of providing businesses with timely information about upcoming legislative changes and opportunities to participate in consultation processes. We consider creating a unified platform that would allow companies to ask questions, share experiences and obtain answers from experts.*

Statements by research partners at the round table

*What clearly has a business case is the contractual enforcement of sustainability through loan terms (what conditions banks impose for refinancing) and the value chain (efforts to maintain a business relationships).*

## 7.1.6 Formulation of state expectations

Identified needs of companies

Role of the state	<i>We need clear direction from the state, which will explain it clearly and unite the actors.</i>
	<i>The need for stability and predictability "Above all, do not change the rules."</i>
	<i>A clearly defined framework from the state is necessary for effective planning.</i>
	<i>Instead of supporting businesses, the state is holding them back because it does not communicate clearly ("Europe says, this is mandatory, but the state does not do it").</i>
Bureaucracy	<i>It is necessary to eliminate legislative inconsistencies and to clearly define competences and what is legally permissible.</i>

Written statement from research partners

*The state administration is aware that businesses express the need for clearly articulated expectations from the state, stable rules and a predictable environment for planning investments and strategic steps in the area of sustainability. Although rules such as CSRD and ESRS are part of European legislation, it is trying to set up their implementation in the Czech Republic in a way as predictable as possible. It wants to communicate changes in a timely manner and with sufficient time for preparation. It strives to ensure that the Czech Republic's direction in the area of sustainability is clearly communicated, understandable and supported by strategic documents such as the National Climate and Energy Plan (NKEP), the Economic Strategy and the framework guidelines for DNSH.*

Statements by research partners at the round table

*From 2030, according to the ETS, it will be necessary to have transition plans approved.*

*Due to European prudential regulation (ECB/ESRB), the financial sector will have to submit its transition plans as early as 2026–2027.*

## 7.1.7 Need for centralised and accessible advice

Identified needs of companies

Creation of platforms	<i>A guide or database for businesses needs to be created and the outputs of existing working group projects (e.g. on Taxonomy) need to be published.</i>
	<i>Discussion platforms are needed where the 'last 20%' of uncertainties across sectors can be addressed.</i>

	<i>Today, businesses turn to various consultants, who often contradict each other and increase uncertainty.</i>
Centralisation and standardisation of advice	<i>Support services and products should be co-financed, subsidised or covered by the Czech Republic or the EU.</i>
	<i>It is necessary to implement centralised training for ESG managers and leaders and establish a "hotline" that can be contacted with questions.</i>

Written statement from research partners

*The state administration is unable to operate consultation platforms in the long term due to limited human and budgetary resources.*

See also general comments.

Statements from research partners at the round table

*There are no funds for the ESG hub; we are focusing on GHG.*

### 7.1.8 Sectoral recommendations

Identified needs of companies

Sector specifications of methodologies and tools	<i>Current rules are too general, lacking sector-specific interpretation and application.</i>
	<i>Recommendations and standards tailored to specific industries are needed, according to size, type of activity and focus.</i>
Real implementation of sustainability through the sector	<i>Implementing sustainability without sectoral support is quite expensive and challenging. These barriers need to be reduced through sectoral recommendations.</i>
	<i>It would be appropriate to identify sectors where (the Czech Republic) can improve first, as a tool for the gradual introduction of sustainability.</i>
	<i>An interdisciplinary discussion platform would be useful, where we could share experiences and expectations by sector.</i>

Written statement from research partners

*Sectoral standards are not currently on the legislative agenda. Although they were planned, they are not currently being prepared in a binding form due to simplification. The state administration does not have the capacity to develop them for the Czech Republic.*

See also general comments

Statements by research partners at the round table

*The Ministry of Industry and Trade is finalising TSIs – sectoral decarbonisation scenarios.*

### 7.1.9 Development of tools

Identified needs of companies



Tools, standards, methodologies	<i>We need solutions for obtaining and collecting data, especially since we are dependent on suppliers who do not always provide information.</i>
	<i>A database of detailed questions and answers would be useful, replacing individual consultants and saving costs.</i>
	<i>Standards are needed for specific areas, e.g. product carbon footprint.</i>
	<i>Technical tools and outputs must be explained clearly and translated into Czech, including consistent terminology.</i>
The role of the state in the creation of tools	<i>Basic tools and reporting and analytical methodologies should be prepared by the state or the EU, or possibly by centralised working groups.</i>

#### Written statement from research partners

*A call for proposals was announced under the PPŽ 2 programme, Sub-programme 1 – Innovation and operational research in the public interest, Priority Research Objective 4, Sub-objective 4.1 – Development of procedures and processes for the effective collection of data relevant to non-financial reporting for businesses in the context of the Czech Republic (and in reflection of existing IS and data collection processes), with a focus on SMEs and mid-caps (companies with medium market capitalisation), including an assessment of the impact on these segments and a proposal for motivation and targeted education of this segment in the area of non-financial reporting.*

See also general comments

#### Statements by research partners at the round table

*The Ministry of Finance is currently addressing the methodology for calculating carbon footprints within the Government Committee on Sustainability and Resilience of Investments, where one working group is working on data. By the end of 2025, a database of emission factors according to the GHG Protocol (Scope 1 and 2) is due to be created, which will serve as the basis for calculations and uniform reporting procedures.*

*The Government Committee for Strategic Investments has three working groups, one of which focuses on data – providing verified data for GHG calculations by the end of the year, a "national database of emission factors".*

*Climate proofing – funding is currently available for project climate proofing, and an extension to more general climate proofing is being considered.*

The Ministry of Finance emphasises that the requirements of banks and the market are not changing, and therefore it recommends reporting sustainability information at least according to the voluntary standard for small and medium-sized enterprises (ESRS VSME).

### 7.1.10 Discussion forums and working groups

#### Identified needs of companies

Lack of space for dialogue	<i>In the Czech Republic, there is a lack of dialogue between businesses, authorities and experts. Instead of discussions, there are mostly only one-sided presentations without feedback.</i>
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	<i>Abroad, the private sector already communicates and solves practical problems, but in the Czech Republic, we do not know about anything like this happening.</i>
	<i>Companies are willing to cooperate if the state comes forward and clearly states the direction it wants to take.</i>

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Working groups and space for sharing

*Methodological challenges and solutions need to be shared within and between sectors based on practical experience.*

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#### Written statement from research partners

*We will consider the possibility of sector-focused workshops when organising next year's Sustainable Development Conference. Unfortunately, we currently do not have sufficient capacity for further activities.*

*Activities promoting dialogue between the private sector and state administration in the field of ESG are underway in the Czech Republic, but they mostly respond to current demand and are not advertised to the wider professional public.*

*In some sectors, the development is very rapid, so publishing long-term scenarios may be counterproductive.*

#### Statements by research partners at the round table

*The stability of rules and capacity for feedback and comments is a Europe-wide issue, and the commenting process is overly time-consuming.*

### 7.1.11 State intervention and activity in ESG

#### Identified needs of companies

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	<i>It is essential that the state communicates its vision and the steps that will follow, while also guaranteeing the stability of the rules.</i>
	<i>We need clear guidance from the state, which will explain it in an understandable way and unite the actors.</i>
The state as an active player in ESG	<i>Most EU countries do not rely on businesses but actively invest and coordinate changes. We expect the Czech Republic to do the same.</i>
	<i>We fear that ESG transformation without state support could jeopardise the energy mix and favour producers in other countries with a higher share of renewable energy sources.</i>
State support	<i>Financial support should be targeted primarily at groups such as farmers or small businesses, e.g. support for certification.</i>
	<i>The Czech Republic lacks climate and sustainability scenarios.</i>

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#### Written statement from research partners

*The state administration is aware that successful ESG transformation requires an active role of the state. It recognises the need for a stable legislative framework and targeted support for businesses, especially small and medium-sized ones. Therefore, within the available capacities and programmes (e.g. PPŽ 2), it plans targeted support for small and medium-sized enterprises.*

*The Czech Republic's direction has already been partially published in the form of strategic documents such as the National Climate and Energy Plan (NKEP). However, we agree that these documents need to be communicated better. We strive to consider the specifics of the Czech economy in our climate scenarios and investment plans.*

*The CSRD and ESRS are based on European legislation, but we are trying to set up their implementation in the Czech Republic in such a way that it is as predictable and consistent as possible. We want to communicate changes in a timely manner and with sufficient time for preparation.*

*We strive to act as a link between sectors, institutions and businesses within our capabilities. Every year, we organise a free conference on sustainability reporting and operate the [climateproofing.cz](https://climateproofing.cz) web platform, which serves as a hub for available tools and information.*

Statements by research partners at the round table

*Sustainability reporting will gradually be enforced by the market and in greater detail, at the level of projects, individual buildings, etc.*

### 7.1.12 General comments from partners

*Sustainability has a different face for every company, which is a natural limitation on the management and communication of sustainability by the state or associations.*

*It is necessary to perceive two levels of sustainability: social and corporate. The corporate level is directly influenced by prices, energy availability, etc.<sup>80</sup>*

*We perceive fundamentally different views on corporate sustainability at the level of company management and those responsible for sustainability within companies.<sup>81</sup>*

*Every year, we organise the<sup>82</sup> Sustainable Development Reporting Conference, where participants can discuss their experiences with sustainability reporting in workshops. As part of the organisation of next year's event, we are considering dividing workshop participants into sector-specific groups. We understand that this event does not meet the demand, but we are unable to provide more due to capacity issues. Other requested activities could be carried out by sectoral/interest associations and societies (online discussion forums, "Wikipedia" updated by members), with the Ministry of the Environment providing support for the activity. Within the online forums, there could also be groups specialising in individual sectors. Every year, we organise the Sustainable Development Reporting Conference, where participants can discuss their experiences of sustainability reporting in workshops. As part of the organisation of next year's event, we are considering dividing workshop participants into sector-specific groups. We understand that this event does not meet demand, but unfortunately, we are unable to provide more due to capacity issues. Other requested activities could be carried out by sectoral and interest associations and societies, such as online discussion forums and Wikipedia pages updated by members, with support provided by the Ministry of the Environment. Within these forums, there could also be groups specialising in individual sectors.*

*The decarbonisation trajectory and other strategic documents and some other required information/documents are already available within the NKEP, the Economic Strategy, or on the platforms*

<sup>80</sup> Statement by one specific partner.

<sup>81</sup> Statement by one specific person.

<sup>82</sup> Ministry of the Environment of the Czech Republic.

*administered by the Ministry of Finance and the Ministry of the Environment. However, the problem of insufficient communication remains, which we would like to focus on in the upcoming period of time.*

*Currently available tools:* [www.climateproofing.cz](http://www.climateproofing.cz)

*Framework guidelines for implementing the DNSH principle available at:*  
<https://mzp.gov.cz/cz/agenda/ekonomicke-nastroje-na-ochranu-zivotniho-prostredi/environmentalni-podminky-pri-cerpani-eu>

## 8. Summary of main results

For clarity, we provide below a brief summary of the main findings of the research, using the same structure as in the two previous chapters:

- [Challenges and obstacles for Czech businesses in implementing ESRS](#)
- [Institutions and associations: level of preparedness to support ESRS implementation](#)

### 8.1 Summary of challenges and obstacles for businesses

#### 8.1.1 Education and capacity building

Companies consider education and internal capacity building to be essential for their ability to manage their financial and impact-related sustainability. However, they currently have to overcome a lack of external resources and carefully select from available options.

For specific statements, observations and recommendations, see [Education and capacity building](#).

#### 8.1.2 Internal and external communication

Companies are aware of the specifics of corporate sustainability communication. It is burdened by the complexity of concepts and terminology used, political goals and value-based bias. At the same time, this communication is essential for engaging people both inside and outside the company, because sustainability management usually requires the cooperation of a number of entities unaccustomed to such engagement.

Corporate sustainability communication should reflect the company's own culture and be based on comprehensible, factual and pragmatic arguments free from value judgements.

Communication with business partners can be complex, as it requires reflecting the specifics of these entities, which often find themselves in completely different situations. Publishing a corporate sustainability report can reduce the high demands on the complexity of such communication.

For specific statements, observations and recommendations, see [Internal and external communication](#).

#### 8.1.3 Motivation

Companies that identify financial value in sustainability, for example as added value for their customers or in the form of enhanced market reputation, are more successful in strengthening sustainability. However, in order to identify and develop opportunities related to sustainability, companies need to create space by allocating sufficient internal resources.

Customers, banks and investors are a significant source of motivation for corporate sustainability management. Regulation is not viewed as an effective motivator for companies to manage their sustainability, yet most companies currently cite it as the main driver for their activities in this area, which complicates the implementation of related measures and reduces their effect.

Contrary to initial expectations, improved corporate sustainability has not yet proven to be a tool for better external financing. The mere compilation and publication of comprehensive sustainability

reports do not usually bring added value to companies and should not consume most of the resources allocated by the company to managing its sustainability.

For specific statements, observations and recommendations, see [Motivation](#) .

#### 8.1.4 ESG team

A team dedicated to managing sustainability in a company typically includes individuals with expert knowledge of the business, strong skills in economics, finance, compliance and ecology, the ability to collect and analyse data, manage projects and lead corporate change, communicate and educate, and with excellent knowledge of public sustainability reporting standards. The composition of the ESG team changes continuously as the company's needs in this area evolve.

The high demands on interdisciplinarity, competence and robustness of such ESG teams, ideally built internally, represent a challenge for large companies and a difficult barrier to overcome for small and medium-sized enterprises. It is unrealistic to expect a single ESG manager to meet the high and combined demands on the competence of ESG teams in companies, nor should they be expected to play the role of an "ESG evangelist".

An adequate mandate from company management is essential for the functioning of ESG teams and their cooperation with the rest of the company.

For specific statements, observations and recommendations, see [ESG team](#) .

#### 8.1.5 Legal environment

Frequent changes to corporate sustainability requirements are a major barrier to companies' ability to use their resources economically. The complexity of this regulation reveals deeper problems in European business regulation, causing shortcomings in the functioning of the internal European market.

While acknowledging the inherent dynamics of the corporate sustainability concept, companies need a sufficient degree of harmonisation of corporate sustainability management requirements in the market to protect the competitive environment and the efficiency of their processes. They also need a mechanism for harmonising interpretations of complex regulations, whether through regulators, auditors or in the form of authoritative interpretive guidance. The involvement of external consultants is indispensable in such an environment, but the quality of their services is inconsistent, so companies focus on building their own know-how.

For specific statements, observations and recommendations, see [Legal environment](#) .

#### 8.1.6 ESRS

Companies generally consider ESRS to be too demanding. Large companies with more resources and accustomed to the complexity of operating in multiple markets are better able to cope with their scope and complexity, but for them, the lack of harmonisation of climate scenarios and sustainability requirements at the global level poses a particular problem.

The problem lies in the complexity of the ESRS and the vagueness of the terms used, which require difficult interpretation that is not yet established and varies between individual companies, consultants and auditors. An even greater problem is the sheer number of data points required, which overwhelms companies and affects both the quality and, as yet, limited use of the processed

data. However, the reason behind the overload is often the incorrect assessment of double materiality of sustainability by the company, which is inherently a demanding exercise without the necessary methodological guidance. The low quality of the Czech translation of the ESRS does not help companies in this regard.

The difficulty of implementing ESRS is particularly evident when preparing the first report, but it decreases with experience. Preparing the first sustainability report according to ESRS requires at least one year of preparation in advance, which is also a prerequisite for the correct assessment of double materiality.

Although ESRS is intended to be a standard for sustainability reporting, it actually leads to changes and standardisation in corporate governance.

For specific statements, observations and recommendations, see [ESRS](#).

### 8.1.7 Data

Data collection, consolidation and evaluation are essential and one of the most challenging aspects of ESRS implementation. In general, it is more difficult to obtain qualitative data than quantitative data, as well as data on Scope 3 greenhouse gas emissions and data from supply chains.

There are diametric differences in the difficulty of delivering individual data points. This must be taken into account not only in discussions regarding their quantity, but also in project management during implementation.

The enormous number of resources spent leads to efforts to gradually automate these data collection processes, typically by integrating them into existing systems. Data collection requirements and procedures vary significantly between companies, for example, depending on the extent of their supply chain, cultural environment, the size and sophistication of their suppliers in the area of sustainability management, or the level of data skills and systems of companies, which is often influenced by their business focus.

Companies are burdened by duplicate data requirements under various regulations and standards. There has been an enormous increase in data requirements from business partners. Companies expect the publication of summary sustainability reports to reduce these requirements.

Companies are concerned about the misuse of published data in competitive rivalry and industrial espionage, as well as its misinterpretation, for example in the case of remuneration data and other HR data.

For specific statements, observations and recommendations, see [Data](#).

### 8.1.8 Resources

ESRS implementation is very demanding in terms of time and other resources. It is necessary to start well in advance, typically by compiling pilot sustainability reports. A lack of experience with ESG makes it difficult to correctly estimate the time and other resources required, which often has an impact on the quality, added value and overall impression of the implementation.

The time required is greatly influenced by the degree of efficiency with which the many individuals and departments involved in the implementation communicate with each other. The involvement of external contractors is often necessary, but does not reduce the demands on internal staff.

The ESG agenda can place a burden on cooperation, communication and motivation among employees, for whom it often means extra work. The extent to which the ESG agenda affects human resources is greatly influenced by individual corporate culture.

Some degree of involvement of external consultants is the norm, typically in the early stages of implementation. The predominant effort of companies is to build their own know-how through them. Consultants explain, verify, broaden horizons, but do not deliver "turnkey" ESG solutions. Methodological support is often provided by auditors during pre-audits. Companies have varying experiences with consultants, both in terms of the quality of consulting services and their own approach to working with external experts.

Companies lack practical methodologies and tools for implementing ESRS, clear interpretations and examples of good practice, more specific sector standards, overviews of emission factors and calculation methodologies. The absence or low quality of existing Czech language versions of resources make the work more difficult.

The direct financial costs of implementing ESRS typically consist of personnel costs for the internal ESG team and external consulting services. These costs can be difficult to justify in a situation where the company has not yet identified the impact of the agenda on its business and the commercial use of the data obtained. Financial costs tend to be highest when compiling the first sustainability report, then decline rapidly. In subsequent periods, companies plan to invest in automating processes that they initially examined and identified as having potential for increased efficiency.

The pressure on resources is not only created by compiling sustainability reports in accordance with the CSRD, but typically also by filling out ESG questionnaires from business partners, which represents a significant agenda for companies with an extensive customer chain.

The pressure on resources related to ESG implementation varies greatly among companies, depending on the level of their data systems, employee skills, corporate culture, and procedures for planning, setting goals, and evaluating them. In general, the pressure on resources is greater for manufacturing companies and companies that are not innovative in nature, and on the contrary, it is lower for innovative and fast-growing companies. There is a perceived disproportionate burden on large and small companies, with small companies needing to set up sustainability management and reporting procedures similar to those of large companies with more resources. ESG implementation tends to be a test of how companies operate and often reveals new shortcomings, opportunities and needs.

For specific statements, observations and recommendations, see [Resources](#).

### 8.1.9 Tangible changes

Companies are finding that understanding and managing corporate sustainability has a real impact on them. This helps them to manage and take advantage of the implementation process, but it also provokes controversy and backlash. Many measures, policies and objectives are adopted by companies under coercion, in response to the preparation of sustainability reports, and in a superficial, formal manner, without any expectation of real added value. The implementation of ESRS itself is causing changes in organisation and responsibilities, often only formally so far. Other measures are more profound, such as the updating of risk management procedures. Many companies perceive as a new risk to their business that their trading partners will consider their products to be insufficiently sustainable.



Companies perceive ESRS not only as a tool for standardising public reporting on corporate sustainability for the purposes of transparency and a level playing field, but also as a form of pressure to change the way they operate. They consider this pressure to be hidden and little discussed, and often detached from technological or economic reality.

Companies perceive the impact of ESG processes on their businesses differently across various sectors, depending on the extent of existing regulation and the advancement of sustainability management. There are conflicts between time perspectives in the operational management of a company and in the management of its sustainability.

For specific statements, observations and recommendations, see [Error! Reference source not found.](#).

#### 8.1.10 Added value (positives and negatives)

Companies consider the added value of mandatory ESG reporting to be very limited. They state that it effectively assigns them tasks outside their core responsibilities, which, in their opinion, should remain generating profit, providing public infrastructure, etc. They generally do not see mandatory ESG reporting as a competitive advantage and often perceive it as a competitive disadvantage compared to competitors from other global markets or because it leads to improvement in the level of public sustainability reporting by their competitors, thereby decreasing their competitive advantage. In their view, the complexity and demands of ESRS are so extensive that all attention and resources are focused on compiling the report, leaving no capacity to reflect on the reasons for all this effort. Companies are concerned about the misuse and misinterpretation of published data.

At the same time, however, companies report that corporate sustainability management strengthens their businesses, leads to professionalisation, breaks down operational blindness and is an impetus for innovation. They report broadening their perspective and improving their ability to work with uncertainties. They also view the ESRS double materiality assessment positively, even where it merely confirmed or marginally adjusted their previously set direction. They cite the implementation of the ESRS as an impetus for centralising management, which reduces the current fragmented and inefficient procedures.

Companies expect a well-prepared sustainability report to streamline the handling of enquiries from business partners. They want to use new findings as arguments in negotiations and in competitive struggles, to retain customers and attract new employees. Identified ESG risks have become essential to their financial management. Despite all possible reservations about ESRS, they consider sustainability management to be a fundamental trend that they will continue to pursue. On the one hand, they consider the enactment of mandatory public standardised corporate sustainability reporting to be unnecessary, but on the other hand, they admit that it speeds up processes and facilitates internal decision-making and resource mobilisation.

When weighing the pros and cons of ESG reporting, companies say they understand the reasons for its implementation, and regard it as a “necessary evil”. They try to fulfil this obligation as efficiently as possible so that they can focus on tangible changes within the company. The added value of the reporting is left to be assessed by those who will utilize the disclosed information.

For specific statements, observations and recommendations, see [Added value \(positives and negatives\)](#) .



## 8.2 Summary of institutional readiness

Businesses need clear and stable government guidance in order to function, also at the level of individual sectors. Stability, predictability and legal certainty are absolutely essential for their functioning. The state should be an active player in the area of sustainability, thereby supporting the competitiveness of Czech companies. However, the rules are currently constantly changing and companies are spending enormous amounts of money on understanding them with the help of auditors and consultants.

Companies are calling on the EU and the Czech Republic to subsidise, support and oversee resources to help companies implement ESG. They would welcome databases of questions and answers, methodologies and step-by-step guides, centralised contact points for inquiries and platforms for sharing interpretations, overviews of available tools and methodologies, all provided in Czech. They are calling for the harmonisation and accessibility of regulatory and standards interpretations through the establishment of dedicated units, contact points and platforms, and methodological and application support, typically at sector level. They would welcome faster and more effective communication, e.g. in the form of visualisations, and generally better dialogue with the state.

In response to these business needs, research partners report that the state administration is unable to operate fully-fledged consultation platforms due to limited resources. It does not have the capacity to produce a large amount of overview materials; this role should be fulfilled by business associations. These should also assist companies in monitoring and communicating regulatory changes and facilitate opportunities to participate in their creation and commenting.

The partners explain the increased time demands and limited flexibility on the part of the Czech Republic in implementing the CSRD and ESRS by referring to the fact that these regulations and standards are adopted at EU level and then only transposed locally. Transparency and predictability in the implementation of EU regulations are already supported by the publication of certain interpretative materials, e.g. for the implementation of DNSH. Companies can also participate in the formulation of government policy, typically through business and industry associations. However, the time-consuming nature of dialogue and commenting is a general problem.

In some cases, specific departments already exist for certain areas of corporate sustainability, such as Taxonomy, but their capacity is limited. Climate and sustainability scenarios are also already available to a certain extent, but they are not sufficiently communicated.

The state has currently announced a call for subsidies to support data collection in the area of non-financial reporting, has funds for climate-proofing projects, and is addressing the methodology for calculating carbon footprints, including a database of emission factors for Scope 1 and 2. However, sectoral standards are not currently planned at EU level, and the Czech government does not have the capacity to develop them on its own.

The state is planning a pilot period for the introduction of CSRD, during which interpretations will be clarified on the basis of practical examples. Auditors should be lenient during this period. Contractual instruments of the financial sector and other contractual partners will play a major role in the implementation of ESG, including at the level of individual projects, buildings, etc. The research partners expect that the outcome of all these efforts by companies should not be limited to sustainability reports that comply with regulations but should lead to real changes in business models and the operation of companies.



## 9. Discussion and recommendations

The research into the implementation of ESRS and ESG by Czech companies, the progress and results of which are described in this report, has yielded an exceptionally wide range of findings compared to initial expectations. Based on 948 coded segments (statements) from participating companies, we identified 10 main themes and 55 related sub-themes relevant to implementation. The research aimed to expand current theoretical knowledge in obstacles faced by organisations implementing complex standards, using the example of the implementation of ESRS sustainability disclosure standards. The goal was not only to identify challenges in ESRS implementation and structure them, but also to provide a vivid picture of their context for Czech companies.

The wide range of results provides a framework for understanding the challenges involved in the implementation of the ESRS and ESG by Czech companies. However, it is not realistic to elaborate on and interpret all topics in sufficient depth within a single report. Therefore, this discussion focuses only on the key findings considered particularly important for practice and the Czech context.

To make the most of the research results, the team of authors plans to further elaborate on individual topics and subtopics in follow-up practical materials and outputs, which will be available online at [www.mutualus.eu/research](http://www.mutualus.eu/research). This will allow us to address specific challenges in more detail and provide companies and institutions with practical guidance and recommendations. At the same time, we invite readers to use the results of this research to develop their businesses and ensure the effective implementation of ESRS and other similarly complex organisational standards.

**Limitations of the research** are discussed here in the conclusion.

### 9.1 The current state of implementation in the Czech Republic

In the Czech Republic, the CSRD/ESRS is already being applied in the first wave to public-interest entities with more than 500 employees. The first sustainability reports for 2024 were published in 2025 following the transposition of the CSRD via an amendment in the 2023 consolidation package. The application of the CSRD/ESRS to subsequent waves of large companies and listed SMEs has currently been postponed for two years at the EU level as part of the Omnibus I legislative package. The direct effectiveness of CSRD in the Czech Republic will depend on subsequent transposition. EFRAG is currently working on an update to ESRS, which should be completed by the end of November 2025.

The year 2024 was crucial in the Czech Republic in terms of the accelerated dynamics of ESRS implementation by companies. This was due to the efforts of 1,978 companies (Ministry of Finance of the Czech Republic, 2024) to prepare for the upcoming obligation, which was, however, postponed by Omnibus at the beginning of 2025. The demand for ESG managers and consulting services across the market has grown significantly. Indirectly, this increase in momentum was reflected in the rise in ESG questionnaires distributed and received by companies.

Experience from 2024, when many companies worked intensively on implementing ESRS, demonstrates the demanding and complex nature of this agenda. The magnitude of the challenge is attributable to the objectively high complexity of the ESRS, a high degree of uncertainty and regulatory instability, nascent expertise in the field, and a lack of support from the state and business associations. Companies were left to their own devices when implementing ESRS and were forced to

address most of the challenges on their own. The process of implementing ESRS proved to be very intensive and time-consuming. From a project management perspective, it was often underestimated by companies and tended to grow as new problems and shortcomings were uncovered.

For all the companies surveyed, the key motivation for implementing ESRS was regulatory compliance. Accordingly, the Omnibus package acted as a significant demotivator and source of frustration due to the unpredictability and instability of the legislative environment.

## 9.2 Key challenges and context for implementation for Czech companies

### Systemic barriers to sustainability implementation in the Czech Republic

The ability to achieve sustainable business parameters is strongly dependent on ESG attributes related to value chains, as demonstrated by examples of large companies in heavy industry and the automotive sector. According to the statements of companies involved in the research, there are many small suppliers in the Czech Republic whose position in terms of corporate sustainability is either non-existent or rather negative for various reasons. Similarly, companies in the Czech business environment are dependent on the unfavourable Czech national energy mix. Reducing emissions from energy production is therefore beyond their control. Some companies therefore justify their current position and inaction in sustainability by their poor starting position in the context of the Czech business environment. These companies claim that their transformation is conditional on the transformation of the entire Czech industry or energy sector. The absence of a coherent national strategy in sustainability can be considered one of the causes of stagnation among companies capable of transformation.

From this perspective, it is essential for companies to use analysis to identify the most effective measures they should implement in managing their sustainability. For example, companies should not focus on areas that are only marginal to their agenda, where they cannot use economic leverage to push through solutions, or where they face other barriers, such as uncooperative suppliers. It is a mistake if, for example, due to superficial ESG marketing and a lack of expertise, they focus on the most common (trendy) indicators without deeper cost-benefit analyses, such as greenhouse gas emissions. Resources used in this unsubstantiated manner then have a limited impact on improving corporate sustainability, not to mention the risk of jeopardising the economic health of the company.

### Uncertainty and unrealistic expectations

Czech companies, especially smaller ones, face unrealistic demands for the precise application of standards. According to the companies involved in this research, the ESRS themselves are overly complex. This is unanimously confirmed by the findings of international research (Kosi & Relard, 2024; Pantazi, 2024; Raimo et al., 2025; Sexl, 2024). The ambiguity of the standards often forces companies to formulate their own interpretations. This is confirmed by the inconsistency of interpretations even among advisors and auditors. In addition, they set high standards based on their experience with first-time issuers, often multinational corporations with extensive resources, or with foreign colleagues where practices are at a high level. This pressure leads to overcompliance, which places an unnecessary burden on companies. Companies themselves state that, due to the high level of uncertainty, they prefer to postpone implementation steps and wait for clarification and a more stable situation, as excessive expectations have a counterproductive effect on them.

Businesses recommend the establishment of a central body in the Czech Republic to ensure uniform interpretation of the ESRS, thereby reducing uncertainty and creating a more stable legislative environment.

### **Motivation and benefits for businesses**

Regulatory obligations, combined with the complexity and ambiguity of ESRS, mean that sustainability reporting is becoming more like a box-ticking exercise. Such formalism reduces the value of the information compiled, both for the companies themselves and for external users. Most participating companies stated that ESRS implementation is primarily a compliance exercise and a "necessary evil" with no apparent added value. This is again confirmed by international studies (Cambou, 2025; Sexl, 2024), according to which ESRS compliance is the primary motivation for about 75% of large European companies.

Other motivators mentioned by the participating companies include long-term business prosperity, the requirements of business partners and banks, improving reputation, retaining customers and attracting new talent. Most of these motivators are primarily marketing or communication related. Companies are thus motivated to appear "sustainable" rather than necessarily being sustainable. The way in which the target group perceives sustainability is often adopted by the company itself, regardless of whether it is appropriate from the perspective of its broader needs. This effect can significantly distort corporate goals and create incoherent strategy with the methodological approach recommended by the ESRS.

In the Czech Republic, companies' approach to the real (non-marketing) implementation of sustainability is predominantly pragmatic. In our research, we did not encounter motivations such as philanthropy, global or local awareness, or efforts to contribute selflessly to the sustainable development of society (apart from the personal motivations of ESG managers). The long-term prosperity of the company thus appears to be the only motivator for the real (non-marketing) implementation of sustainability. However, this hypothesis was also weakened by the statements of the companies involved, as they are mostly overloaded with routine operations and focused on short-term goals. They often deal with immediate problems such as high energy prices, supplier failures and other unforeseeable events. Management therefore expects a demonstrable and rapid return on investment from sustainability projects.

Almost half of the focus group participants identified uncertainty about the benefits as a major challenge to the implementation of sustainability reporting. Confirmed benefits of reporting are also rare in the literature; they have been observed, for example, in the form of higher customer confidence and subsequent financial benefits, particularly by smaller companies or companies operating in specific sectors such as the food industry (Galli et al., 2024).

In this context, it is important to note that the primary objective of the discussed regulation is not to transform companies into more sustainable ones, but to provide high-quality and comparable information to users, such as the state and creditors (banks) (Hummel & Jobst, 2024). Companies should therefore view the obligation to disclose sustainability data as a specific extension of their existing financial disclosures. The expectation that companies will somehow benefit directly from mandatory ESG reporting is common, but currently unconfirmed and highly uncertain. This misguided expectation on the part of companies can be considered one of the most significant shortcomings in the implementation of the ESRS, which should be addressed further.

## Exclusion of small and medium-sized enterprises

The ability of companies to implement ESRS depends largely on their size, whether they operate in a highly regulated sector, whether they have published sustainability reports in previous years (specifically under NFRD), and what the general corporate culture and skill set of their employees are.

Although politicians and experts often speak publicly about the economic importance of small and medium-sized enterprises, research findings indicate that the size of a business plays a key role in terms of the availability of resources for implementing ESRS. This is not only due to a lack of necessary finances and know-how, but also to the failure to consider the needs of small and medium-sized enterprises in ESRS and the limited availability of relevant methodologies, support tools and support programmes for them. Currently, almost all momentum in corporate sustainability is concentrated and tailored to large corporations. Even voluntary standards for small and medium-sized enterprises and related tools are primarily based on the needs of banks and large enterprises, rather than the context of small and medium-sized enterprises themselves.

One of the companies involved in the research expressed real concerns about its smallest suppliers due to their inability to respond to the increasing administrative burden, including the possibility of securing financing. Larger suppliers with the capacity to meet growing administrative requirements, such as those associated with subsidy applications or certification, are automatically at an advantage. Respondents working in industry spoke of a sharp increase in ESG questionnaires (up to tenfold increases) on the Czech market in one year. The requirements proposed for large companies began to spread very quickly and in an unstructured manner to small and medium-sized enterprises that are part of the value chains of large companies. Sudden high demands from partners, a lack of structural support, a dynamically changing environment, a lack of know-how, and the sheer difficulty of managing an ESG implementation project are all demotivating small and medium-sized enterprises from even starting to engage in corporate sustainability.

## Data

One of the main challenges of ESRS implementation is the time pressure involved in collecting ESG data. This is mainly due to three factors. Firstly, sustainability information comes from various sources and departments across the entire company. Secondly, employees involved in data collection do not consider the provision of ESG data to be a priority. The most common reason is that collecting ESG data represents additional work on top of their regular agenda. Some employees may also perceive sustainability in a generally negative light and are therefore not motivated to cooperate. However, this is generally not the case for companies with a mature corporate culture and a professional approach to their employees. The final factor contributing to time pressure is a lack of knowledge or expertise, which is one of the challenges that companies recognise and try to address through training, explanation and appropriate communication.

Data collection is often followed by consolidation, which companies unanimously identified as a major challenge. Consolidating incomplete or disparate data is a major challenge even for experienced data analysts. There is also uncertainty among companies about how to approach the consolidation of qualitative information such as descriptions of processes, policies and other important information.

When it comes to specific data, companies face challenges in collecting data from the value chain. More advanced companies address the absence or insufficiency of information from suppliers and customers. This is most often reflected in missing data for calculating Scope 3 greenhouse gas

emissions. However, companies will encounter the same problem of data availability in the future when attempting to calculate indicators from other areas of sustainability, such as material flows or pollution information. The resulting complexity of data collection is determined by the nature and scope of the supply chain and customer structures, including their data maturity.

In addition to the absence of data, companies are faced with a lack of basic methodologies. For some ESRS data points, there are currently no clear definitions or measurement procedures anywhere. In practice, the entire area of disclosure is omitted despite its real significance. In this context, companies mentioned, for example, microplastics and refrigerants in the calculation of greenhouse gas emissions.

Disclosing sustainability information is sometimes perceived as a risk. This is because disclosing information may lead to the disclosure of sensitive data. When large amounts of disparate data are disclosed, seemingly safe information may become sensitive when combined with other disclosed information. At the same time, some companies fear that the disclosed data will be misinterpreted. Analyses of the adequacy of employee remuneration and other information about pay are sensitive for them.

### **ESG communication**

ESG managers act not only as expert guarantors but also as communicators of sustainability. In the current context, this represents a formidable challenge. The topic of ESG itself is considered controversial, politically exploited, and significantly divisive in society. Several respondents perceived the topic as an intergenerational dispute within their companies. Furthermore, the high degree of complexity often necessitates simplification. Several ESG managers noted that the entire concept of sustainability is often conflated with mere greenhouse gas emissions or electromobility. This lack of expertise is not limited to rank-and-file employees but also affects company management. The fact that knowledge and expertise are still developing exacerbates this problem.

ESG communication with suppliers can be very challenging. For example, in the heavy industry sector, the respondent repeatedly encountered unhelpful responses and even vulgar language. There are no best practices or recommendations for companies on what is reasonable to demand from suppliers. Companies therefore fear that ESG communication will damage their relationships with suppliers and result in losses or higher prices. In practice, concerns about reputation can lead to "greenhushing" or "strategic silence," where companies deliberately suppress ESG communication despite having achieved progress or success in this area (Galli et al., 2024). Due to current political and regulatory instability, this phenomenon may become increasingly prevalent in the Czech Republic. Alongside greenwashing, greenhushing may further reduce transparency in the ESG space, albeit from the opposite extreme.

In 2024, there was a significant increase in ESG questionnaires on the Czech market. Respondents operating in industry recorded up to tenfold increases compared to the previous year. The likely reason was the preparation of 1,978 Czech companies for the original obligation to disclose sustainability information (Ministry of Finance of the Czech Republic, 2024), which was, however, cancelled by Omnibus I. According to comments from the companies and consultants surveyed, it can be assumed that a significant part of the labour market has suspended the implementation of ESRS and ESG and will wait for further developments and stabilisation of the situation.

### **Generalisation and contextualisation of sustainability**

The research results show that the challenges and barriers faced by companies cannot be effectively generalised and described in a uniform manner. In order to properly understand the challenge, it is essential to consider the unique context of each company.

However, both individual contextualisation and generalisation have their place in the implementation of corporate sustainability. The key is for companies to be able to use both approaches correctly and understand their advantages and disadvantages. Companies apply generalisation when initially orienting themselves, steering in the right direction or understanding the most common mistakes or solutions. However, every business is unique and has its own specific context, for which some general recommendations may be invalid or even harmful. It is therefore often appropriate or necessary to evaluate general knowledge in relation to the context.

Factors that influence the context of a company when implementing corporate sustainability include, for example: the size of the company, corporate culture, the person responsible for the ESG agenda, their education and expertise, how they personally perceive ESG or sustainable development, what motivates them to do this work, the form of communication within the company, the characteristics of the products or services provided, key suppliers, the extent and complexity of the supply chain, the characteristics of secondary motivators for ESG implementation, the expertise, experience and approach of consultants and other collaborating entities. These and other factors influence the occurrence of individual challenges, their extent and severity. At the same time, these factors determine which measures are most appropriate in a given unique context.

This finding demonstrates the need for an individual approach to the ESG agenda. The double materiality mechanism or a similar mechanism for contextualising ESG can therefore be considered absolutely crucial not only for reporting, but also, for example, for selecting mitigation measures for identified risks. Any collective or mass solutions should therefore always undergo a relevance test at the level of the given company. If the timely application of contextualisation is a challenge for individual companies, then for the state or institutions that oversee multiple companies or entire economies, this challenge is almost insurmountable. A systematic and methodical approach is needed to address the challenge of contextualising sustainability.

### **ESRS and internal audit**

A secondary but beneficial effect of ESRS implementation is a kind of unintended comprehensive audit or due diligence of the company. While gathering information across the entire company and striving to meet ESRS requirements, companies have uncovered inefficiencies, gaps in important data, and unclear responsibilities in areas that had not been addressed before. For example, one participating company reported that, based on the findings from the implementation of ESRS, it had revised its entire waste management system, thereby achieving financial savings.

## **9.3 Level of preparedness of government institutions and business associations**

The current state of ESRS implementation and corporate sustainability in general in Czech companies is closely linked to the unstable and dynamic EU policy. The Czech Republic must respect EU-level processes and transpose changing legislation, which affects the time frame and flexibility. The situation is complicated by the highly political and therefore sensitive nature of the issue of



sustainability. Czech institutions do not have effective tools or the necessary capacity to provide sufficient support to businesses and mitigate this unstable supranational situation.

### **Capacity limits for the corporate sustainability agenda**

Although the responsible government departments are open to communication and cooperation and strive to address the needs of businesses, the high complexity of the ESRS and capacity constraints allow them to work only on absolute priorities. All participating businesses generally expressed high demands, particularly on the government, in the area of legal certainty in the form of a central interpretative or consultative body, high-quality materials and other resources. Due to capacity limitations, Czech government institutions (Ministry of Finance of the Czech Republic, Ministry of the Environment of the Czech Republic) are unable to provide either a central consultation platform or a Czech ESRS interpretation body, in which businesses have expressed strong interest. At the same time, there is no capacity to produce a large amount of overview and support materials.

Currently, businesses are investing in their own individual solutions and know-how, which may be inefficient compared to centralised solutions that are subsequently adapted for individual businesses. In this respect, industry associations and federations are also unable to meet businesses' expectations in identifying and creating missing materials for individual sectors or the market as a whole. It is important to reiterate that a certain degree of individualisation is always necessary in the implementation of corporate sustainability and the ESRS, and businesses cannot avoid it entirely.

### **Main support activities**

Ministries coordinate in the area of ESG, but the agenda overlaps and is difficult to divide effectively. The main topic seems to be climate change and decarbonisation in the form of, for example, sectoral decarbonisation scenarios (under the Ministry of Industry and Trade) or a national database of emission factors for Scope 1 and 2.

Given limited capacities, the Ministry of the Environment proposes that the required activities (online discussion forums or a "Wikipedia" for interpreting ESRS) could be carried out by sectoral or interest associations and societies, with the Ministry of the Environment providing oversight.

## **9.4 Recommendations for more effective implementation**

Based on the recommendations of the participating companies and new research findings, we present here the key steps and activities leading to the effective implementation of the ESRS. Each recommendation works differently for each company and depends on the set and nature of its challenges.

### **9.4.1 Companies**

#### **Companies' early initiation and know-how building**

Companies should accept uncertainty as an inherent part of the ESRS implementation process. Given the sensitive nature of sustainability and the current geopolitical situation, expecting absolute certainty and stability is unrealistic.

Addressing the ESG agenda early is a key component in mitigating risk. Advanced businesses recommend initiating the process as early as possible to familiarise the organisation with the extensive requirements. Early initiation is also a prerequisite for integrating the ESG agenda into core

business operations, helping companies avoid ineffective formalism where ESG is treated as separate from real business drivers. Companies should prepare for time-consuming and unpredictable initial data collection and possible consolidation.

At the same time, starting the implementation process early is a prerequisite for integrating the ESG agenda into business. It is important for companies to avoid ineffective formalism, where the ESG agenda lies outside what they consider to be real business. Corporate sustainability needs to be closely linked to the products, services and corporate finances provided.

Internal building of the foundations of sustainability literacy and deeper know-how currently appears to be the most common solution for ESRS-implementing companies. Conferences and training courses were often described as ineffective and repetitive. It is advisable to build the missing knowledge that the company uses repeatedly and frequently in a structured manner internally. Conversely, it is advisable to identify unique implementation projects where it is more effective to hire external experts. In this regard, it is further recommended to contractually ensure the transfer of external experts' know-how to the internal team within these projects. The output of the project may also include, for example, a complete list of methodologies and resources used by consultants, which expands the tools and expertise of the internal team.

ESG managers should be prepared for complex and often undefined requirements for their position. The agenda ranges from securing resources and discussions with management to addressing insufficient internal capacity, communication challenges associated with resistance from employees and suppliers, and ensuring a high level of expertise in significantly different fields and topics.

### **Project planning**

ESRS implementation is a new project that is multidimensional and multidisciplinary, making time and cost estimates difficult. However, every project can be phased. A high-quality project plan thus means effective implementation for companies and less stress and pressure for those involved.

In practice, creating a model ESRS project plan—which details potential pitfalls and solutions alongside necessary financial resources—would be highly beneficial. This would provide companies with an ESRS implementation plan that would help eliminate the problems that often arise during implementation and set the right expectations for the implementing companies. At the same time, the plan would serve as a basis for deciding whether a given company wants to undergo ESG implementation.

## **9.4.2 Recommendations for government institutions and regulators**

The stability of the legal framework, which shapes the conditions for doing business and contributes to the need to introduce corporate sustainability, is a fundamental prerequisite for the successful implementation of ESG, or any complex concepts and requirements for business. Public institutions should be able to meet this requirement of companies, and companies consider this to be their priority task.

Further deepening of ESG reporting requirements should be phased and should be based on the substantiated need for more detailed data on corporate sustainability for its users, for example with regard to the size of companies and their expected impact on the implementation of public policies in the environmental or social sphere. The pace of deepening these requirements should be actively

determined by the users of this data, who need to simultaneously acquire the ability to use this expensively obtained data for their legitimate purposes.

### 9.4.3 Recommendations for associations and unions

Businesses agree on the need for a centralised approach that would reduce their costs for addressing common tasks and challenges. However, this need is expressed separately by businesses and does not seem to resonate at the level of their existing business organisations or platforms.

There is therefore an opportunity for business associations to become a central platform with a unifying role and administrator of the central resources provided by businesses for this agenda. Among the tasks that businesses cover with their own capacities and that could be addressed centrally are (i) a uniform interpretation of the ESRS and (ii) providing examples of disclosures for individual ESRS data points. Associations could also address specific needs such as iii) high-quality Czech translations, iv) more detailed instructions and methodologies for implementation, and v) information and instructions for individual sectors.

## 9.5 Limitations of the research

Overall, we consider the research results to be highly generalisable and consistent, which is supported by the positive overlap of findings with other research and studies within [Literature review](#).

### Data

We consider the sample of companies to be a key limitation of our research. The companies included are mainly large and more advanced in the area of corporate sustainability. To minimise this limitation, we applied data triangulation, mainly in the form of proxy interviews with consultants. Despite these measures, we recommend that the research conclusions be viewed with the risk of possible systematic bias in favour of more advanced practices. Due to the nature of the research, we do not expect the random sectoral representation of companies in the sample to have an impact on the results.

The research data capture the state of practice in the period September 2024-June 2025. Given the dynamics of ESRS interpretation, relevant legislation and related methodologies, caution is needed when transferring conclusions to future periods, where the context may be significantly different. At the same time, the data was collected in the Czech institutional and market environment, which may limit the transferability of conclusions to other countries.

### Researcher subjectivity

Another limitation that could have influenced the research results is the coding and thematisation of individual statements, as coding involves a certain degree of interpretation. This risk was reduced by consultations between researchers on the main themes and by triangulation of the data. In several cases of interpretative inaccuracies, the researchers reviewed the original statements and recoded the section together.

## 9.6 Critical focus of the research

Readers of this report may perceive that it presents a purely negative view or criticism of the ESRS, companies, public institutions, or the concept of corporate sustainability itself. We emphasise, however, that the purpose of this research was specifically to examine the *challenges* and *barriers* associated with implementation. The benefits were captured only as part of the broader testimonials.

The aim of examining these challenges is to provide actionable intelligence for the more effective, economical, and meaningful use of corporate and institutional resources. Only by understanding the barriers can stakeholders effectively identify priorities for investment.

This research addressed only a segment of the issue of corporate and social sustainability, and its conclusions should therefore not be used as an argument for negating ESRS and corporate sustainability.

## 10. Conclusion

Our research is primarily based on:

- 14 semi-structured research interviews with representatives of Czech companies,
- 2 moderated group discussions with 12 other companies,
- 3 expert interviews with consultants covering the experiences of many other companies
- 1 round table with representatives of the Ministry of Finance of the Czech Republic, the Ministry of the Environment of the Czech Republic and the Confederation of Industry of the Czech Republic.

These research activities were carried out between September 2024 and June 2025. The research results are illustrated by nearly 700 unique thematically structured statements, which were derived from 1,586 original coded statements. These authentic statements vividly illustrate the reality of ESRS implementation and, more generally, the introduction of corporate sustainability by companies operating on the Czech market. The research conclusions are most often transferable to large companies in particular.

The research reveals not only the expected systemic problems of implementing corporate sustainability, but also unexpected operational and organisational challenges for companies. The findings demonstrate that although a new field of corporate sustainability is dynamically emerging in the Czech Republic, the high disclosure requirements defined by the ESRS standard are at odds with the reality of business, insufficient methodological support and the novelty of the entire agenda. The common denominator remains the omnipresent uncertainty. Companies that have embarked on implementation are finding that it is a much more complex and demanding topic than they expected. The main findings regarding the challenges of implementing corporate sustainability, specifically ESRS, can be summarised as follows:

- The problematic lack of stability in the rules and centralised interpretation is very likely to continue. There is no capacity to address this at the Czech level.
- It has been confirmed that the primary and almost sole, but at this stage very effective, motivation for companies to implement ESG is regulatory obligation. At the same time, Omnibus I has illustrated how fragile regulatory motivation is.
- The implementation of ESRS has proven to be dramatically more challenging than companies expected. The reason for this underestimation is the novelty of the agenda and the "snowball effect," whereby the implementation project has a significant tendency to grow during the process as shortcomings are uncovered. The pressure is compounded by the project's timing, which coincides with prioritised financial reporting and auditing.
- The absence of uniform methodologies and definitions for certain ESG areas leads to contradictory, erroneous and incomparable results.
- Research has revealed that ESG managers are faced with incompatible expectations, ranging from technical expertise and regulatory compliance to simple communication of a complex agenda, project management and being the bearer of real change towards a more sustainable business. ESG positions are not reliably anchored in the organisational structure, and their competences are considerably limited.
- Given the negative perception of ESG in part of Czech society, considerable pressure is placed on people in ESG positions, which can strain their working relationships and act as a barrier to their performance and implementation.

## 10.1 Answer to research question 1 – Challenges

The research provides an extensive set of key challenges and obstacles that Czech companies face when implementing ESRS see [Research question 1](#). A detailed description of the challenges is illustrated by statements from company representatives, corporate sustainability experts and focus group participants. Companies objectively face many challenges during implementation. The composition and degree of challenges always reflect the specific context of the company. Of the challenges listed in the hypothesis, see [Hypothesis 1](#), only the duplication of reporting obligations was not confirmed:

i. the complexity of ESRS	Confirmed
ii. insufficient awareness and professional capacity of companies in the area of ESRS	Confirmed
iii. lack of interest on the part of company management	Neither confirmed nor refuted
iv. unprofessional and ineffective stakeholder engagement	Confirmed
v. inability to map the supply chain, especially indirect relationships (tier 2)	Confirmed
vi. general resistance to change	Confirmed
vii. lack of dedicated internal resources	Confirmed
viii. conflating compliance with ESRS sustainability disclosure requirements with a mandatory change in business strategy and decision-making	Confirmed
ix. information overload	Confirmed
x. accumulation of minor barriers and stressors	Confirmed
xi. insufficient availability or lack of methodologies	Confirmed
xii. duplication of reporting obligations – unconfirmed	Not confirmed

## 10.2 Answer to research question 2 – Level of preparedness of institutions

Regarding the readiness of Czech government institutions and business associations to support businesses in implementing the ESRS, see [Research question 2](#), [Hypothesis 2](#) was not confirmed. The research concludes that:

- Czech government institutions and business associations demonstrate a relatively low level of preparedness, primarily due to the scope and complexity of the ESRS and coordination difficulties.
- We were unable to conclusively confirm or refute a lack of know-how.
- The current level of preparedness stems from a significant capacity deficit and the politically sensitive nature of corporate sustainability.

The research revealed a fundamental mismatch between business expectations of and the readiness of the state and associations to provide support. Consequently, businesses should actively seek support tools from business associations—or collaborate to create them.

### 10.3 Recommendations for further research

Based on the findings of this research, we identify the following important topics for further investigation:

- What is the impact of the implementation of ESRS and corporate sustainability in the Czech Republic on small and medium-sized enterprises, including the impact on the dynamics of their dependence on large enterprises?
- What are the risks of misuse of published corporate sustainability data (e.g. according to ESRS)?
- How does the application of generative AI affect the quality of interpretation of complex regulations in the area of corporate sustainability?
- What is the level of ability of corporate sustainability data users to use it?
- What is the social demand for sustainability across the EU and what is the impact of these differences on the implementation of corporate sustainability?
- Mapping the occurrence of targeted restrictions on external communication by companies about their sustainability ("greenhushing" or "strategic silence") in the Czech Republic.

### 10.4 Outlook

Even when implementing corporate sustainability, "less is more." Successful implementation will involve minimalism and the prioritisation of essentials. Adequate centralisation and shared practices will ensure quality and reduce the complexity of repetitive tasks. A successful strategy will combine rapid compliance, cost-effective data management, and targeted investments with a demonstrable impact on company prosperity.

The regulatory landscape will continue to evolve, but regulation itself will not disappear. The years 2026 and 2027 will determine whether ESG becomes a mere formality and cost burden or a genuine management tool. The key to success lies in the individualised application of general knowledge. The pluralistic nature of ESG will lead to its further dynamic development.

Successful implementation will depend on the ability to adequately consider the unique conditions of each company and to accept the associated uncertainty and instability. This will continue to be exacerbated by the politically sensitive and socially polarising nature of sustainability.

Companies will be forced to take a stance on sustainability. In the near future, societal polarisation will increasingly be reflected in divergent approaches to corporate sustainability. A small segment of the market will likely gravitate towards one of two extremes. The first group will not sacrifice resources for long-term ESG development, focusing instead on immediate operational needs. The second group will implement sustainability principles with the genuine aim of creating long-term value, regardless of legal obligations.

In the longer term, increased exposure (whether positive or negative) to corporate sustainability in the market will mean the gradual involvement of more companies and other entities in a joint

discussion. These companies will begin to develop their own position and know-how on this agenda. In the medium term, this silent neutral majority of the market will begin to pragmatically adopt business-proven corporate sustainability measures based on the two extreme approaches visible in the market.

The implementation of corporate sustainability has already begun. Not through revolution, but through medium-term evolution, active sustainability management will become a standard component of business. We believe that the vacuous and ideologically burdened term "ESG" will eventually fade from the vocabulary as the principles of corporate sustainability pragmatically become integrated into strategic management and day-to-day operations.

## 10.5 Call to action

Start Immediately.

Do not attempt to cover everything at once. Select 3–5 critical topics and perform basic analyses of the available information. Always account for your specific context; an activity sustainable in one business may be harmful in another.

Introduce uniform data collection procedures. An internal reporting manual with clear indicator definitions will save significant time and prevent future issues. Create a catalogue of methodologies and involve external experts to build internal know-how. This will help build a robust system that facilitates operational and investment decisions.

Shift as many individual costs as possible to the central level. Be an initiator of centralisation and encourage cooperation within your industry platform or business association. Demand legal stability, uniform interpretation of standards, and realistic examples of disclosure.



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## 11.2 List of abbreviations used

Abbreviation	Meaning
ACCA	Association of Chartered Certified Accountants
AI	Artificial Intelligence
AR	Application Requirements (in the context of ESRS)
ATOZ	ATOZ Group – consulting and media group
BI	Business Intelligence
CDP	Carbon Disclosure Project
CFO	Chief Financial Officer
CO <sub>2</sub>	Carbon dioxide
CSDDD	Corporate Sustainability Due Diligence Directive
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CZK	Czech Koruna
CZSO	Czech Statistical Office
DMA	Double Materiality Assessment
DNSH	Do No Significant Harm principle
DRSC	Deutsches Rechnungslegungs Standards Committee (German Accounting Standards Committee)
ECB	European Central Bank
EFRAG	European Financial Reporting Advisory Group
ESEF	European Single Electronic Format
ESG	Environmental, Social and Governance
ESPR	Ecodesign for Sustainable Products Regulation
ESRS	European Sustainability Reporting Standards
EU	European Union
EU ETS	EU Emissions Trading System
EUDR	EU Deforestation Regulation
EUR	Euro
EY	Ernst & Young (consulting firm)
FAQ	Frequently Asked Questions
FG	Focus Group

FTE	Full-Time Equivalent
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GPT	Generative Pre-trained Transformer
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
IRO	Impact, Risk, and Opportunity (within ESRS)
IS	Information System
ISO	International Organization for Standardization
ISPOP	Integrated Environmental Reporting System
ISSB	International Sustainability Standards Board
KPMG	Klynveld Peat Marwick Goerdeler (consulting firm)
LLM	Large Language Model
MIT	Ministry of Industry and Trade of the Czech Republic
MoE	Ministry of the Environment of the Czech Republic
MoF	Ministry of Finance of the Czech Republic
Moj	Ministry of Justice of the Czech Republic
NECP	National Energy and Climate Plan
NFRD	Non-Financial Reporting Directive
OHS	Occupational Health and Safety
PATM	Policies, Actions, Targets, Metrics (within the ESRS implementation)
RES	Renewable Energy Sources
SBT	Science-Based Targets
SDG	Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
SME	Small and Medium-sized Enterprise
UK	United Kingdom
UN	United Nations
USA	United States of America
VSME	Voluntary Standards for Small and Medium-sized Enterprises (ESRS)

## 11.3 List of tables and graphs

### 11.3.1 List of tables

Table 1: Summary metrics for a sample of 14 surveyed companies. The information was obtained from publicly available sources, in particular financial statements..... 12

Table 2: Data collection methods. The table provides an overview of all the methods used, the time period in which they were implemented, and a basic description with quantification. .... 14

Table 3: List of original themes (codes) based on qualitative analysis of 14 semi-structured interviews with companies, including code definitions for objective classification and frequency of statements (contains duplications across codes)..... 16

Table 4: Results of testing hypothesis 1 on key challenges for companies when implementing ESRS within the literature review. Classified as a) confirmed, b) unconfirmed, and c) new challenges. ....30

**11.3.2 List of graphs**

Graph 1: Number of citations of publications for individual search queries Q1-Q3 (see description above). .....21

Graph 2: Top 15 authors by total citations. The number of non-duplicate publications is shown in brackets (size of the cross). .....22

3 : Average rating of the importance of 11 identified sub-topics of requirements by companies. These ratings were provided by all round table participants. ....82

## 12. Appendices

### 12.1 Appendix A: Topics and questions for interviews with companies\_\_version 1.0

The topics and questions were based on [Literature review](#) and subsequent notes from the pilot interview conducted on 15 November 2024.

Topic	Sub-questions
Introduction of the respondent	<p><i>Could you please introduce yourself and briefly describe your role in the company?</i></p> <p><i>How long have you been in this position?</i></p> <p><i>What are your main responsibilities related to ESRS implementation? Who or which team is responsible for ESRS reporting?</i></p>
Current status of ESRS implementation	<p><i>What specific steps have you already taken in connection with ESRS implementation? (Due diligence, IROs identification, assessment of risk, double materiality and materiality of data points, setting up the reporting process, data collection)</i></p> <p><i>What steps are you planning for the future?</i></p> <p><i>How would you rate the difficulty of the steps you will be taking in the near future?</i></p> <p><i>What challenges have you encountered in connection with the implementation of the ESRS?</i></p>
Awareness and understanding of ESRS	<p><i>How would you rate the level of ESRS knowledge in your company?</i></p> <p><i>How does your company obtain information about ESRS requirements?</i></p> <p><i>1. Do you have methodologies or tools available to help you with implementation?</i></p> <p><i>2. Can you give examples?</i></p>
Management support and organisational challenges	<p><i>What is the attitude of senior management towards ESRS implementation?</i></p> <p><i>What impact do you see ESRS implementation having on your company's strategy and decision-making processes?</i></p>

The complexity and technical aspects of ESRS	<i>How do you deal with the complexity of ESRS?</i>
	<ol style="list-style-type: none"> <li><i>1. Have you experienced situations in your position where the amount of information was difficult to manage?</i></li> <li><i>2. How did you deal with it?</i></li> </ol>
	<i>How would you rate your company's data readiness for ESRS?</i>
	<ol style="list-style-type: none"> <li><i>1. Have you encountered duplication of reporting obligations with other regulations?</i></li> <li><i>2. How did you deal with this situation?</i></li> </ol>
Stakeholder engagement and value chain management	<i>How do you involve external and internal stakeholders in the process of identifying and assessing risks and subsequently managing the company?</i>
	<ol style="list-style-type: none"> <li><i>1. Have you mapped your value chain?</i></li> <li><i>2. What challenges have you encountered, particularly with indirect relationships (tier 2)? Can you give examples of how you address these challenges?</i></li> </ol>
Resistance to change	<i>How much of your business is affected by the implementation of ESRS?</i>
	<i>In your opinion, does your company devote adequate resources (human, financial, knowledge based) to the implementation of ESRS?</i>
	<ol style="list-style-type: none"> <li><i>1. Have you encountered any resistance to ESG-related changes in your company?</i></li> <li><i>2. How did it manifest itself?</i></li> </ol>
Conclusion and recommendations	<i>Do you see any other challenges related to ESRS that we have not discussed yet?</i>
	<i>For which challenges would you appreciate support (especially from the Ministry of Finance of the Czech Republic and the Confederation of Industry of the Czech Republic) and what kind of support?</i>
	<i>Is there anything else you would like to add or emphasise?</i>

## 12.2 Appendix B: Topics and questions for interviews with companies\_\_version 2.0

On 17 January 2025, a preliminary analysis of the findings from the first five interviews was conducted. Based on the newly obtained information, the structure of the interview was modified. Specifically, this involved expanding and clarifying the topic of "Stakeholder involvement and value chain management", reformulating the topic of "Resistance to change" to "Capacities and changes", generalising one of its sub-questions and adding a new sub-question concerning the extent of the impact of changes.

Circuit	Sub-questions
Introduction of the respondent	<i>Could you please introduce yourself and briefly describe your role in the company?</i> <i>How long have you been in this position?</i>



	<i>What are your main responsibilities related to ESRS implementation? Who or which team is responsible for ESRS reporting?</i>
Current status of ESRS implementation	<i>What specific steps have you already taken in connection with ESRS implementation? (Due diligence, IROs identification, assessment of risk, double materiality and data points, setting up the reporting process, data collection, revision and setting up PATM)</i>
	<i>What steps are you planning for the future?</i>
	<i>How would you rate the difficulty of the steps you will be taking in the near future?</i>
	<i>What are the main challenges associated with ESRS implementation that you have encountered/dealt with so far?</i>
Awareness and understanding of ESRS	<i>How would you rate the level of ESRS knowledge in your company?</i>
	<i>How does your company obtain information about ESRS requirements?</i>
	<i>1. Do you have methodologies or tools available to help you with implementation? 2. Can you give examples?</i>
Management support and organisational challenges	<i>If you are aware of it, can you describe the attitude of senior management towards ESRS implementation?</i>
	<i>What impact do you see ESRS implementation having on your company's strategy and decision-making processes?</i>
	<i>In general: Can you think of any ways in which ESRS implementation could reduce the competitiveness of businesses in the Czech Republic?</i>
	<i>How do you deal with the complexity of ESRS?</i>
Complexity and technical aspects of ESRS	<i>1. Have you experienced situations in your position where the amount of information was difficult to manage? 2. How did you deal with it?</i>
	<i>How would you rate your company's data readiness for ESRS?</i>
	<i>1. Have you encountered duplication of reporting obligations with other regulations? 2. How did you deal with this situation?</i>
	<i>1. Have you mapped your value chain? 2. What challenges have you encountered, particularly with indirect relationships (tier 2)? Can you give examples of how you address these challenges?</i>
Stakeholder engagement and value chain management	<i>Does your company involve affected groups of people, such as employees, in the process of identifying and assessing risks and subsequently managing the</i>

Capacities and changes	<i>company? What other groups of people do you involve? How do you involve them?</i>
	<i>How much of your business is affected by the implementation of ESRS?</i>
	<i>What major changes has or will the implementation of ESRS bring to your business?</i>
	<i>In your opinion, what resources are most affected by the implementation of ESRS (e.g., time, human, financial, knowledge based)? Can you explain why?</i>
Conclusion and recommendations	<i>1. Have you encountered any resistance to ESG-related changes in your company?</i>
	<i>2. How did it manifest itself?</i>
	<i>Do you see any other challenges related to ESRS that we have not discussed yet?</i>
	<i>For which challenges would you appreciate support (especially from the Ministry of Finance of the Czech Republic and the Confederation of Industry of the Czech Republic) and what kind of support?</i>
	<i>Is there anything else you would like to add or emphasise?</i>

## 12.3 Appendix C: Research proposal resources provided by partners

### 12.3.1 Ministry of Finance of the Czech Republic

Questions sent for consideration and inclusion in in-depth interviews:

- What are the main organisational, institutional or administrative challenges that companies face in the reporting process?
- Which national databases do companies use for sustainability reporting?
- Which foreign databases do companies use for sustainability reporting (in relation to the value chain)?
- What data or databases provided by the central government would make it easier for companies to meet disclosure requirements?
- Which data is difficult to obtain in relation to reporting information about the value chain (with a particular focus on the difficulties faced by small and medium-sized enterprises in providing specific data and information)?
- Which methodologies and standards referred to in the ESRS are most frequently used by companies to meet disclosure requirements?
- Which concepts or disclosure requirements set out in the ESRS are not yet established in the Czech Republic or lack clear interpretation?
- What data are companies already reporting in connection with the requirements of other regulations and which are also required by the European Sustainability Reporting Standards?
- What are the main problems faced by foreign parent companies that have not yet been identified in the Czech Republic?

- How do foreign parent companies address ambiguities regarding terms such as adequate housing, fair wages, gender equality and invoice payment terms?
- Do companies prepare the documents necessary for subsequent auditing together with their sustainability reports?

### 12.3.2 Ministry of the Environment of the Czech Republic

Summary of workshops from the spring ESG conference of the Ministry of the Environment 2024:

Main and recurring suggestions/needs:

- Creation of a directory for data sources, methodologies, existing legislation with links to individual parts of the reporting
- Provision of sample reports, reference values
- Creation of an expert database – professionally qualified/authorised persons
- Organisation of workshops, meetings on ESG topics, education and public awareness
- Clarification of terminology and translation from English

Suggestions from individual groups:

#### E1 Climate change

There is currently a great deal of confusion regarding the available and usable data. There is a lack of an information platform that would summarise, among other things, climate impact models at the national and international level.

- Problem areas where there is a demand for methodologies:
  - Methodology for the process of transposing a target compliant with the GHG emission reduction target in t CO<sub>2</sub> e (1.5 °C)
  - Methodology for fulfilling requirements E1-9 – Expected financial implications of significant physical and transition risks and potential opportunities related to climate change
  - Methodology for determining double materiality
  - Methodology for determining benchmarks
  - General issues relating to Scope 3 emissions

#### E2 Pollution

- Linking the existing reporting obligations with ESG reporting, i.e. to prevent duplication of information flows. Ideally, the resulting system should be able to generate part of the ESG report.
- A data standard for reporting obligations is also missing
- The level of detail in reporting needs to be clarified

#### E3 Water and marine resources

- Need for a government campaign to present existing options (applications, databases, websites, strategies, plans, etc.) and offer already collected data

- Specifically, there is a lack of information on where to find predictions of the quality and quantity of individual watercourses and groundwater sources with regard to climate change with a view to 2030 and beyond

#### E4 Biodiversity

- Companies would appreciate a catalogue of model interventions to support biodiversity, applicable compensations and offsets
- There is no methodology for arriving at a financial expression (for reporting ecosystem services, etc.).
- There is a lack of indicators that would provide more information than a vague description of a particular situation: ecosystem status indicators, biodiversity thresholds, etc.

#### E5 Waste

- There is no transparency in what the waste management company does with waste – amend the waste management code in ISPOP to provide greater detail
- Unify the reporting of data shared within the Czech Republic's waste management system (ISPOP, ČSÚ, Ekocom).
- Reference values for assessment and comparison

#### S1+S2 Own workforce and workers in the value chain

- Czech legislation lags behind in terms of diversity and inclusion – only the political/religious dimension is enshrined, not, for example, LGBTQ+.
- Methodology for monitoring/evaluating workers in the value chain – what level of detail is sufficient

#### S3 Affected communities

- Unclear concept of the term “community” – need for communication/public awareness – communities have their rights and should participate in events in their neighbourhood

#### G1 Company behaviour

- Available data from public sources such as the Commercial Register and Collection of Documents, which can be linked to automated systems – identification of small and medium-sized enterprises
- In some countries, national laws on sustainability in supply chains are in force – this could be transposed into the Czech environment
- Long court proceedings in the Czech Republic – context for reporting convictions and cases of corruption and bribery
- Problematic monitoring of the status of legal proceedings in the event of an employee's dismissal or departure when the case affects the company

## 12.4 Appendix D: Focus group results

Jakub Adamec (moderating the discussion, compiling the results and report)

Matúš Púll (organisation and minutes)

### Focus group 1

Venue: Sustainability Summit, Cubex Centre, Lounge

Date: 3:30–4:30 p.m., 10 April 2025

FG1 participants (8/12 participants): Omnicom Media Group, s.r.o., ORLEN Unipetrol RPA s.r.o., Správa železnic, státní organizace, NAY-DATART a.s., Lučební závody Draslovka a.s. Kolín, ASIO TECH, spol. s r.o., Kofola Czechia and Slovakia, University of South Bohemia in České Budějovice, CRIF – Czech Credit Bureau

### Focus group 2

Venue: Sustainability Summit, Cubex Centre, Lounge

Date: 16:40-17:40, 10 April 2025

FG2 participants (4/13 participants): Alleima CZ spol. s r.o., Deloitte Audit s.r.o., Změna k lepšímu, z. s., anonymous participant (company dealing with ESRS implementation)

### Description of proceedings

Focus group 1 and focus group 2 include 8 and 4 participants. The majority of participants were companies with prior experience with ESRS implementation, some even with the publication and audit of their first ESRS sustainability report. This sample was complemented by participants acting as consultants, analysts and academics. This ensured a variety of perspectives with an emphasis on real business practice, which is the aim of the research.

The aim of the focus groups, which was explained to participants at the outset, was to prioritise key challenges in implementing ESRS and to hold an open discussion on i) the challenges of implementing ESRS and ii) how to address them.

## 12.4.1 Main challenges and obstacles identified by participants in the focus group

Table: Results of the vote on key challenges

Select the challenges that you consider problematic.	FG 1 (8)	FG 2 (4)	Total (12)
Lack of know-how and the need to build it up	73%	83%	76%
Complexity of ESRS methodologies	64%	100%	76%
ESRS data points and working with them	82%	50%	71%
Data collection internally and within the value chain	73%	67%	71%
Uncertainty about what is "right" and what is "wrong"	73%	67%	71%
Internal capacity utilisation	73%	50%	65%
Lack of methodologies for implementing ESG reporting	64%	50%	59%
Poor internal and external expertise	55%	67%	59%
General resistance to change	36%	100%	57%
Correct definitions of indicators	55%	50%	53%
Accumulation of tasks	55%	50%	53%
Negative attitudes towards sustainability	36%	83%	52%
Uncertainty about the benefits of reporting	36%	50%	41%

Lack of resources	36%	50%	41%
Information overload	45%	17%	36%
Legal and political uncertainty	27%	50%	35%
Lack of interest from management	18%	33%	23%
Lack of interest among employees	18%	17%	18%
Unclear separation of sustainability management from sustainability reporting	9%	17%	12%

## Challenges – FG1 Discussion

### INTERPRETATION OF ESRS AND INCONSISTENCY

- ESRS often require their own subjective definitions of various phenomena. However, there is no good practice or examples of how to define them. It is therefore necessary to create new internal definitions, which often do not exist. Advisors are also unable to formulate general definitions, nor do they have any.
- Very often, different entities interpret ESRS in different ways (advisors and auditors), and their opinions sometimes change over time (which increases uncertainty and helplessness in correct implementation).
- Decisions are often made without sufficient information; for example, companies may not be aware of the possibility of using estimates in the calculation of greenhouse gas emissions in Scope 1 and Scope 2, or other methodologically correct solutions that significantly reduce the complexity.
- Practice shows different understandings/interpretations of data points. If a company is not completely standard (which is probably none), then more or fewer data points and disclosure requirements do not fit. Furthermore, auditors interpret these differently, resulting in errors based on interpretation that cannot be covered in advance.
- The auditor compares us to large global companies and expects us to take the same measures as global companies, particularly in terms of human rights and child labour.

### SHORTCOMINGS OF THE ESRS

- Poor quality Czech translation of the ESRS, inconsistency with Czech terms and legislation. For this reason, Czech companies operating in the Czech language use the English version of the ESRS.
- The ESRS confusingly combines disclosure requirements and application requirements (AR).
- The resources provided by EFRAG (Q&A, IG 1, 2 and 3) are insufficient in terms of both content and clarity. At the same time, they are very fragmented and vaguely linked, and often do not follow on from each other or refer to each other.
- There is no publicly available (free) tool for measuring carbon footprints. The data points go beyond the scope of the GHG Protocol, causing ambiguity in the application of a uniform methodology.

### DATA

- There are no data points or clear methodology for measuring and setting indicators for ESRS E2 (microplastics). There is no clear definition of microplastics. In its own analysis, the

company came to the extreme conclusion that it produces more microplastics than the entire EU currently reports.

- The problem with ESRS reporting is the diversity of the data required. For example, not all the data for the carbon footprint is available at the end of the year. There is extreme time pressure when the data is available at the end of February and the report must be finalised for audit by the end of March.
- Interestingly, when testing three different platforms for calculating the carbon footprint, each produced significantly different results.
- The most problematic aspects of reporting are information on biodiversity, the value chain and the affected community.
- A lot of minor data is missing, such as information on refrigerants.

## CAPITAL

- ESG reporting according to ESRS is expensive for some companies and places an unreasonable burden on them. It is necessary to hire people and increase internal capacity. Companies also often have to secure funding for audits and consultants to calculate their carbon footprint, analyse climate risks and other methodologically demanding aspects of preparing for reporting.
- There is a kind of snowball effect at work here. The ESRS implementation project itself has a significant tendency to grow during the process as new findings emerge and new problems and shortcomings are uncovered.
- In practice, ESG and data requirements are growing dramatically, which affects the entire company that does not have a team, tools, and capacity in place to deal with this, putting great pressure on those responsible.
- Implementation means a lot of work for a large number of people in the company. Someone has to devote 100% of their time to this agenda, and many people are taking on a large amount of work in addition to their existing workload. This causes resentment and demotivates people.
- The timing of ESG reporting coinciding with financial reporting and auditing is very unfortunate and challenging. Most employees prioritise the agenda linked to established financial reporting. ESG reporting then encounters resistance due to overload and low prioritisation.
- Companies that undertake ESG reporting voluntarily often postpone the agenda and only deal with it after financial issues have been resolved. This is another reason why ESG reporting is so time-consuming.
- Consultants were supposed to guide us for a few million. The reality was that we received initial instructions, and now when we have technical and specific questions, the consultants do not know the answers.
- In large companies, there is only one priority: increasing profits. Therefore, it's a problem if I spend millions on creating a report instead of investing in tangible sustainability, which I no longer have the funds to implement.

## Challenges – FG2 Discussion

### DATA

- It is very difficult to ensure the reliability of data, for example from Asia and other different markets.
- Currently, it is a major challenge to understand what the minimum requirements are for a given company and how to explain this to suppliers.
- Suppliers are facing a growing number of requests from customers who, often on a monthly basis, require various data, such as carbon footprint calculations, which may vary depending on the methodology used.

#### FAILURE TO CONSIDER THE CONTEXT OF THE COMPANY

- Foreign parent companies are putting pressure on their subsidiaries in the area of ESG. There is very little information and management from the parent company, and insufficient resources are provided for ESG. Without knowledge of the subsidiary's context, the parent company defines unrealistic requirements for ESG measures. These measures are based on analyses (including double materiality assessments) at the parent company level and not at the company level.
- The key question is how to tailor ESG reporting to the specific business model of the company.
- There is no established practice, recommendations or guidance on what is reasonable to require from a supplier. The complexity of the supply chain varies greatly depending on the business; for example, a company may have very different suppliers (large, small, European, Asian). Each of these entities then requires a different approach to communication and data collection, which is very costly and difficult to ensure.

#### MEANINGFULNESS

- When identifying impacts, it is not entirely clear how to distinctly separate what is the responsibility of the physical manufacturer and what is the responsibility of the production contractor.
- The complexity and demanding nature of ERSR reporting has brought about a new perception, which has narrowed down to compiling a report without any visible reason for doing so.

### 12.4.2 Recommendations and proposed solutions from participants in the focus groups

The most interesting recommendations, in the opinion of the moderators, are underlined below.

Recommendations and solutions – FG1 discussion

#### INTERPRETATION OF ERSR AND INCONSISTENCY

- It is important to start the double materiality analysis based on numerical and factual information, not as a mandatory exercise according to the standard. Often, this can only be done in the second year after the initial data collection and first double materiality analysis, which is mostly an estimate.
- The postponement now allows us to go through the data points again and determine which ones make real business sense for us and which ones we can omit.
- A body should be set up to provide clear answers to specific ambiguities and thus provide the missing certainty.

#### SHORTCOMINGS OF THE ERSR THEMSELVES



- Ensuring high-quality Czech translations of the ESRS and other supporting documents and guidelines for Czech businesses.
- A greater number and availability of high-quality instructions and methodologies would be helpful. Conversely, a clear interpretation and simplification of the ESRS disclosure requirements would also be beneficial.
- An example of publication should be provided for each data point, especially for qualitative data.
- We need sector standards that will reduce uncertainty and facilitate reporting, analysis and prioritisation of impacts, risks and opportunities.
- When implementing ESRS, it is necessary to have (i) clearly defined requirements and (ii) extensive methodology with recommendations in the given context (sector, country, location, etc.). However, there are currently no specific methodologies or best practices for individual sectors.

#### CAPITAL

- It would be excellent to have an overall rough project plan for implementation and reporting according to ESRS at the outset. For example, percentage estimates of the main phases and how much capacity to allocate to each. In addition, provide examples and dependencies of what and why it may take a long time and what attributes determine the time required. Identify what is simple, when, and what exactly is best to start with for a given context.
- It is important to start addressing the ESG agenda as soon as possible.

#### Recommendations and solutions – FG2 discussion

#### GENERAL APPROACH

- It is advisable to accept the uncertainty associated with ESG implementation. This is a process and not a single comprehensive task.
- First, the company should clarify internally what its business strategy is and how it interacts with ESG. Then, it should monitor and report on this accurately and without distortion, and not try to artificially build a separate ESG system from the real functioning and business of the company and then "stick" it on.

#### DATA AND METHODOLOGIES

- When creating new data sources, it is advisable to focus on their business value – their benefits.
- It would be helpful to have information sources available with relevant data for ESG reporting (emission factors, calculation methodologies, etc.).

#### CAPITAL

- It could be interesting not only to quantify how much change costs in the context of ESRS implementation, but also to quantify how much it costs to do nothing.

### 12.4.3 Observations and interesting facts

All focus group participants had plenty of information and experience. Given the limited time available for discussion, it was only possible to capture this information in a superficial manner, rather than comprehensively and in detail. Observation of the interactions shows that most participants have rich and unique know-how in the context of ESRS implementation, which they must

build individually due to a lack of (good) practice. This can be an inefficient and frustrating, but also creative and enriching environment.

This further suggests that a new field focused on ESG analysis, reporting and implementation is dynamically emerging in the Czech Republic. This field is building a constructive and suitable environment for the creation of platforms for the practical experience sharing and the exchange of individual insights.

The focus groups did not indicate that the simplifying Omnibus I package would have a significant impact on the already established momentum in the ESG field among participants. This should be understood in the context of the focus groups, in which small companies and companies with a negative attitude towards the ESG agenda were not significantly represented.

#### 12.4.4 Focus groups summary and conclusions

Each participant faces its own challenges in implementing ESRS. The common denominator is the uncertainty and novelty of the entire agenda. This uncertainty must be accounted for within project management and regarded as an aspect of corporate sustainability.

The high disclosure requirements defined by the ESRS standard diverge from the reality of business, the inadequacy and low quality of the methodologies provided, their inaccessibility and lack of coherence. This creates significant room for interpretation of ambiguous terms and data points, of which there are numerous in sustainability disclosures. This is demonstrated, for example, by the inconsistent opinions of consultants and auditors or the significantly different greenhouse gas emission results when the same data is entered into different online calculators. Simplifying disclosure requirements while strengthening methodologies and application guidelines, including auxiliary sector standards that would define the interpretation of open aspects of the general standard for a given sector, appears to be one of the key tools for reducing uncertainty for businesses. At the same time, businesses would welcome the creation of an entity that would ensure uniform interpretation of the ESRS in the Czech Republic and take on the legislative and other uncertainties that businesses currently deal with individually.

One of the outcomes of the discussion is the need for a project manual to ensure better planning and more accurate estimation of the resources required for ESRS implementation. Simultaneously, the attributes that play a key role in determining the complexity of a given implementation phase would be identified. Rough estimates, such as the percentage complexity of phases, together with existing experience and examples from reporting set-up, could significantly help with effective planning and decision-making (e.g. whether to do ESG reporting voluntarily) by allocating adequate corporate capacities.