RESEARCH REPORT · NEMETAN

The Stunted O

Evidence of a structural Risk–Opportunity asymmetry, in the disclosures and in the standards behind them

Disclosure of Interest

Nemetan is a sustainability advisory practice that builds tools and services for the systematic discovery of Opportunity within sustainability disclosure, the exact subject of this research. The order in which this happened is worth stating plainly. The research came first. Its central pattern was identified, coded and confirmed through the author's own primary research before Nemetan existed, and it was that finding which led to the practice being set up, rather than the practice looking for a finding to support it. The report was produced independently of any client engagement. The definitions of Risk and Opportunity, and the symmetric inference rule governing both, were fixed in writing before any company was coded and are textually unchanged across every version of the protocol. Edge-case handling and the scope of the counted population were revised during and after coding, the latter triggering a documented re-code, with every change dated in the decision log. Readers should nonetheless weigh the commercial interest that now exists when assessing the report's conclusions, and are welcome to request the underlying coded dataset directly.

Executive Summary

In sustainability disclosure, double materiality asks companies to name three things: Impacts, Risks, and Opportunities. Two of the three arrive with machinery attached. The third mostly does not.

Risk comes into a company along a route that already exists. There is a process for finding it, somewhere to record it, and someone whose job includes it. Opportunity is named in the same standards, assessed in the same exercise, disclosed in the same statement, and then the architecture around it thins out. That happens in the frameworks, in the professional method built to apply them, and in what companies end up publishing.

This report is about that asymmetry, and about what it may be doing to the information reaching the people who set strategy.

One thing needs saying before any numbers. There is no reason a company should disclose the same count of Risks and Opportunities. A business can face more of one than the other, and many will. The standard does not ask for parity. What ESRS asks is that both receive equal attention, which is a statement about how thoroughly each side gets looked for rather than how many turn up. So the question here is not whether the

numbers came out even. It is whether both were searched for with comparable rigour, and whether anyone reading the output could tell the difference between a real imbalance and an imbalance in the searching.

The counts are the evidence for that question rather than the answer to it. TCFD named five Opportunity categories back in 2017, then built a whole pillar just for Risk Management. Buried in a single line of a 905-statement study, EFRAG's own averages put climate Risk at roughly three disclosures for every two of climate Opportunity. Boston Consulting Group has said outright that most reporting still runs on a compliance-first instinct. KPMG's own methodology defines Opportunity mostly in the language of risk already managed. Four institutions, four different angles, and the same pattern in each.

Others have since put numbers on it. Reviewing 270 first-wave statements, KPMG found Opportunities made up 14% of all disclosed items against 26% for Risks. Datamaran, coding more than eleven thousand items across 304 companies, found Opportunities at 13%. Both point the same way as the fragments above.

What none of that work does is compare the imbalance across regimes. So we coded two populations item by item under one protocol: forty companies reporting under the EU's mandatory ESRS standard, and thirty smaller companies reporting voluntarily under VSME or comparable structured approaches. Risk came out at between two and three times the rate of Opportunity in both, 2.32 to 1 among the large-cap ESRS filers and 2.93 to 1 among the voluntary reporters. As far as we have been able to establish, no published study measures the same thing on both sides of the mandate, and none covers voluntarily reporting smaller companies at all.

Opportunity is not silent. It is stunted: present, technically disclosed in most cases, yet consistently denied the structural rigour, narrative depth and process ownership that Risk receives by default.

The evidence comes in four parts. Part One shows how the frameworks themselves, TCFD, TNFD and ESRS, have carried a risk-first architecture forward, and how far each has since moved away from it. Part Two shows how the professional practice built on top of those frameworks reproduces the imbalance, and in places deepens it. Part Three sets out new comparative evidence for what happens to the pattern when the legal mandate to disclose at all is removed. Part Four reads the findings across the functions inside a typical organisation who will have to act on them.

Part One: The Evidence From the Frameworks Themselves

A note on versions. The ESRS provisions discussed in this Part are those of Delegated Regulation (EU) 2023/2772 as amended, the standards under which every statement in this study was prepared. Revised standards adopted by the European Commission on 3 July 2026 apply from financial year 2027, with early application permitted for financial year 2026 once the delegated act enters into force, and they change some of the detail described here. The section on why the timing matters, later in this report, sets out where that stands.

TCFD: A Balanced Vocabulary, an Unbalanced Architecture

The Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board to address climate change as a source of systemic financial risk, built its recommendations around four pillars: Governance, Strategy, Risk Management, and Metrics and Targets. (TCFD disbanded in October 2023 after its recommendations were incorporated into the ISSB Standards, IFRS S1 and IFRS S2, with IFRS S2 retaining the climate-specific four-part architecture. It now stands as the foundation of investor-focused climate disclosure rather than an active body.) At the level of vocabulary, TCFD is even-handed. Climate Risks split into physical (acute and chronic) and transition (policy and legal, technology, market, reputation), six subcategories in total. Climate Opportunities split into five parallel categories: resource efficiency, energy source, products and services, markets, and resilience. Both sets were published together in the original 2017 recommendations, neither an afterthought to the other.

TCFD also works on a single lens. Its materiality question is financial: how climate-related risks and opportunities affect the company's own cash flows, financial position and performance. It does not ask the separate impact question ESRS later adds, of whether the company's own activities have material effects on people and the environment. That single basis matters for what follows, because it sets the frame within which Opportunity gets defined at all. Inside that frame TCFD is broader than it sometimes gets credit for. It describes opportunities arising from a company's own efforts to mitigate and adapt, through resource efficiency and cost savings, low-emission energy, new products and services, access to new markets and resilience along the supply chain, rather than only from whatever an external climate shift happens to do to the company.

The imbalance sits one level up, in the architecture rather than the vocabulary. Of the four pillars, only one is named after a single side of the pair it was meant to cover jointly. Risk Management is a pillar. There is no Opportunity Management pillar. Opportunity does appear in the recommendation at the head of each of the other three, all of which name risks and opportunities together: board oversight and management's role under Governance, identified risks and opportunities and their effect on strategy and financial planning under Strategy, and the metrics and targets used to assess and manage them under Metrics and Targets. (Beneath those headline recommendations the balance is less even than it first looks. Strategy's third disclosure, on resilience under scenarios, is framed around risk, and the greenhouse-gas disclosure under Metrics and Targets asks for emissions "and the related risks", with no opportunity counterpart.) What Opportunity never gets is a management process of its own. Risk Management asks a company to describe how climate risks are identified, assessed and managed, and how those processes are integrated into overall risk management. Nothing on the Opportunity side carries a comparable demand. Part Three returns to what that permits in practice.

TNFD: A Risk-Led Name Over a Broader Process

The Taskforce on Nature-related Financial Disclosures adopted TCFD's four-pillar structure directly, broadening it to cover nature-related dependencies and impacts alongside risks and opportunities. On materiality it stopped short of ESRS. TNFD does not mandate double materiality. It recommends the ISSB's

financial-materiality approach as a baseline, and accommodates an impact-materiality approach on top for preparers who want or need one. EFRAG and TNFD have set the difference out themselves, in a joint correspondence mapping between the two frameworks: ESRS requires double materiality, TNFD enables it.

TNFD named its third pillar Risk and Impact Management, rather than Risk and Opportunity Management, so TCFD's asymmetry survives in the title. The substance underneath it does not. Within that same pillar, TNFD asks organisations to describe their processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities, in direct operations and across upstream and downstream value chains, and then to describe their processes for managing them. Whatever the intent, the effect is that most of the process asymmetry is gone while the risk-led name remains. The terminology lags behind the substance.

One trace of the older shape does survive the correction, and it sits in an interesting place. The final disclosure in that pillar, the one asking how any of this connects to the machinery a company already runs, narrows back to a single side. It asks how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes. Opportunity gets identified, assessed, prioritised and managed. It does not get integrated.

It would be wrong, too, to say TNFD leaves Opportunity undefined. Its risk taxonomy did grow more sophisticated in the adaptation, adding systemic risk alongside physical and transition, and the Opportunity vocabulary grew with it. The Recommendations set out seven named nature-related Opportunity categories in two groups. Under business performance sit resource efficiency, capital flow and financing, markets, products and services, and reputational capital. Under sustainability performance sit sustainable use of natural resources, and ecosystem protection, restoration and regeneration. TNFD shows that a usable Opportunity taxonomy can be built.

Two years later, in November 2025, TNFD published a discussion paper that grouped the Opportunity space a second way, this time by the five business functions an opportunity can support: operational efficiency and resilience, new product or service markets, supply chain resilience, business model innovation, and financial innovation. The paper presents that grouping as a common language for improving market understanding, and does not reconcile it to the seven categories in the Recommendations. Read one way, that is a standard-setter still working out how best to cut the Opportunity space. Read another, it is simply useful additional guidance. Either reading leaves a company with two different maps of the same territory and no instruction on which to use.

ESRS: A More Explicitly Symmetric Architecture

The European Sustainability Reporting Standards take a different approach, and it is worth being precise about how, since the difference is easy to overstate in one direction and understate in the other. ESRS prescribes no single cross-topic taxonomy of risk types or opportunity types. What it gives instead is an inventory of sustainability matters, the AR 16 list spanning climate, pollution, water, biodiversity, resource use, workforce, value chain, communities, consumers and business conduct, which the standard itself calls a

tool to support the materiality assessment rather than a substitute for the process of determining material matters. Each company works through it against its own circumstances, and has to develop entity-specific disclosures for any material impact, risk or opportunity the standards do not cover, or do not cover with sufficient granularity.

Individual topical standards do supply categorisations of their own, and they are worth naming rather than passing over. ESRS E2 on pollution, E3 on water and marine resources, and E5 on resource use and circular economy each set out transition-risk categories and Opportunity categories together, the Opportunity side running to resource efficiency, markets, financing, resilience and reputation. ESRS E4 on biodiversity goes further than any of them, importing TNFD's own two-group taxonomy in full: resource efficiency, products and services, markets, capital flow and financing and reputational capital under business performance, and ecosystem protection, restoration and regeneration together with sustainable use of natural resources under sustainability performance. So the raw material exists inside the standard, and in one place it is the same material TNFD published.

What the standard does not do is spread that material evenly, and the gap sits exactly where reporting is most developed. ESRS E1, the climate standard, gives the identification stage a table of physical hazards and a table of transition events, split by policy and legal, technology, market and reputation. It gives Opportunity nothing at that stage. No list, no categories, no examples. The only opportunity guidance anywhere in E1 arrives much later, under anticipated financial effects, as two things a company shall consider when disclosing its potential to pursue climate opportunities: expected cost savings from mitigation and adaptation actions, and potential market size or expected change in net revenue from low-carbon products, services or adaptation solutions. One side of the topic gets a taxonomy for finding things. The other gets a prompt for costing them once found. E1 is also the topic ESRS presumes material unless a company can explain why not, so this is the shape almost every reporter works inside.

This is also where ESRS widens the lens TCFD kept narrow. ESRS runs two materiality tests rather than one: a financial test analogous to the one TCFD applies, whether a sustainability matter could trigger material effects on the company's own development, financial position, financial performance, cash flows, access to finance or cost of capital, and a second impact test TCFD never asks, whether the company itself has material actual or potential, positive or negative effects on people and the environment. A topic is material if it meets the criteria for either, and the standard requires the interdependence of the two dimensions to be considered. That gives ESRS a broader starting field than TCFD, with more routes through which a financially relevant Opportunity might later be identified. The wider spread of Opportunity found in the mandatory ESRS sample in Part Three is consistent with that explanation. The present study does not isolate framework architecture as the cause of it.

Where ESRS goes furthest is in its own general disclosure architecture. The dedicated disclosure area in ESRS 2 is named "Impact, risk and opportunity management", all three together, in the standard's core structure. Of the three frameworks examined here, ESRS is the only one that puts the word opportunity into the name of the process area itself. That this is worth remarking on at all, that naming Opportunity alongside Risk

counts as a point of difference rather than a baseline expectation, is itself part of the evidence this report is assembling.

Even here the symmetry stops just short. The same disclosure requirement asks two questions, one after the other. The first asks how the process to identify, assess and manage impacts and risks is integrated into the company's overall risk management process. The second asks how the process to identify, assess and manage opportunities is integrated into its overall management process, where applicable. Only one of the two carries the qualifier.

What Opportunity Keeps Not Getting

Set the three frameworks side by side and something shows up that has nothing to do with counts.

TCFD gives Risk a pillar of its own, and with it an instruction: describe how climate risks are identified, assessed and managed, and how all of that is integrated into the risk management the company already runs. Opportunity appears in the other three pillars and receives no equivalent instruction anywhere in the framework.

TNFD closes most of that gap. Opportunity is named in the disclosures covering identification, assessment, prioritisation and management. Then the last disclosure in that pillar, the one asking how the process feeds the machinery already in place, narrows back to risk alone.

ESRS goes furthest and still stops short, in more than one place. Its process disclosure asks how the process to identify, assess and manage impacts and risks is integrated into the undertaking's overall risk management process, and how it is used to evaluate the overall risk profile. The very next sub-point asks how the process for opportunities is integrated into the overall management process, where applicable. A vaguer destination, no second limb, and a qualifier on one of the two. The same requirement asks companies to describe how they prioritise sustainability-related risks against other kinds of risk. Nothing asks them anything equivalent about opportunities.

Then there is the one provision that decides what reaches the page at all. ESRS 1 has a short section headed Reporting on opportunities. It tells a company that the disclosure should consist of descriptive information, and that in judging what to disclose it shall consider, among other factors, whether the opportunity is currently being pursued and is incorporated in its general strategy, as opposed to being a general opportunity for the undertaking or the sector.

There is no section on reporting risks. Not in this version of the standard and not in the revised one. Neither version restricts which identified risks a company may disclose. A risk that has been found and not yet acted on is reportable. An opportunity that has been found and not yet acted on is filtered.

Read across the three frameworks, what Opportunity keeps not getting is not a definition and not a category list. TNFD names seven Opportunity categories and ESRS E4 reproduces them in full. What Opportunity keeps not getting is a route into the machinery, and in ESRS it also has a gate on the way out that Risk does not have.

These are claims about how the standards are written, and they can be checked against the text of all three. Whether the same shape describes how companies are organised internally is a different question, and not one this study measured. What Part Two shows is that the professional method built on top of these standards carries the same asymmetry. What Part Three measures is what comes through the gate.

What the Standard Asks For, and Where It Softens

It is worth putting on the record what ESRS itself says about balance, because it says more than most readers of a sustainability statement realise, and then it takes some of it back.

Start with what it requires of the finished disclosure. Every ESRS disclosure has to meet a set of qualitative characteristics, among them faithful representation, which the standard defines as information that is complete, neutral and accurate. Under neutrality:

> "It shall be balanced, so as to cover favourable/positive and unfavourable/negative aspects. Both negative and positive material impacts from an impact materiality perspective as well as material risks and opportunities from a financial materiality perspective shall receive equal attention."

The next paragraph goes further, and it runs in both directions:

> "The exercise of prudence means that opportunities are not overstated and risks are not understated. Equally, the exercise of prudence does not allow for the understatement of opportunities or the overstatement of risks."

Understating Opportunity is named as a failure of prudence, in the same breath as overstating Risk. Whatever else is true, this is not a standard that is indifferent to which side of the page fills up.

The test for getting onto the page is even as well. ESRS assesses the materiality of risks and opportunities on a single criterion applied to both, the likelihood of occurrence combined with the potential magnitude of the financial effects. Opportunity has no second, harder hurdle to clear.

Then comes that short section headed Reporting on opportunities. It says the disclosure should consist of descriptive information rather than quantified information. And it says that in judging what to disclose, the undertaking shall consider, among other factors, whether the opportunity is currently being pursued and is incorporated in its general strategy, as opposed to being a general opportunity for the undertaking or the sector.

That second element is easy to read past, and it matters most. An opportunity a company has identified but has not started pursuing is, by that instruction, a weaker candidate for disclosure than one already in the strategy. The Commission's revised standards, adopted in July 2026 and applying from 2027, drop the softening and make it a rule: the undertaking shall not report general opportunities for the sector but only opportunities that are currently being pursued or incorporated in its general strategy.

Now look for the equivalent on the other side. There isn't one. Neither the standard in force for this study nor the revised version contains a section on reporting risks, and neither places any restriction on which

identified risks a company may disclose. A risk that has been identified and not yet acted upon goes in the statement. An opportunity in the same condition may not.

So the standard asks for an even picture, and then applies a gate to one half of what is allowed to reach it. Both things sit in the same document. The first is a rule about the composition of the disclosure. The second decides what is available to compose.

Why the Pattern Repeats: One Plausible Structural Mechanism

The investor-focused frameworks examined here descend, directly or by imitation, from a lineage built to manage financial risk first. TCFD was created by a body concerned with systemic financial stability, and TNFD adopted its structure wholesale. ESRS is the partial exception: its statutory foundation is double materiality rather than financial risk alone, though its general disclosure architecture still echoes the four-pillar shape TCFD originated, a point EFRAG and TNFD make in their own joint mapping. Whether the professional practice built on top of that architecture carries the risk-first shape forward is a separate question, and Part Two takes it up.

Read across the three, the direction of travel is toward balance. TCFD gave Risk a dedicated management pillar and gave Opportunity nothing equivalent. TNFD kept the risk-led pillar name and broadened the process beneath it to take Opportunity in. ESRS named all three categories in its management architecture, with a qualifier attached to the third, and required both sides to receive equal attention. That progression fits an inherited risk-first design becoming gradually more symmetrical. On its own it does not establish that framework architecture causes the imbalance measured in Part Three, and this report does not claim that it does. It is a plausible structural mechanism rather than a demonstrated cause, and none of it is an accusation of bad faith against any standard-setter or company.

Which leaves the more interesting question, and the one the rest of this report is built around. Each successive framework has treated Opportunity more evenly than the one before it, and the standard governing every company in this study requires the two to receive equal attention in the finished statement. It also gates what may reach that statement, on one side only. Part Two looks at the professional practice built on top of these standards. Part Three measures what comes through.

Part Two: The Evidence From Professional Practice

How a Double Materiality Assessment Actually Gets Run

Strip away individual branding and the largest assurance and advisory firms converge on close to one shared method, since nearly all of them implement the same underlying EFRAG guidance rather than compete on approach. The process runs in sequence: understand the business context and value chain; build a long-list of candidate topics; run two parallel analyses per topic, impact materiality (the inside-out view of the company’s effect on people and environment) and financial materiality (the outside-in view of risks and opportunities affecting the company); engage stakeholders and score impacts on severity, scope and

likelihood, and score financial risks and opportunities on likelihood combined with magnitude; plot the results on a two-dimensional matrix; apply a materiality threshold.

The step that matters most for this report's argument is the financial materiality analysis. Published methodology from two of the largest professional services firms describes assessing risks and opportunities together, one exercise producing two possible labels, using the same combination of likelihood and financial magnitude, rather than two separate exercises each earning its own structured technique. Neither firm's published approach offers anything equivalent to TCFD's five named Opportunity categories. On this specific point, mainstream professional practice may be less Opportunity-structured than the 2017 climate framework it is meant to be implementing more rigorously.

The Stakeholder Engagement Skew

A real example, drawn from one company's own disclosed assessment methodology, illustrates a second, related pattern. That company's own published stakeholder list shows customers, suppliers and employees surveyed directly, and internal experts interviewed across many functions. NGOs, communities and investors are engaged only through internal proxies. Nature itself is listed as a silent stakeholder, represented through existing analysis rather than direct engagement. This is not a hidden admission; the company disclosed it openly, which is precisely what makes it useful. It shows, in a real company's own words, exactly the engagement asymmetry that plausibly compounds the Opportunity gap elsewhere: the stakeholders most likely to surface a genuine Opportunity, communities living with an impact and organisations already working on solutions, are consistently the ones least likely to be consulted directly.

What EFRAG's Own Reviews Have Found

EFRAG has now published two rounds of aggregate analysis of real, third-party assured ESRS statements: 656 in its 2025 State of Play report, 905 in its 2026 edition. Neither review sets out to grade the quality of the double materiality assessments behind those statements, so neither is direct evidence on the question this report asks.

EFRAG did address that question elsewhere, in its June 2025 progress report on ESRS simplification. Reporting what constituents had told it about the first year of application, EFRAG recorded frequent comments about "a disproportionate effort compared to the result, an excessive focus on process rather than outcome and the company's strategic context", and about the AR 16 topic list being used as a checklist to document the non-materiality of each item in turn. That is stakeholder feedback rather than EFRAG's own audit of practice, but EFRAG accepted the substance of it: the same report concluded that the assessment had become a significant source of burden in practice and that a serious revision of the provisions governing how it operates was necessary, and EFRAG went on to modify a significant number of them.

What did not change is the requirement quoted in Part One. Faithful representation, and within it the instruction that material risks and opportunities receive equal attention, was in ESRS 1 from the first adopted set and carries through the revision. The standard has not been waiting to be told that both sides matter.

The 2026 edition, covering nearly a full further year of reporting, found a broadly stable picture rather than rapid improvement: climate change, own workforce and business conduct remain the three most widely material topics, largely unchanged from the prior year, and the average company disclosed roughly thirty IRO items in total, with the heaviest concentration in climate and workforce specifically. Even this larger, more comprehensive review never directly measured the Risk-to-Opportunity ratio this report is concerned with. Buried in Section 4.3 is the material needed to approximate it anyway: an average of 3.1 climate Risks against 2.0 climate Opportunities per company, roughly three to two, in the one topic where Opportunity reporting is most mature. EFRAG states the two averages and draws no ratio from them; the arithmetic below is ours. That measurement gap, real but unstated, is precisely what the comparative study in Part Three was built to close.

Part Three: New Evidence, a Comparative Coding Study

What the Disclosed Record Can and Cannot Show

One limit shapes everything in this Part, and it belongs before the numbers rather than after them.

This study counts what companies disclosed. It does not count what they found, and ESRS is the reason those are not the same thing. The standard's section on reporting opportunities tells a company to weigh whether an opportunity is currently being pursued and built into its strategy, as against being a general opportunity for its sector. Nothing comparable governs Risk in either the standard in force here or the revised one. A risk that has been identified and not yet addressed is reportable. An opportunity in the same state is filtered.

The disclosed record is therefore not a clean readout of what each assessment surfaced. Some part of the gap measured below is a gate rather than a shortfall, and this study cannot say how much. The imbalance could arise at any of five points: in the search itself, in what survived assessment, in what was carried into strategy, in what is actually being pursued, or in what was judged reportable at the end. What follows observes the last of those. It does not establish which of the earlier four is doing the work.

That limit is real and should be held against every conclusion drawn here. Two things survive it.

The first is that the filter is a constant and the results are not. All forty companies in the mandatory sample reported under the same standard and the same instruction. Their sector ratios run from 1.16 to 1 up to 16 to 1, and seven of them disclosed more Opportunities than Risks. A rule that applies identically to every company cannot explain why they come out so differently.

The second is that the filter does not reach the voluntary sample. Those thirty companies were not reporting under ESRS, so the provision has no application to them, and the imbalance there is wider rather than narrower: 2.93 to 1, with 73% disclosing no Opportunity of any kind. Whatever produces this pattern, it is not confined to companies working under the ESRS opportunity filter.

One further point belongs here rather than in a footnote. Of the five stages listed above, the services Nemetan sells address the early ones. There is a commercial interest in the answer turning out to be discovery rather than disclosure, and a reader is entitled to weigh that when assessing what follows. This report cannot separate the two, and does not claim to.

Method

To test the pattern directly, under a symmetric and repeatable protocol, two populations were coded item by item using an identical methodology: forty large, publicly listed European companies reporting under the EU's mandatory ESRS double materiality framework, and thirty small and mid-sized companies reporting voluntarily under VSME, VSME-aligned, or comparable structured sustainability approaches. The voluntary sample is described as VSME-based rather than strictly VSME-conformant because the standard was still formalising over the reporting period studied, and the coding recorded which of the three applied to each company. Every discrete, company-labelled Risk and Opportunity item was tagged, using only explicit, company-stated items rather than anything inferred from general narrative, with the same strictness applied to both sides of the ledger throughout. Items a company labelled as Impacts were logged but excluded from the ratios, and items a company itself concluded immaterial were recorded but not counted.

Because VSME is voluntary and contains no mandated IRO table, three additional coding categories were required that never arose in the mandatory sample: narrative content never formally itemised into a table; content ambiguously dual-tagged as both risk and opportunity at once; and content produced by a facilitator methodology that scores materiality on an unsigned, absolute basis, making a risk-versus-opportunity split structurally impossible regardless of the underlying engagement's quality. One comparability caveat follows: the voluntary coding admits a small non-ESRS enterprise/financial bucket that the statement-only mandatory scope excludes, so the two ratios should be read as directionally, not decimally, comparable.

A note on how the coding was done. This study was AI-assisted. The coding protocol, the decision rules, the edge-case adjudications and the review of every disputed item were the researcher's own; the extraction of items from published reports and their tagging against that protocol were carried out with AI tooling under human direction. Neither sample was counted by hand, line by line, by one reader.

This is disclosed for the same reason EFRAG discloses it. EFRAG's own State of Play 2025 review of 656 sustainability statements was performed by a bespoke generative-AI engine, with results manually cross-checked against a sub-sample of 50 reports, and its appendix states plainly that such tooling can produce errors. The same caution applies here. Where a company published its own aggregate IRO total, the coded count was cross-checked against it, and in every case where full verification was possible the two matched or came within one item. The coded dataset and decision log remain available on request, which is the real safeguard: the figures can be checked by anyone who wants to check them.

Sample and Representativeness

The mandatory sample is a stratified, purposive sample of forty large, listed European ESRS filers, designed to span the major economic sectors rather than to be a random draw. The selection criteria were fixed

before any coding began: a company had to be a listed European large-cap subject to mandatory ESRS/CSRD reporting for FY2024/25; it had to publish an ESRS sustainability statement containing an ESRS 2 SBM-3 material-IRO disclosure, verified against EFRAG's own reporting population; and it had to sit within a sector stratification that began as six sectors and was later widened for breadth. The forty companies span ten principal sectors plus a supplementary two-company logistics pair, eleven sector rows in all, across ten countries. The most frequently material ESRS topics in EFRAG's full population, climate change, own workforce and business conduct, recur throughout, consistent with EFRAG's own materiality-frequency pattern.

The design has honest limits, stated here so a reader meets them rather than discovers them. The sample is purposive, not random, so its findings are indicative of large-cap European practice, not a probability estimate. Its depth is uneven: six sectors sit at four or more companies and can be read robustly, while four sectors (pharmaceuticals, oil and gas, food and beverage, and mining and metals) are two-company probes added for breadth and should be read as indicative only. It is geographically concentrated: companies domiciled in Germany and France together make up 57% of the sample, and two reporters are Swiss-domiciled companies publishing ESRS-aligned statements rather than EU filers. A handful of candidate companies were excluded for documented reasons, among them a statement carrying only an enterprise risk register with no typed IRO items, a filer below the CSRD threshold with no ESRS statement, a company whose available filing was a US securities form without an ESRS material-IRO table, and one report that could not be obtained. One utility is retained as a partial case, with a single material risk and eight opportunities disclosed only as a confidential aggregate. The full company roster and every excluded case are named in the underlying dataset.

What Was Checked, and How

After coding was complete, the mandatory sample was re-read against the published statements. Twenty-six of the forty companies were opened and checked page by page, chosen because their records carried the weakest source references. Eighty-seven page references were corrected. One count changed. A chemicals group had disclosed four typed Opportunities where the register held two, and both missing items sat on the same page as four Risks the original pass had captured correctly. That correction moved the headline from 2.35 to 1 down to 2.32 to 1, in the direction that narrows the gap this report describes.

Nothing else moved. Eleven of the twenty-six were clean on both counts and page references, and not one of the eighty-seven anchor corrections changed a count. Every item in the dataset now carries a page reference into the company's own statement, on both sides of the ledger. No page number has been estimated or inferred. Fourteen companies were not re-read; their records stand as originally coded.

The checking could not be automated, and it is worth saying why. Across seventeen documents there were six different relationships between the number printed on a page and that page's position in the file, running from an offset of forty-six down to minus two. The folio sat in the header in some reports, the footer in others, and in one case as a display numeral in the outer margin. One report carried two different page numbers in the text layer of the same page, twenty apart.

Four ways of misreading these tables came up often enough to name. A chemicals group splits its results across two tables and types Risk and Opportunity only in the second, so the positive rows in the first, among them adequate wages and anticorruption training, are impacts rather than opportunities. A retailer carries a row consolidating items already reported under four other topics, which would double-count. The same retailer lists items that were material the previous year and are not material now. A grocery group has a row opening with the word Risk that is tagged, three columns later, as a negative impact; the tag governs. Three separate automated retrievals of the first of those tables returned nine, two and five opportunities against a true figure of four. No figure in this study rests on an automated read.

Findings: The Mandatory Sample

Across the forty large-cap companies, disclosed Risks outnumbered disclosed Opportunities 455 to 196, a ratio of 2.32 to 1. Thirty-six of the forty companies (90%) disclosed at least one Opportunity; four disclosed none. The near-universal presence of some Opportunity masks how thin it often is: in fifty-two of the one hundred and forty company-by-topic assessments coded (37%), a company disclosed one or more Risks and not a single Opportunity, including topics where the same company disclosed multiple Risks on the identical subject. The skew varied sharply by sector without ever fully reversing at the aggregate level.

Sector	n	Risk	Opp.	Ratio
Food & Beverage	2	16	1	16.0 : 1
Pharmaceuticals	2	34	4	8.5 : 1
Wholesale & Retail	5	66	14	4.7 : 1
Logistics	2	12	4	3.0 : 1
Manufacturing	6	67	25	2.68 : 1
Financial Services	5	45	16	2.8 : 1
Mining & Metals	2	31	13	2.4 : 1
Oil & Gas	2	40	17	2.35 : 1
Information & Communication	5	60	33	1.8 : 1
Construction & Real Estate	4	55	44	1.25 : 1
Electricity, Gas & Steam	5	29	25	1.16 : 1
Total	**40**	**455**	**196**	**2.32 : 1**

Figure 1. ESRS large-cap Risk vs Opportunity by sector (n = 40).

The widest gaps sit in wholesale and retail, at roughly five Risks for every Opportunity, and at the extreme in the two-company food-and-beverage probe. The narrowest sit in the opportunity-rich sectors: electricity

and gas at 1.16 to 1, construction and real estate at 1.25 to 1, information and communication at 1.8 to 1. Within those sectors the pattern does reverse at the company level: seven companies across the sample disclosed more Opportunities than Risks, concentrated in utilities, real estate, information and communication, and one oil-and-gas major, with an eighth utility a partial case. The reversal is real but sector-bound, and it never carries the aggregate. This runs in the same direction as EFRAG's own published averages for climate specifically, where companies disclosed 3.1 climate Risks against 2.0 climate Opportunities, roughly three Risks for every two Opportunities. That comparison is ours rather than EFRAG's: EFRAG publishes the two averages and states no ratio, and both figures are rounded to one decimal place, so the derived figure should be read as approximate. Our own independently computed climate-only figure across the forty-company sample is 1.69 to 1, slightly more pronounced and in the same direction.

One Company's Own Arithmetic

One company in the mandatory sample illustrates the point better than the aggregate does. A transmission grid operator states in its materiality narrative that the assessment identified fifteen material Opportunities. It shows the derivation: the previous year's list, two added, one removed. The table that follows itemises fourteen. The fifteenth does not appear in the table, or anywhere else in the report.

The number is small and the explanation may be innocent. A late edit, two items merged, a typographical error. What is harder to explain is the asymmetry. No large listed company states that it identified fifteen material Risks and then tabulates fourteen. Risk carries registers, owners and review cycles, and the count reconciles because reconciling it is somebody's job. Nor is this company a laggard. It is one of the few in the sample disclosing more Opportunities than Risks. The discipline still slipped, and it slipped on one side only.

The company is identified, with the page reference, in the coded dataset available on request.

Which Sectors Skew the Aggregate

Because the sample is purposive, the natural question is whether the headline is an artefact of sector composition. It is not. Two sectors pull the aggregate up, being opportunity-starved: food and beverage at 16 to 1, on a base of a single opportunity, and pharmaceuticals at 8.5 to 1. Two pull it down, being opportunity-rich: electricity at 1.16 to 1 and construction and real estate at 1.25 to 1. Recomputing the ratio under six exclusion scenarios shows it holding in a narrow band, from just over 2 to 1 up to 2.32 to 1, and climbing close to 3 to 1 without reaching it when the two opportunity-rich sectors are removed.

Scenario	n	Risk	Opp.	Ratio
Full sample	40	455	196	2.32 : 1
Core 6 stratified sectors only	30	322	157	2.05 : 1
Exclude Pharmaceuticals	38	421	192	2.19 : 1
Exclude Pharma +	36	405	191	2.12 : 1

Scenario	n	Risk	Opp.	Ratio
Food & Beverage				
Exclude the 4 two-company probe sectors	32	334	161	2.07 : 1
Exclude opportunity-rich pair (Elec. + C&RE)	31	371	127	2.92 : 1

Figure 4. Sensitivity of the ESRS ratio to sector composition.

Two things follow. First, the headline is not an artefact of the small two-company probe sectors: removing all four barely moves it, to 2.07 to 1. Second, the result most sensitive to composition is the low end. The near-balance in utilities and real estate is doing real work, and even excluding both of those genuinely opportunity-rich sectors leaves the ratio short of three to one. The honest reading states the full-sample 2.32 to 1 as primary and this band as its robustness check.

Opportunity Concentration

In both samples Opportunity is concentrated in a few hands, but far more so under the voluntary standard. Among the mandatory reporters the distribution is comparatively broad: the five most opportunity-rich companies hold about a third of all Opportunities, and only 10% of companies disclose none. Under VSME the same curve collapses toward the axis, with nearly three-quarters of companies disclosing no Opportunity at all and a small handful holding almost all of it. In the mandatory regime the gap is one of emphasis; in the voluntary regime it is one of absence.

Figure 3. Opportunity-concentration (Lorenz) curves, ESRS vs VSME. A curve hugging the bottom axis means Opportunity is held by very few companies.

Findings: The Voluntary Sample

Across the thirty VSME reporters, disclosed Risks outnumbered disclosed Opportunities 88 to 30, a ratio of 2.93 to 1, close to and slightly wider than the mandatory large-cap figure. The aggregate ratio is the least interesting thing about the voluntary sample. Twenty-two of the thirty companies (73%) disclosed no Opportunity at all, and twelve (40%) disclosed neither a Risk nor an Opportunity in any itemised form, a failure mode with no real equivalent in the mandatory sample, where even the most extreme zero-Opportunity companies still disclosed Risk extensively. Of the thirty Opportunities found anywhere in the voluntary sample, eighteen (60%) came from just two companies; remove those two and the remaining twenty-eight reporters disclosed seventy-one Risks against twelve Opportunities.

Removing a legal mandate, in other words, does not primarily change the shape of the existing skew. It changes whether comparable disclosure happens at all, and what little balanced content survives is concentrated almost entirely among companies whose materiality process was run by an external facilitator whose own method explicitly preserved the distinction between the two categories.

The Facilitator Effect

Among the variables examined in the voluntary sample, one showed a stronger descriptive association with Risk-to-Opportunity balance than company size, sector or resources: who, if anyone, facilitated the underlying process, and how that process was designed. The subgroups below are small and the design is observational, so this is a pattern worth testing rather than a demonstrated effect.

Facilitator type	n	Risk	Opp.	Ratio
External consultant (structured DMA)	4	17	18	0.9 : 1
Internal DMA	9	30	7	4.3 : 1
Report-prep / non-DMA consultant	3	8	3	2.7 : 1
Automated ESG platform	4	14	2	7.0 : 1
No formal DMA	10	19	0	0 opportunities
Total	**30**	**88**	**30**	**2.93 : 1**

Figure 2. VSME Risk vs Opportunity by facilitator type (n = 30).

Externally-facilitated, structured assessments were the only group to reach parity: four such companies disclosed seventeen Risks against eighteen Opportunities. One small industrial-valve manufacturer working with a named external consultant disclosed more than twice as many Opportunities as Risks, five Risks against eleven Opportunities, a rare and striking reversal of the general pattern. A separate small sealing-technology supplier, working entirely without outside help but using an unusually disciplined internal materiality block, reached genuine parity on its own, three against three. That is proof a facilitator is not strictly necessary for balance, only that achieving it unaided is the exception rather than the rule.

At the other end, automated software platforms performed worse than the mandatory large-cap average, with risk at seven times opportunity, and the ten companies with no formal assessment produced nineteen Risks and not a single Opportunity between them. The single AI-branded report-generation service in the sample produced no company-tagged content of either kind at all, though its underlying commentary did offer its own interpretive framing around potential Opportunity areas, deliberately excluded from this study's tally as analyst suggestion rather than genuine company disclosure. That distinction is likely to matter more as AI-assisted reporting becomes common.

Read plainly, this is the report's most suggestive finding, and the one most worth testing properly. The skew toward Risk does not look like an immovable feature of how companies think about sustainability, and it does not track company size or resources in this sample. It behaves more like a floor set by process design:

the outcome a mature but risk-adjacent method tends to produce by default, with the balanced cases clustering among engagements that treated the two categories as separate exercises.

Several things could produce that pattern besides the process itself. A company that already cared about Opportunity may have chosen a more sophisticated facilitator, which would reverse the direction of the arrow. Sector, maturity and resourcing are not controlled for, no significance testing has been run, and four of the five groups contain fewer than ten companies. What can be said is that the association is the strongest in the data, that it runs in the direction the rest of this report would predict, and that it is testable. The underlying dataset is available for anyone who wants to test it.

Part Four: Implications by Function

The implications below are drawn descriptively from the findings above, for each function's own consideration, not as recommendations this report is positioned to make.

Boards and Non-Executive Directors

For a board, the question is not whether more disclosure is needed. It is whether the picture reaching it was produced by a search that looked for both things with the same seriousness, and whether the board would be able to tell if it were not.

Boards already know how to interrogate one half of this. No board would accept "we did not systematically look for the Risk". There is an expected answer and it has a recognisable shape: someone owns it, there is a method, it gets written down, it gets revisited. The mirror-image question is rarely put. Who owned the search for Opportunity? What method was used? What was rejected, and on what grounds? When was it last looked at again?

The standard has taken a position on the output. ESRS requires that material risks and opportunities receive equal attention, and its prudence rule forbids understating Opportunity in the same sentence that forbids overstating Risk. That places the balance of the statement inside the definition of a faithful representation, which makes it a reporting-quality question and not only a strategy one.

What the standard does not do is require the machinery behind the two to match. And in one respect it does the opposite. Its section on reporting opportunities has a company weigh whether an opportunity is already being pursued or built into strategy before disclosing it. Risk carries no such condition anywhere in the standard.

That is where the board question sharpens. Read a sustainability statement and the Risk side shows what the company has found, including what it has found and not yet dealt with. The Opportunity side shows something narrower: largely what has already made it into the plan. So the board sees the full downside inventory and a pre-filtered upside one. Both are compliant. They are not the same kind of information, and nothing on the page says so.

That asymmetry sits in the standard rather than in any company's conduct, which makes it a question a board can put without accusing anyone. If the statement only ever shows Opportunity that is already being pursued, the board is never shown the pipeline behind it. Does it see that pipeline anywhere else? If not, its view of the upside begins where the decision has already been taken.

There is a further question this evidence raises that the report is not positioned to answer. If a materiality process reliably underdevelops one of the three categories it exists to identify, does informed oversight extend to asking how systematically that category was searched for? That is an open governance question rather than a conclusion. Its answer will vary by jurisdiction and governance model, and it merits each board's own legal advice.

Chief Financial Officers and Risk Committees

Every disclosed Risk represents analytical work already completed: a topic identified, data gathered, a judgement made that it matters enough to disclose. In the voluntary sample, processes built to examine Opportunity separately were associated with a materially different distribution of results from the same broad level of effort. This points toward reusing existing data through an additional analytical lens, rather than toward new data collection.

Procurement Functions

A supplier scorecard typically contains the same kind of disclosed data examined in this study, and the findings suggest it is Risk-heavy in broadly similar proportions to the wider sample. A supplier whose materiality disclosure shows genuinely developed Opportunity content, rather than Risk items reframed as mitigated dependencies, would be unusual relative to the companies in this sample. This study did not examine supplier scorecards themselves, so the extension is an inference from the disclosure data rather than a finding about procurement practice. Since most suppliers appear to be competing on a similarly underdeveloped Opportunity showing, genuine Opportunity depth may represent a signal of supplier quality not currently reflected in standard scoring approaches.

Investor Relations Functions

As disclosure data becomes more standardised and machine-comparable, an imbalance that once sat quietly within a single filing becomes directly visible in relative terms: one company's Risk-to-Opportunity ratio measured against named peers, rather than read in isolation. Most companies would currently compare unremarkably against peers on this specific measure, since a Risk-heavy skew is closer to the norm than the exception. The position remains available to be distinguished. A company able to demonstrate genuinely developed Opportunity content, evidenced with the same rigour as its Risk disclosure, would currently hold an uncommon position relative to the sample studied here.

Marketing and Communications Functions

A sustainability claim grounded in a company's own disclosed data carries different evidentiary weight than one built on marketing language alone, since it is independently auditable. Most companies' disclosed Risk

content is considerably more developed than their disclosed Opportunity content, which means claims drawing on the latter draw on the less-developed half of a typical materiality assessment. A claim built instead on genuinely, separately evidenced Opportunity content would, based on the prevalence found in this study, be comparatively uncommon.

Sustainability, Strategy, and Innovation Functions

Finding material Risks calls for risk, finance and sustainability expertise. Finding material Opportunities also calls for people who understand customers, products, markets and innovation. The facilitator effect documented in Part Three is the study's most direct operational finding. A structured, human-facilitated process specifically designed to treat Opportunity discovery as separate from Risk assessment, rather than one exercise scored on a single axis, was associated with the most balanced or Opportunity-favourable outcomes found anywhere in either sample, more strongly associated with outcome than company size, sector, or facilitation by automated or AI-based tools.

Toward a More Systematic Way to Surface Opportunity

Every finding above points at the same gap. It is not a lack of ambition, but a lack of a repeatable way to find something worth being ambitious about. The facilitator effect is the clearest evidence that this is fixable. A process built specifically to probe for Opportunity, separately from Risk, consistently produces more of it, regardless of company size.

It is worth being precise about what counts from here on, and equally precise that this is a narrower test than the standard applies. Under ESRS, a financial Opportunity is a sustainability-related circumstance capable of having positive financial effects on the company, and the counts in Part Three used company-labelled items on exactly that basis. Nothing was excluded for failing the test that follows. For the purposes of discovery, though, Nemetan works to a tighter practitioner definition: a genuine Opportunity is one where the commercial benefit and the environmental or social benefit come from the same decision. It is not a cost that happens to generate goodwill, and not a risk avoided dressed up as a gain created. Real efficiency that lowers cost because it uses less. New revenue unlocked by doing right by workers or the planet. Market access won by moving first. That distinction matters, because a materiality process that simply asks companies to consider opportunities, without a working definition of what qualifies, risks manufacturing the same thin, reputational content this study found crowding what little Opportunity space currently exists.

What would a more systematic process require? The three elements below are Nemetan's practitioner response to the evidence rather than findings of the study. The coding protocol recorded facilitator type; it did not record whether a company used external precedent, matched technique to topic, or set decision criteria in advance, so these are proposals the evidence motivates rather than variables it measured. A structured discovery method matched to the specific topic at hand, since a circular economy question and a workforce question do not yield to the same technique. A validation discipline that treats a candidate Opportunity as a claim to be tested against outside evidence, with kill criteria set in advance. And a genuine

look outward, on the reasoning that a mechanism proven somewhere else is a faster and better-evidenced starting point than a blank page.

None of this requires more disclosure. Part of what the disclosed record shows is a filter the standard applies to one category and not the other. The rest is the question this report leaves open, and the reason the answer matters is that only some of the possible answers are anyone's to fix.

Why This Matters Now

This report's argument would be worth making at any point in the sustainability disclosure cycle, but the current regulatory moment gives it particular relevance. The EU's Omnibus package reshaped mandatory reporting through two distinct legal steps. Directive (EU) 2026/470, in force since 18 March 2026, narrowed CSRD scope to companies exceeding both an average of 1,000 employees and €450 million in net turnover, removing a substantial share of previously in-scope companies from mandatory reporting entirely and discontinuing sector-specific standards. Separately, revised ESRS adopted by the European Commission on 3 July 2026 cut the standard's mandatory data points by more than 60% and its total data points by more than 70%. That delegated act was still within the European Parliament and Council scrutiny period at the time of writing. It applies to financial years beginning on or after 1 January 2027, with early adoption for financial year 2026 permitted once it enters into force. A second delegated act adopted the same day puts the voluntary standard into binding EU law, built on the VSME standard EFRAG developed and used by this report's smaller companies, and caps the sustainability information a large reporter may require from an undertaking in its value chain that stays below 1,000 employees. That cap applies from financial years beginning on or after 1 January 2027.

Two consequences follow directly from this timing. First, the population of companies producing detailed materiality assessments under the fuller original standard is temporarily frozen in place: first-wave, larger companies continue reporting under the more detailed 2023 version of ESRS through 2026, unless they choose to early-adopt the revised standards for that year once the delegated act is in force, while newly in-scope companies join under a thinner, simplified standard from 2027 onward. The comparative evidence in this report, gathered from that fuller first-wave population, describes a data-rich moment unlikely to persist indefinitely in its current form. Second, a large and growing population of smaller companies, many now outside mandatory scope, will still be asked for sustainability information by customers, lenders and value-chain partners. Some will run a structured materiality or issue-identification exercise for the first time to answer that request, though not necessarily a full ESRS double materiality assessment. This is precisely the voluntary-reporter population where this report's findings show outcome quality depends heavily on facilitator choice.

A further reason the timing matters lies outside the regulation itself, in how markets and boards are treating the same information. Independent research points in three directions. On the demand side, NYU Stern's Center for Sustainable Business reports that, across the US consumer packaged-goods categories it tracks, products marketed on sustainability credentials account for roughly a quarter of branded sales examined

and a disproportionate share of growth: a signal from one defined market rather than a universal one, but a visible edge of a wider shift. On the cost of capital, a meta-analysis by NYU Stern and Rockefeller Asset Management, aggregating more than a thousand studies published between 2015 and 2020, associates stronger sustainability performance with better financial performance and, in a majority of the studies examined, a lower cost of capital. On governance, a legal opinion first issued by the senior Australian barrister Noel Hutley SC in 2016 and updated since holds that a director who fails to consider a foreseeable, financially material climate risk may be exposed under the ordinary duty of care. The opinion addresses climate specifically and is framed in an Australian context, though its reasoning runs from a general duty-of-care principle. None of these findings is tested by the present study, and each is reported here as external context rather than as a claim of this report. Read together, they indicate that the imbalance measured here, a disclosure record rich in Risk and thin in Opportunity, sits within a market where the value of the under-reported side is increasingly visible to customers, capital and boards.

Conclusion

Whatever the exact reasons behind the difference in how often companies disclose Opportunities compared to Risks, one thing is certain. There is marked room for improvement, and competitive advantage in it, for the companies willing to treat their own disclosure as more than a filing obligation completed once a year. Treated instead as the starting material for a genuinely structured search, it has a great deal to tell them.

See where your own disclosure sits

The comparative ratios in Part Three are worth applying to your own materiality output, not just reading about. Nemetan's Transition Gap Check is a short, free self-assessment that scores your most recent disclosure on the same Risk-versus-Opportunity balance this report measures, and benchmarks it against every organisation that has taken it. It takes about ninety seconds.

Further Research and Data Requests

The full coded dataset underlying the comparative study in Part Three is available on request. For both samples, forty large-cap ESRS filers and thirty VSME reporters, it comprises company-level Risk and Opportunity tallies; an item-level register of every coded Risk and Opportunity, each annotated by ESRS topic, evidentiary-reliability tier, and a source section-and-page reference; a company-by-topic matrix; and a numbered coding-decision log. All of it is produced under a single documented coding protocol, with Impacts logged separately and excluded from the ratios and company-concluded-immaterial items recorded but not counted. Researchers or practitioners wishing to extend the study to additional companies, sectors or reporting years are welcome to make contact directly; the coding protocol is shared alongside the data so that extensions remain directly comparable.

About the Author

Mike Kelly has spent more than 25 years building companies, and learning the same lesson each time. The best opportunities are usually the ones nobody thought to look for. He is a Chartered Director with the Institute of Directors and is completing an MSc in Sustainability Management at Erasmus University's Rotterdam School of Management. He also holds a BSc in Management from Trinity College Dublin, where he specialised in marketing, and studied disruptive innovation at MIT's Sloan School of Management under Hal Gregersen, co-author of The Innovator's DNA. That is the side of his training that made the gap in this report register as a problem rather than a curiosity. A room assembled to find exposure does not notice that nobody in it was trained to find value.

He founded Nemetan to give the Opportunity side of sustainability the rigour Risk has always had, in a field where companies report their Risks two to three times as often as their Opportunities. He is a GRI-certified ESRS Professional with a Certificate in Green and Sustainable Finance from the Chartered Banker Institute.

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Glossary

IRO. Impact, Risk, and Opportunity, the three categories a double materiality assessment is required to identify, and the specific vocabulary this report's central finding concerns.

Double materiality. An assessment covering both impact materiality (how an organisation affects people and the environment) and financial materiality (how sustainability matters affect the organisation's own financial position).

Impact materiality. The inside-out view, assessing an organisation's actual or potential effect on people and the environment, independent of financial consequence.

Financial materiality. The outside-in view, assessing how a sustainability matter could affect an organisation's financial performance, position or cash flows, through either a Risk or an Opportunity.

LEAP. Locate, Evaluate, Assess, Prepare, the assessment process recommended under TNFD.

ESRS. The European Sustainability Reporting Standards, underlying the EU's Corporate Sustainability Reporting Directive.

VSME. The Voluntary Sustainability Reporting Standard for SMEs, developed by EFRAG and used as the basis for the EU's voluntary reporting standard, often used to respond to a larger customer's own disclosure requirements.

Value chain cap. The mechanism limiting how much sustainability data a large, mandatory reporter can require from a smaller undertaking in its value chain, tied to the voluntary standard's scope.

Facilitator type. In this report's comparative study, the classification of who, if anyone, ran a company's materiality assessment, found to be the strongest predictor of Opportunity disclosure quality among voluntary reporters.

Limitations

- Neither sample was gathered through a statistically representative or randomised sampling frame; both are stratified and purposive, and should be read as indicative and directional rather than as population-level estimates.
- Sector depth is uneven in the mandatory sample: six sectors sit at four or more companies and support robust reading, while four sectors are two-company probes added for breadth and are indicative only.
- The mandatory sample is geographically concentrated, with companies domiciled in Germany and France together accounting for 57%, and it includes two Swiss-domiciled reporters publishing ESRS-aligned statements rather than EU filers.
- A small number of candidate companies were excluded for documented reasons (an enterprise-register-only statement, a below-threshold filer, a non-ESRS securities filing, and one unobtainable report); one utility is retained only as a partial case. All are named in the dataset.
- The mandatory statement-only scope excludes separate enterprise risk registers, while the voluntary coding admits a small non-ESRS enterprise/financial bucket, so the two headline ratios are directionally, not decimally, comparable.
- Classifying voluntary-sample narrative content as genuine but never itemised, rather than as no analysis having occurred at all, necessarily involves subjective judgement.
- Facilitator-type classification relies entirely on what companies chose to disclose about their own process; undisclosed informal input in either direction cannot be ruled out.
- The automated-platform and AI-generated findings rest on a small number of instances using a small number of distinct services, suggestive rather than conclusive.
- Sector-level comparison, meaningful in the mandatory sample, could not be reliably replicated in the voluntary sample given its smaller size and greater sectoral heterogeneity.
- Item wording in the register is a condensed title plus a section-and-page anchor rather than a verbatim quotation; load-bearing rows are flagged for a verbatim check against source.
- The coding was AI-assisted rather than performed by hand. AI extraction can misread or omit items, and while coded totals were cross-checked against companies' own stated aggregates wherever those were published, no independent second coder re-coded the samples. The protocol specified a check in which a second coder would re-code a random tenth of the sample to a Cohen's kappa above 0.70, and that check was not performed. It can be run on request.
- Twenty-six of the forty mandatory companies were re-read against their published statements after coding; the remaining fourteen were not, and their records stand as originally coded.
- This study counts disclosed items, not identified ones. ESRS applies a filter to opportunity disclosure, having companies weigh whether an opportunity is currently being pursued and incorporated in strategy, and applies no equivalent restriction to risk disclosure. Part of the measured gap is therefore a reporting gate rather than a discovery shortfall, and the study cannot apportion between them.
- Part One describes the ESRS provisions in force for financial years 2024 to 2026. The revised standards adopted on 3 July 2026, which apply from financial year 2027, alter some of the detail discussed, and any comparison against a company reporting under the revised standards should be read with that in mind.

Appendix: Framework Pillar Comparison

Framework	Four pillars	Opportunity structure and where it sits
TCFD (2017)	Governance; Strategy; Risk Management; Metrics & Targets	Five named Opportunity categories; addressed across Governance, Strategy and Metrics & Targets; no Opportunity Management pillar and no equivalent process requirement
TNFD (2023)	Governance; Strategy; Risk & Impact Management; Metrics & Targets	Seven named nature-related Opportunity categories in two groups; named within the management pillar's own disclosures but not in its title, and excluded from the disclosure on integration into overall risk management
ESRS (in force FY2024–26)	Governance; Strategy; Impact, Risk & Opportunity Management; Metrics & Targets	No prescribed cross-topic Opportunity taxonomy, with topic-level categories in E2, E3 and E5; named in the ESRS 2 management area itself, with integration into overall management qualified by "where applicable"

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28. Original comparative coding study of 40 mandatory ESRS reporters and 30 voluntary reporters, conducted by Nemetan. Full methodology and dataset available on request.

A Note on This Report's Own Evidence Standard

This report has been deliberately built without naming any individual company discussed in its comparative findings. Sector, size and facilitator type carry the evidentiary weight instead. This is a considered choice, not an omission. The argument here is about a structural pattern visible across frameworks, professional methodologies, and a genuine cross-section of real companies, not about any single organisation's individual disclosure choices, and naming specific companies would risk making a systemic finding read as a list of individual criticisms it was never intended to be. Readers seeking to verify the underlying comparative data are welcome to request further detail directly; the full company roster is provided in the coded dataset that accompanies this report.