EU Commission

3 June 2026

Have your say – Revised European sustainability reporting standards (ESRS)

The Danish National Funding Mechanism for EFRAG (DK NFM) welcomes the opportunity to comment on the Revised European sustainability reporting standards (ESRS revised). We – representing preparers, financial institutions (users and preparers) and auditors - fully support the efforts with Omnibus I to ensure the competitiveness of Europe and reducing the administrative burdens of sustainability reporting while safeguarding the green deal policy goals. The revision of the ESRS reporting standards is essential to meet these objectives through reduced reporting obligations while improving the focus on relevant and material reporting and preserving the data infrastructure.

We would like to emphasize, that the fair presentation approach in the revised ESRS-standards from our perspective is essential to meet the objectives of the Omnibus as it ensures a focussed sustainability report in accordance with CSRD without adding additional or unnecessary information. The concepts include a focus on "overall fair presentation", "decision usefulness" and "only reporting material information ". Abandoning this would lead to more costly and less relevant reporting and would undermine our support to the proposed revisions. It would also undermine the entire structure of the standards forcing a comprehensive re-write. We therefore appreciate the fact that these principles are retained and strengthened in the adopted draft.

We support the possibility for early adoption as this allows preparers to make use of the revised standards and the embedded reliefs and improvements as soon as possible. We believe this will enhance the reporting as early adopters can embed the efforts to focus the reporting on the material and relevant issues and gain further experience with the flexibility in the structure of the reporting, leading the way for wave-2 adopters.

Notwithstanding the above, we would suggest

- to clarify the scope of additional entity specific information and ways to ensure these requirements are limited to the scope (topics) of CSRD, and
- that the ordering of the topics E, S and G in the reporting should be flexible as this allows the preparers to focus the reporting on the most important aspect for their business and in their business model, hence making the reporting more relevant for the users.

Detailed observations:

- **Early adoption:** The proposal allows for early adoption already from the financial year 2026. We support this and would like to emphasize the need for a swift adoption to allow for this important measure to materialise. Reporting undertakings are investing a significant amount of resources in the reporting and need time to analyse and identify the changes in order to most effectively implement the changes as well as ensuring that time is not spent on reporting elements that cease.
- **Fair-presentation**: As mentioned above, the fair presentation approach in the revised ESRS-standards is essential to meet the objectives of the Omnibus as it ensures a focussed sustainability report in accordance with CSRD without adding additional or unnecessary information. We believe the clarification in the proposal explicitly stating that applying ESRS results in a report that achieves fair presentation and specify that the fair presentation is assessed for the full report and not on the individual elements is helpful.
- **Materiality and materiality assessments**: The proposal clarifies that when assessing materiality, the focus is on “groups of users” and is not aiming at all the specific information needs of each individual user. Furthermore, the proposal clearly underlines that only decision useful material information is to be included and reported on. We note that the possibility to provide non-material information is retained provided this information is clearly signposted as such. We support the clarifications and believe this further strengthens the focus of the report and hence the relevance of the reporting. We also believe that this should further strengthen the interoperability with international standards.
- **Entity specific disclosures:** We are concerned about the reach of ”entity specific disclosures” as the ESRS does not limit the scope to the areas (topics) covered by the CSRD and included in ESRS 1 appendix A. We believe this creates a scope-creep through the backdoor, especially when read in conjunction with ESRS 1 para 10 and 11. We believe the ESRS 1 appendix A addresses the topics listed in the CSRD and that this should set the limit for topics to be covered in a mandatory reporting. Without this limitation as an addition to ESRS 1 para. 11, then we believe there is a significant risk of scope creep beyond the CSRD in particular with the references in ESRS 1 AR 2 and 5 to GRI, SASB and other international frameworks.
- **Anticipated Financial Effects:** The EU-Commission proposal underlines and clarifies that anticipated financial effects are likely to involve the use of estimates and that the revision of these estimates does not necessarily imply that there has been a reporting error. Even though we are in doubt of the fundamental value of the reporting of anticipated financial effects due to the significant element of judgement and uncertainty, we find the clarifications relevant and helpful to align the expectations of the reporting.
  Having said this, we do not agree with the fundamental premise that the undertakings will – in the long run – always be able to provide quantitative information on the anticipated financial effects with a sufficient high level of reliability. In many situations, this will not be the case which should be acknowledged by the standards. We also note that in the long run, sustainability will be embedded fully in the business / operations and hence can not be separated from the business as a whole. From a user as well as a preparer point of view having no quantification of anticipated financial effects is preferred over non-reliable quantifications.
- **Revised comparable figures and change of estimates:** We have noted that ESRS 1, para 84(b) requires an updated of comparable figures when new information in relation to the estimated figures disclosed in the preceding period provides evidence of circumstances that existed in the preceding period and that could be read contrary to the requirements in

section 7.5 on updated information about events after the reporting period and 7.6 reporting of errors in prior periods. In our opinion estimates and comparable information should only be updated when these fall within the requirements described in section 7.6 or when the reporting policies have been changed. We suggest clarifying that in section 7.1, para. 84.

- **Phase-ins:** We also support the important phase-in measures included for both wave-2 undertakings as well as undertakings required to adopt ESRS reporting at a later stage.
- **Topics identified as ”material” during the year**: The ESRS requires the undertaking to perform or update the Double Materiality Analysis during the reporting year. However, as a consequence the undertaking may identify new material Impacts, Risks and Opportunities where for instance policies or data may not be effective or available for the full reporting year. The ESRS does currently not address this and hence we encourage the EU-commission to consider this either in the phase-ins or as part of the DMA-section by including a relief allowing the undertaking – if necessary – to explain the inherent restrictions in the reporting of new material IRO’s identified during the reporting period.
- **Approved and announced key actions:** We note that ESRS 2 paragraph 46 ”approved and announced key actions and action plans” in paragraph 46 c) requires an ”indicative range of future financial resources”. We believe there should also be a phase-in provision for this disclosure similar to the phase-in provided for the quantitative information regarding anticipated financial effects in accordance to ESRS 1 paragraph 125 as these informations might be interlinked and dependent on one and another. Consequential phase-ins for ESRS E1 should also be considered.
- **Flexibility of the reporting:** We agree and support the added flexibility of the reporting including the possibility to make use of appendices incorporated in the EFRAG draft advice and retained in the EU-Commission proposal. However, we have noted that ESRS 1 paragraph 105 still requires a fixed ordering of the section in the sustainability reporting (General information, Environment, Social and Governance). We believe that the ordering of the topics E, S and G in the reporting should be flexible as this allows the preparers to focus the reporting on the most important aspect for their business and in their business model, hence making the reporting more relevant for the users.
- **Materiality assessment for undertakings managing investments at certain conditions (ESRS 1 AR 17):** The proposed application requirement is unclear as to whether it covers all off-balance sheet assets under management (AuM) managed on behalf of customers or, for example, only non-discretionary AuM. The main interpretational issue relates to concept of “retaining rewards of ownership”. Depending on the reading, such rewards could be interpreted to cover management fees, in which case, off-balance sheet AuM would be covered in the DMA to a large extent. Due to above, we believe the Commission should amend ESRS AR 17 by clarifying the extent to which AuM is covered by this exemption.
- **CSDDD alignment:** The EU-Commission has incorporated a direct reference to the CSDDD and clarified the relationship between the CSDDD and the ESRS without broadening the scope of the CSDDD. We have noted the text and support the clarification added.
- **Omission of information:** We acknowledge and support the incorporation of the omissions due to trade secrets, classified information or other sensitive information listed in the CSRD directly in the ESRS. This makes the reporting requirements easier to navigate for the reporting undertakings and increase the readability, which we support.
- **Operational control - GHG emission reporting and potential other topics (E1+):** We support the flexibility introduced by the EU-Commission in regard to allowing “operational control” as an alternative to financial control in ESRS E1 paragraph 30 as we believe this allows for better interoperability with other international standards.

- **Transition plans not meeting the 1.5 degree target (E1):** We support the proposal by the EU-commission as it balances the need for ambitious climate plans with the need for decision-useful information and resolves an intensive debate. We believe the requirement adequately addresses the need for transparency.
- **Secondary microplastic (E2):** We believe the original disclosure requirement did not qualify for a broad-based sector agnostic standard but is likely to be a distinct material topic in some sectors.
- **General comment concerning errors in cross-references:** We identified multiple drafting errors in cross-references between paragraphs; see e.g. ESRS 1 paragraph 82; ESRS 2 AR 2 (a) (reference to ESRS paragraph 76), point c) (reference to ESRS 1 paragraphs 85; ESRS 1 paragraph 125-127 (reference to ESRS E1-11) and 86), point e) (reference to ESRS 1 paragraph 90)

Value chain Cap

- We support the Commission's direction clarifying that the cap should prevent systematic over-collection of data through the ESRS reporting chain but believe this should not undermine the broader incentive for voluntary uptake of the VS-standard nor prevent engagement where additional information is needed outside the ESRS reporting request as such.
- Based on this, we support the EU-Commissions approach as this sends a clear signal to especially data aggregators and rating agencies. However, we understand and are of the opinion that the Value Chain Cap only protects against information directly requested due to the specific disclosures in the ESRS but does not apply to entity-specific information needed, including disclosures marked as "Necessary, if applicable" and "Consideration when reporting sector information". We believe that this needs to be clarified since a number of datarequests will be triggered based on entity specific IROs. The clarifications should include guidance as to first look at the VS-standard for any information requests in the value chain (including entity specific) and respect the principle in ESRS 1 paragraph 64 (only ask for material information where it is material, i.e. not sending out generic questionnaires to every actor).
- To this end, we suggest adding part of recital 4 from the draft *"Comission delegated regulation … supplementing Directive 2013/34/EU of the European Parliament and of the Council by establishing sustainability reporting standards for voluntary use by undertakings protected by the value chain cap"*. This should in particular include the message to only request information from undertakings in their value chain insofar as <u>necessary</u>, and that they <u>request less information</u> than specified in the standard for voluntary use <u>if they do not need all the information</u> in that standard.
- The definition of value chain cap in Article 1 of the delegated act for the VS and recital 4 clearly state that information requests made for other purposes than sustainability reporting, including requests stemming from SFDR, Solvency II, CRR, Pillar 3 etc., are not covered by the cap. Despite that this is indicated in the recitals of the proposal, para 66 of ESRS 1, should also be clear on the scope of the cap to avoid legal uncertainty and incorrect interpretation among companies.
- We encourage the Commission to consider initiating regulatory measures in other areas to create incentives for the use of the VS standard. For example, we would welcome ESG rating agencies and ESG data collectors, to the greatest extent possible, requesting and seeking data that originates from and is defined in the VS standard when it comes to non-ESRS reporting companies. In other words, the agencies and data collectors should first assess whether a

suitable metric is already defined in the VS standard before establishing an alternative metric to be followed by the companies.

- To make the data-infrastructure more efficient, we also recommend that companies are allowed to make use of the ESAP for reporting under the voluntary standard and that a simple front-end solution is made available. It is important that the EU-Commission and member states actively support this. For the preparer of the voluntary reporting, it is important to know and understand where they can upload and make their report public available. For the ESRS-reporters, it is important that they know where they can efficiently access the uploaded reports. This is for us a key initiative to ensure the efficiency of the data exchange. We can refer to the solutions currently provided for digital submission of the annual report by the Danish Business Authority for inspiration.

Overall, we support the revised ESRS as proposed by the EU-commission. We strongly support the retention of the fair presentation principle as this for us is a fundamental premise for better and more relevant reporting and also note that it is fundamental for the design of the standards.

Kind regards,
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