

FSR – Danish Auditors welcomes the opportunity to comment on the draft Commission Delegated Regulation amending Delegated Regulation (EU) 2023/2772 as regards the simplification of the European sustainability reporting standards (ESRS). We support the simplification objective and acknowledge the substantial work undertaken by the Commission and EFRAG. Our detailed comments are set out in the attached memorandum.

Due process as a quality criterion: We recognize that the process leading to this draft has been conducted under significant time pressure, and that all stakeholders have been required to engage with technically complex material in a short period of time. Due process is essential to ensure high-quality standards, as compressed timelines limit the ability to field-test revisions and leave ambiguities that create uncertainty in practice. We strongly urge that these lessons are considered when designing the planned future revision of the ESRS, and that sufficient time is allocated for meaningful stakeholder consultation as this would help ensure standards of greater clarity and quality. Notwithstanding the above, we strongly support a swift adoption of the revised standards. Legal certainty in the near term is of significantly greater value to preparers, auditors and users than further iteration.

Application and transition: FSR supports the possibility of early adoption for financial year 2026, as this allows undertakings to make use of the revised standards and the embedded reliefs and improvements as soon as possible. We further recommend that the Commission state clearly that, for financial year 2026, undertakings must apply either the existing ESRS or the revised ESRS in their entirety. Clear transitional rules will help prevent disruptions for preparers, users and auditors.

The need for implementation guidance: The revised ESRS contain a large number of textual, structural and conceptual changes. For many of these, it is not evident whether a change represents a substantive shift in requirements or an editorial reformulation. Without clear guidance, preparers, auditors and supervisors are more likely to apply the revised standards inconsistently, undermining the simplification objective. We encourage the Commission and EFRAG to issue concrete implementation guidance, updated FAQs and worked examples following adoption. More specifically, we call for concrete guidance on the conditions under which entity-specific information is deemed necessary, as this is an area where inconsistent and divergent practices are likely to emerge.

Alignment with established reporting frameworks. We welcome the Commission's objective of enhancing interoperability with global sustainability reporting standards. We encourage the Commission and EFRAG to anchor concepts and terminology in established reporting frameworks wherever compatible with the simplification objective – drawing on the Accounting Directive, other Union legislation and relevant international standards, such as the IFRS, where appropriate. Where an established concept exists, adopting it by reference

rather than creating a parallel terminology would reduce interpretation risk and support consistent application.

FSR remains at the disposal of the Commission to discuss any of the points raised above.