

## **DUFAS response to the call for feedback on the revised European Sustainability Reporting Standards Delegated Regulation**

3 June 2026

*The Dutch Fund and Asset Management Association (DUFAS) welcomes the opportunity to respond to the call for feedback on the European Commission's proposal for the revised European Sustainability Reporting Standards (ESRS). Representing the asset management industry in the Netherlands, our response signals support for the European Commission's efforts to simplify the ESRS while retaining the core principle of double materiality. Most importantly, we welcome the broadly requested clarification around investments managed on behalf of clients. In addition, we support the Commission's focus on improving interoperability with international standards, and on the disclosure of material information while allowing sufficient flexibility to report non-material information which may be decision-useful for investors. In below response, we also highlight a few areas where we feel the decision usefulness of reporting requirements may still benefit from further improvements and/or clarifications.*

### **DUFAS welcomes the clarification around investment management**

We strongly welcome the European Commission's confirmation that under the ESRS, in addition to UCITS and AIFs ("collective management") as defined in the CSRD, also mandates/managed portfolios ("individual mandates") are out of scope for purposes of mandatory reporting. The targeted application requirements 17 and 37 of ESRS 1 clarify that investments subject to a fiduciary duty and managed on behalf of clients without retaining risks or rewards of ownership, are not required to be covered for purposes of ESRS-compliant reporting.

In this context, we do want to emphasize that 'fiduciary duty' (which is not defined under the ESRS or CSRD) is a foundational concept within the investment management industry and covers all investments done on behalf of clients by collective investment undertakings and in individual mandates. For further clarity and simplicity, we therefore suggest that the phrase 'subject to a fiduciary duty' be removed, consequently avoiding the need to provide a further definition.

### **Interoperability with international standards**

We welcome the work that has already been done to align the ESRS with the IFRS sustainability standards and we signal a strong willingness on behalf of both the

Commission and the ISSB to work towards improved interoperability. We would welcome efforts to explore further improvements to interoperability in the future.

#### *Climate Scenario Analysis*

In particular, we would like to underline the importance of climate scenario analysis for investors. The ESRS requires companies to carry out a double materiality assessment. For each material climate-related risk, companies must determine whether it is a physical or transition risk, as set out in ESRS 2 IRO-2, paragraph 37. In addition, companies must explain the methodology they use to assess how assets and business activities are exposed to climate-related hazards, transition events, and trends. The ESRS text states that if a company uses climate scenario analysis, it must disclose this. However, the above-mentioned disclosures do not amount to a full climate scenario analysis as required under IFRS S2 and TCFD. Under these standards, a robust climate scenario analysis includes:

- Multiple scenarios, including a Paris-aligned scenario and a high-emissions scenario based on standardized pathways;
- Multiple time horizons and coverage of the full value chain;
- Both transition and physical risks;
- An assessment of the resilience of the business model.

For investors, climate scenario analysis provides insight into how a company's strategy and business model may be affected by climate-related risks and opportunities. In order to ensure investors receive this information and to align and increase interoperability with IFRS, we consider it important that this analysis remains a mandatory element, specifically for undertakings that identify climate change as a material topic. Additionally, the analysis should be linked directly to ESRS E1-3 (Resilience), since investors cannot assess "resilience" (a mandatory disclosure) without standardized scenario parameters (e.g., Paris-aligned vs. high-emission).

#### *Commercially sensitive information*

The Commission's amendments introduce a broader scope for companies to omit commercially sensitive information. To ensure interoperability with the ISSB standards, we recommend limiting these options (see also the next paragraph on the omission of information).

#### *Amendments to support interoperability*

In addition, from the IFRS Foundation we understand that two new amendments can enable interoperability:

- i. clarifying that information disclosed to meet investor information needs is not obscured and is clearly identifiable from the information disclosed for other stakeholders and vice versa; and

- ii. providing companies with the option to use a different presentation format to make it easier to meet the requirements in ESRS and ISSB Standards.

### **Quantitative information on anticipated financial effects is crucial for investors**

We welcome the European Commission's decision to retain the requirement for quantitative information regarding anticipated financial effects.

#### *Extensive transitional provisions: balancing investor needs*

While we acknowledge the introduction of several reliefs available to preparers, the transitional provisions are quite extensive as they delay quantitative disclosures until 2030. While this seems aligned with the simplification objective of the Omnibus, it could be questioned whether the needs of financial institutions have been sufficiently balanced.

#### *Aligning with EFRAG advice on the use of estimates*

Specifically, compared to EFRAG's advice the proposal includes greater flexibility to base information on estimates. For investors, this could reduce the reliability and comparability of sustainability data over time, as revised estimates can blur the line between changes and errors. We propose to align the final ESRS with EFRAG's advice on this point.

#### *A high bar for allowing the omission of information is required*

Investor information needs require a very high bar for companies to be allowed to omit materially relevant information. The principle-based approach of amongst others the requirement on fair presentation (ESRS 1 paragraph 100) introduces such a bar. This is most critical with regard to the omission of information on the grounds of serious prejudice to the commercial position. For example, there may be cases where physical or transition risks are so elevated that disclosing them could adversely affect an undertaking's commercial position; however, these are precisely the situations where transparency on anticipated financial effects would be most critical. We emphasize that we expect paragraph 100 in ESRS 1 to mitigate this concern, but further clarification may be warranted to clarify cases in which the exemption could apply without being detrimental to the investor information position. For example, the Commission could specify that systemic sustainability risks (such as long-term climate transition risks) do not fall within the concepts of "impending developments" or "matters in negotiation" under AR 45, thereby avoiding misuse of this exemption to obscure core business model vulnerabilities.

#### *Transparency on capacity building to report on anticipated financial effects*

Lastly, we want to stress that especially ESRS 2 paragraph 29 (allowing companies lacking knowledge, skills or resources to not report on anticipated financial effects) provides extensive leeway for companies to omit current and anticipated financial effects. On top of this, companies also do not have to provide information on how they will address the lack of knowledge, skills or resources to comply in future reporting. We propose to add some language to said paragraph that mirrors the existing requirement for partial scope metrics in ESRS 1, paragraph 92. Proposed wording: "In this circumstance, the undertaking shall

disclose the actions it has taken to increase its capabilities and the quality of reported information in future periods." This ensures consistency in how "data quality" and "staff skills" reliefs are treated.

### **Avoid ambiguity around responsibilities: alignment of social standards**

We are encouraged that the Commission has retained most of EFRAG's recommendations, preserving strong alignment with the UN Guiding Principles on Business and Human Rights (UNGPs) and the CSDDD. However, across the social standards, the Commission replaces the established UNGP concept of "directly linked" with "other connection." This term has no basis in the UNGPs, CSDDD, or other normative standards, and could create significant ambiguity around the scope of companies' responsibilities. Therefore, we ask to reinstate the known levels of involvement, instead of the new 'other connection' category.

### **We support the S1-9 disclosure requirement on adequate wages**

We have been informed that the Commission is considering a last-minute amendment that would significantly change the disclosure by creating requirements for companies to assess wage-setting processes. In earlier consultation rounds, companies have expressed concern about such requirements. Moreover, this approach would diverge from the GRI standards, reducing comparability of information. We therefore explicitly support the proposed S1-9 disclosure requirement.

Decision-useful information on adequate wages is of key importance to investors. The S1-9 Disclosure Requirement in the proposed standards creates a requirement that is feasible for companies to implement, and which will yield transparent, comparable and thus decision-useful information for investors. The proposal in S1-9 on adequate wages restores the flaws in the current ESRS Delegated Act as well as the EFRAG Exposure Draft from July 2025, which confused minimum wages with adequate wages. Minimum wages, even when set through a process that meets certain criteria, should never be considered 'adequate' without a confirmation that the actual wage level is sufficient to sustain a decent standard of living. Information on wage-setting can be disclosed as part of the narrative disclosures in the S1 and S2 standards, as these call out information about the actions taken to achieve certain targets. But they should not find their way into the methodology for calculation of the metric that confirms where companies stand.

Therefore, we strongly urge the Commission to adopt the S1-9 Disclosure Requirement as proposed in the draft ESRS on May 6. Specifically because:

- It achieves substantial simplification compared to Set 1 and the 2025 EFRAG Exposure Draft;
- It ensures alignment with CSDDD; and
- It ensures comparability of reporting across companies, both between companies that use the different benchmarks allowed in ESRS (S1 – AR 20(b) sub i. and ii.) as well as between companies that use ESRS and GRI.

We remind the European Commission that EFRAG has gone through a long and thorough process to find the appropriate methodology for the adequate wage metric. The result achieves the objective of simplification, and will yield decision-useful information for investors.

### **Improve consistency around reporting on emissions of pollutants**

It makes sense that undertakings identify their material emissions of pollutants through a managerial assessment as proposed, especially if all reporting undertakings base their assessment on one and the same Regulation. The Commission proposal prescribes: *“When determining whether the emission of a specific pollutant is material, the undertaking can consider the thresholds for releases in Annex II of Regulation (EU) 2024/1244.”* For the sake of consistency, we would prefer all undertakings use the prescribed Annex, if relevant. Therefore we suggest to change the “can consider” into: *“shall consider, when relevant”*

---

#### **DUFAS: Dutch Fund and Asset Management Association**

Since 2003, DUFAS has been committed to a healthy asset management sector in the Netherlands. DUFAS has more than 50 members: from large asset managers who invest Dutch pension and insurance assets to smaller, specialist asset managers. DUFAS stands for the social importance of investing, developing industry standards and representing asset managers in new government plans. Equal regulations within one European market and strengthening the (European) capital market are leading in this regard.

#### **More information**

Would you like to respond, or should you have any questions? We would be pleased to hear from you. Please feel welcome to e-mail Ron Gruijters, DUFAS Manager Sustainable Finance, at [rg@dufas.nl](mailto:rg@dufas.nl).