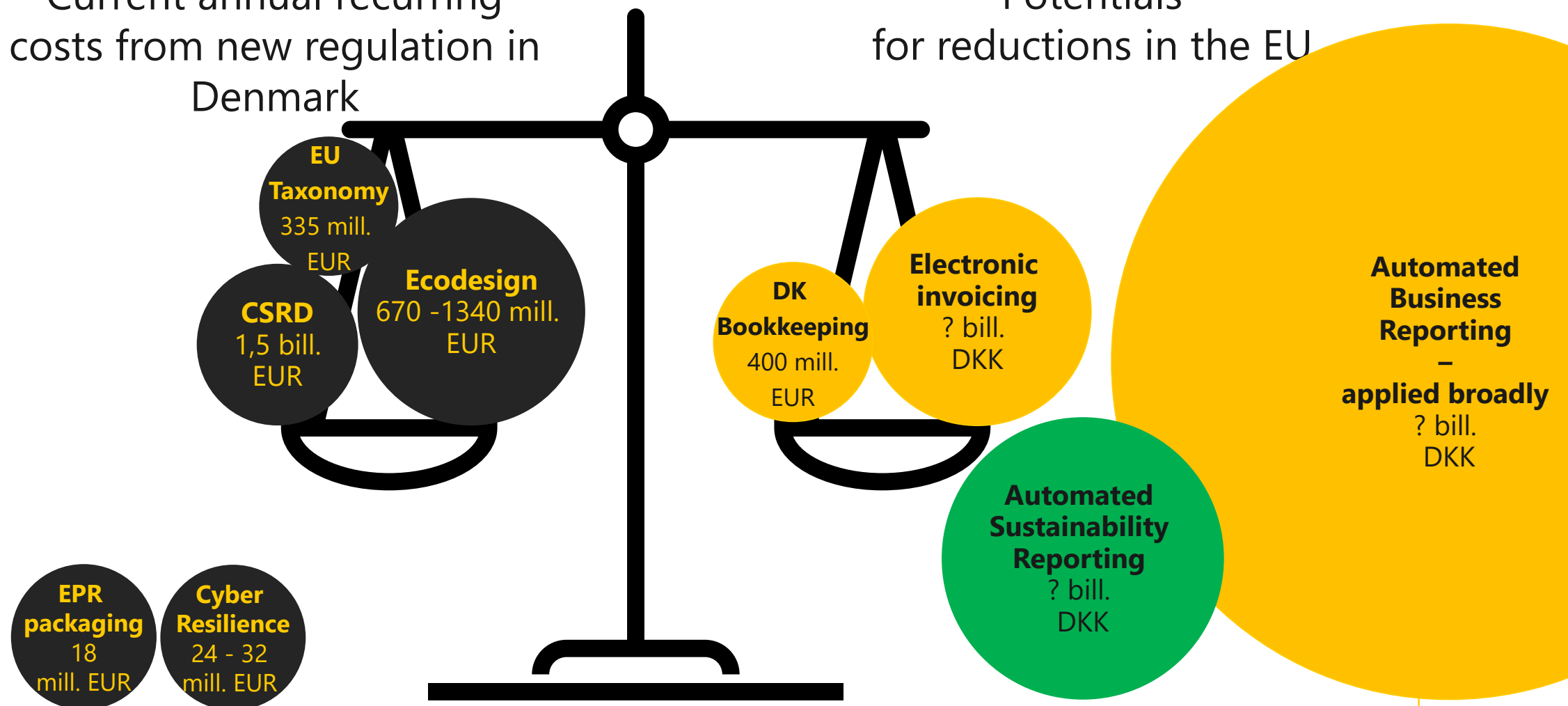


Contributing to 25 % burden relief through automated reporting

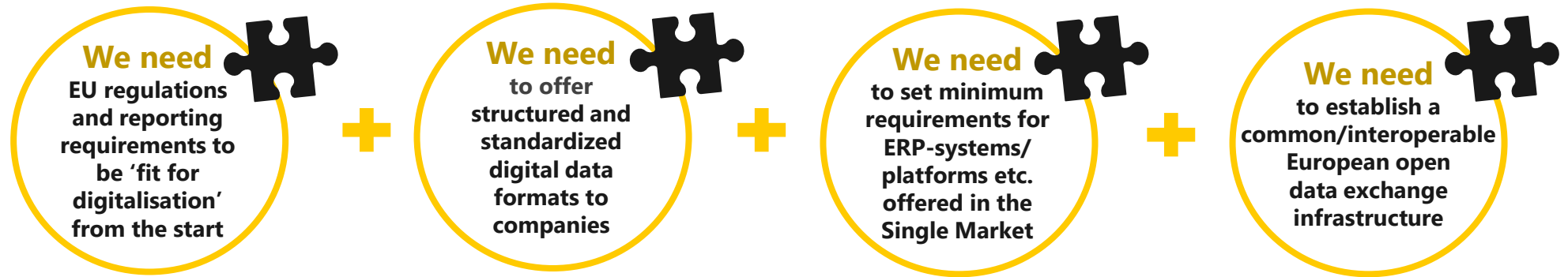
Current annual recurring costs from new regulation in Denmark

Potentials for reductions in the EU

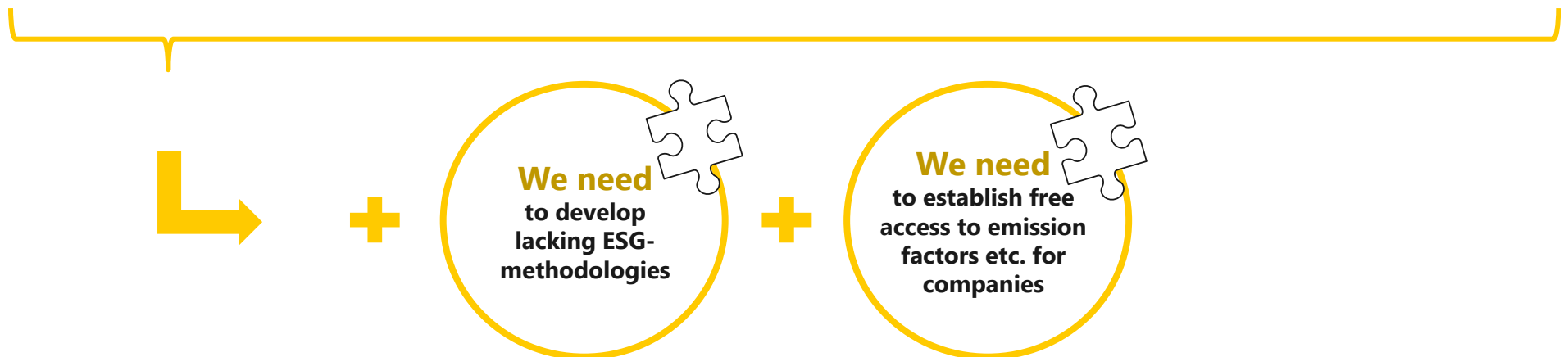


Roadmap for enabling Automated Business and Sustainability Reporting for a competitive Europe

To succeed with **streamlining and automating business reporting** in general ...



... while for **automating sustainability reporting** in particular...



To succeed with streamlining and automating business reporting in general...

We need EU regulations and reporting requirements to be 'fit for digitalisation' from the start



Problem:

Companies struggle to meet regulatory reporting requirements digitally, despite having the necessary systems, due to difficult-to-interpret legislation.

Proposed solution:

The EU must ensure that legislation clarifies what data companies need to report digitally and make it easier to implement digitally.

The EU should:

- Before introducing new reporting requirements under EU legislation, it should be assessed whether reporting requirements can be supported digitally through automated processes. This assessment can be conducted by the Regulatory Scrutiny Board.
- In addition, existing legislation should be reviewed to identify reporting requirements that can be simplified through digitalisation and automation.

We need to offer structured and standardized digital data formats to companies



Problem:

Companies often handle reporting data and input data from their value chains and to authorities in formats like PDFs, which are not machine-readable causing obstacle for automatization.

Proposed solution:

We need to offer structured and standardized data formats so data can be handled smooth and automatic by companies in value chains.

The EU should:

- When introducing regulation and digital reporting requirements, the EU should define common standards for reporting formats and, where possible, input data for reporting. It is crucial that existing formats, such as XBRL and CEF building blocks, are reused.

We need to set minimum requirements for ERP-systems/ platforms etc. offered in the Single Market



Problem:

Many companies in the EU rely on a multitude of systems for their operations, each with its own distinct characteristics and varying levels of quality and lack the necessary functions for automation.

Proposed solution:

We need to set minimum requirements for service providers to promote automation and create a level playing field.

The EU should

- Allocate funds to promote digital business systems for European companies and reporting solutions for authorities, contingent on meeting minimum requirements for interoperability and automation (e.g. from the Digital Europe Programme)
- Examine emerging business system providers' digital solutions to propose legal minimum requirements for methodologies, functionalities, data standards, protocols, ownership, integration, and portability. Draw inspiration from existing regulations like the Ecodesign Regulation.

We need to establish a Common interoperable European open data exchange infrastructure



Problem:

The way data is exchanged for reporting and platforms varies, with some relying on costly APIs. This fragmented approach significantly increases companies' workload. Input data is often transmitted within closed proprietary networks.

Proposed solution:

EU can mandate standardized data exchange protocols to streamline data exchange.

The EU should:

- Establish initiatives for common standards for digital reporting, including protocols for data transportation and mandating the use of CEF building blocks for cross-border reporting and business data exchange. This initiative aims to facilitate seamless sharing of reporting and business data across borders, supported by funding opportunities through calls for proposals.

... while for automating sustainability reporting in particular



We need
to develop lacking
ESG-methodologies



We need
to establish free
access to emission
factors etc. for
companies



We need
to offer structured
and standardized
digital data
formats to
companies



We need
to set minimum
requirements for
ESG-systems/
platforms etc.
offered in the
Single Market



We need
to establish a
common/interoperable
European open
data exchange
infrastructure

Problem:

Methodologies and standards for assessing company performance in some areas of sustainability are still lacking (e.g., biodiversity).

Proposed solution:

We need to **engage in developing the lacking methodologies** and standards e.g. on biodiversity with a view to ensure that they are **“fit for digitalization”**.

Problem:

Estimations, average factors etc. are not robust enough, are too limited and are behind pay walls.

Proposed solution:

We need free and **easy access to common emission factors** and other similar secondary/public data needed by companies for reporting.

Problem:

Quality of data needed by companies for reporting is low and fragmented - there is lack of common data formats for “input-data” for sustainability reporting.

Proposed solution:

We need to **offer structured and standardized data formats**, so that data can be handled more harmonized and automatic by companies in value chains.

Problem:

Companies need to move on from excel sheets – and push to do so – but many emerging digital ESG-solutions are currently opaque and immature.

Proposed solution:

We need to consider **setting minimum requirements for ESG-systems, external data providers, platforms etc.** offered to companies in the Single Market.

Problem:

Emerging solutions and platforms often promote data sharing in closed proprietary networks.

Proposed solution:

We need a **common/interoperable European open data exchange infrastructure** (standards, protocols, APIs, etc.) to **avoid vendor lock-in** for companies’ data sharing.

The EU should:

- Engage with companies to identify where standards are lacking in order to assess and report on the ESG-topics covered by the ESRS-standards (CSRD).
- Facilitate and support the development of lacking (global) standards for methodologies needed by companies in preparing their sustainability report, e.g. on biodiversity.

The EU should:

- Supporting the development of a first EU-set of emission factors which can then be developed upon and continuously updated going forward, possibly through a call for proposals under a suitable funding scheme, for
- If necessary, propose a legal framework for an emission factor database with emission factors needed for companies’ assessment of their carbon footprint in scope 1, 2 and 3, e.g. with inspiration from the proposal on CountEmissionEU, COM 2023(441).

The EU should:

- Take initiative to develop standardised data formats for sustainability-relevant data – data formats which can be used for B2B data sharing and collection towards sustainability reporting.
- A starting point could be e.g. to add new standardised data fields for fundamental product attributes to eInvoices and eCatalogues on standardised products codes (e.g. UNSPSC, TARIC), physical units, CO2, Digital Product Passport URL, etc.) to increase quality and availability of data needed by companies for reporting.

The EU should:

- Examine the emerging landscape of ESG-solutions, platforms and systems, with a view to propose legal minimum requirements for the use and transparency of methodologies, functionalities, data standards and protocols used, data ownership, integration-interfaces and portability, etc. Inspiration could be drawn e.g. from the adopted Ecodesign Regulation requirement on DPP service providers and the proposal on CountEmissionEU, COM 2023(441) requirements for CO2-calculation tools.

The EU should:

- Take initiative to establish a common/interoperable European open data exchange infrastructure by mandating the utilizing of existing building blocks e.g. the Connecting Europe Facility’s e-Delivery principles for data sharing/reporting, as this is key to keeping infrastructure truly open and without vendor lock-in.
- Supporting the establishment of the infrastructure, possibly through a call for proposals under a suitable funding scheme.