

CONSULTATION RESPONSE

DATE: 02/06/2026

SUBJECT: ESRS

As long-term and responsible investors, Dutch pension funds depend on high-quality, consistent and comparable sustainability information to integrate sustainability factors into investment and risk management, as well as to fulfil our own reporting obligations. We therefore support efforts to reduce unnecessary administrative burdens by streamlining the EU Sustainable Finance Framework, while preserving the high-quality sustainability information needed for informed investment decisions.

In this context, Dutch pension funds welcome the European Commission's draft revised ESRS delegated act. In particular, we appreciate that the Commission has broadly remained aligned with EFRAG's technical advice on simplified standards. Nevertheless, we believe that several targeted improvements and clarifications remain necessary to maintain the usefulness of the standards for investors:

Ensure disciplined use of proportionality and relief mechanisms on disclosures of anticipated financial effects

We note that the draft Delegated Act goes beyond EFRAG's recommendations with regard to disclosures on anticipated financial effects of sustainability risks and opportunities. In particular, the additional options: (i) to omit information considered seriously prejudicial to commercial interests, to (ii) to defer quantitative disclosures until financial year 2030, and (iii) to allow more flexibly in the use of estimates, further reduce the availability of decision-useful information for investors.

There may be cases where physical or transition risks are so elevated that disclosure could adversely affect an undertaking's commercial position; however, these are precisely the situations where transparency on anticipated financial effects would be most critical. Also, based on input from the IFRS Foundation, we understand that the Commission's amendments allowing the omission of commercially sensitive information may undermine interoperability with the ISSB standards. We therefore recommend limiting the use of this option.

In addition, the transitional provisions are extensive, deferring key quantitative disclosures until 2030 and allowing the use of estimates or ranges. While aligned with the Omnibus simplification objectives, this raises questions about consistency with the CSRD's objectives. In particular, Articles 19a and 29a require disclosure of information necessary to understand both sustainability impacts and the effects of sustainability matters on an undertaking's development, performance and position. Article 29b further requires sustainability reporting standards to ensure high-quality information—understandable, relevant, verifiable, comparable and faithfully represented—and, to the

greatest extent possible, to reflect the information needs of financial market participants under the SFDR. In light of these considerations, it is questionable whether the extended deferral of quantitative disclosures strikes an appropriate balance between burden reduction and users' information needs, given financial institutions' reliance on timely data for risk assessment, portfolio management and regulatory compliance. We therefore encourage the Commission to reassess the proportionality of these transitional provisions and to consider prioritising key quantitative disclosures or introducing additional safeguards to ensure that users' information needs are met. Finally, 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 could propose aligning the final ESRS with EFRAG's advice on this point.

Further clarify the scope of value chain reporting for financial institutions

We welcome the clarification provided by the Commission regarding the application of ESRS reporting requirements to investments managed on behalf of third parties. In particular, the introduction of Article 17 and 37 provide important confirmation that, for financial institutions, sustainability reporting only covers investments made for the institution's own account, while excluding investments managed on behalf of third parties, such as pension funds. This clarification helps reduce legal uncertainty and supports a more proportionate and workable application of the ESRS for asset managers acting as agents on behalf of clients. Some pension asset managers in the Netherlands are owned by pension funds. We support appropriate disclosures by financial institutions through the Sustainable Finance Disclosure Regulation as well as the inclusion of IORPs in its scope.

However, we believe the wording of the newly introduced articles could be further improved by removing the reference to "fiduciary duty". This concept is not defined under the ESRS and could create interpretative uncertainty, particularly for third-party asset management activities that may not formally qualify as fiduciary management relationships in all jurisdictions or business models. A broader formulation referring to *investments managed on behalf of clients* would provide greater legal clarity and better reflect the intended scope exclusion.

Ensure comparability and decision-usefulness of biodiversity disclosures

We welcome the efforts to simplify biodiversity-related reporting requirements and support the revised approach allowing companies to aggregate disclosures where appropriate. Sustainability disclosures should, however, remain sufficiently granular to enable investors to assess biodiversity-related risks and impacts effectively.

In this regard, we are concerned that the additional flexibility introduced in the draft Delegated Act may allow for excessive aggregation of biodiversity information, reducing the usefulness of location-specific disclosures, particularly in biodiversity-sensitive areas. We therefore encourage the Commission to retain EFRAG's original approach to aggregation in order to preserve decision-useful and comparable biodiversity disclosures.

In addition, while material impacts throughout the value chain remain within the scope of the CSRD, the draft delegated act does not explicitly address biodiversity impacts in the value chain. Given the importance of value-chain dependencies and impacts for many sectors, we encourage the Commission to ensure that material biodiversity impacts beyond a company's own operations are adequately reflected in the final standard.

Improve consistency in reporting on pollutant emissions

It is appropriate that undertakings identify material pollutant emissions through a managerial assessment, particularly where all reporting entities rely on the same Regulation. The Commission proposal provides that: "When determining whether the emission of a specific pollutant is material, the undertaking can consider the thresholds for releases set out in Annex II of Regulation (EU) 2024/1244." To enhance consistency, we recommend all undertakings to use this Annex wherever relevant. We therefore suggest replacing "can consider" with "shall consider, where relevant."

Coherence with 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.

Retaining S1-9 disclosure requirement on adequate wages

Compared to earlier drafts, the metric included in the Commission proposal better captures whether wages are sufficient to sustain a decent standard of living. 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 current S1-9 disclosure requirement.

Interoperability with international standards

We welcome the progress made in aligning the ESRS with the IFRS Sustainability Standards and note the strong willingness of both the Commission and the ISSB to enhance interoperability. We encourage continued efforts to further improve interoperability going forward.

Specifically, we emphasise the importance of climate scenario analysis for investors. The ESRS requires companies to conduct a double materiality assessment and to classify

each material climate-related risk as either a physical or a transition risk (ESRS 2 IRO-2, paragraph 37). In addition, companies are required to disclose the methodology used to assess the exposure of their assets and business activities to climate-related hazards, transition events and trends. The ESRS further provides that, where climate scenario analysis is applied, this must be disclosed.

However, the required disclosures do not constitute a full climate scenario analysis as required under IFRS S2 and the TCFD framework. Under these frameworks, a robust climate scenario analysis typically includes: (i) multiple scenarios, including a Paris-aligned scenario and a high-emissions scenario based on standardised pathways, (ii) multiple time horizons and coverage of the full value chain, (iii) both transitional and physical risks and (iv) an assessment of the resilience of the business model.

For investors, climate scenario analysis is key to understanding how climate-related risks and opportunities may affect a company's strategy and business model. To ensure that investors receive this information and to support alignment and interoperability with IFRS, it is important that such analysis remains a mandatory requirement rather than a voluntary exercise.

In addition, as noted earlier, based on input from the IFRS Foundation, the Commission's amendments appear to broaden the scope for omitting commercially sensitive information. To maintain interoperability with the ISSB standards, we recommend limiting these options.

Finally, based on input from the IFRS Foundation, two new amendments may also support 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) allowing companies to use different presentation formats to make it easier to meet the requirements in ESRS and ISSB Standards.