



Automating data flows for reducing administrative burdens for businesses - *Automated Sustainability Reporting*

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DANISH BUSINESS AUTHORITY

Who we are: The Danish Business Authority

Part of the Danish Ministry of Business, Industry & Financial Affairs



Growth and business development



Effective business regulation, enforcement and control



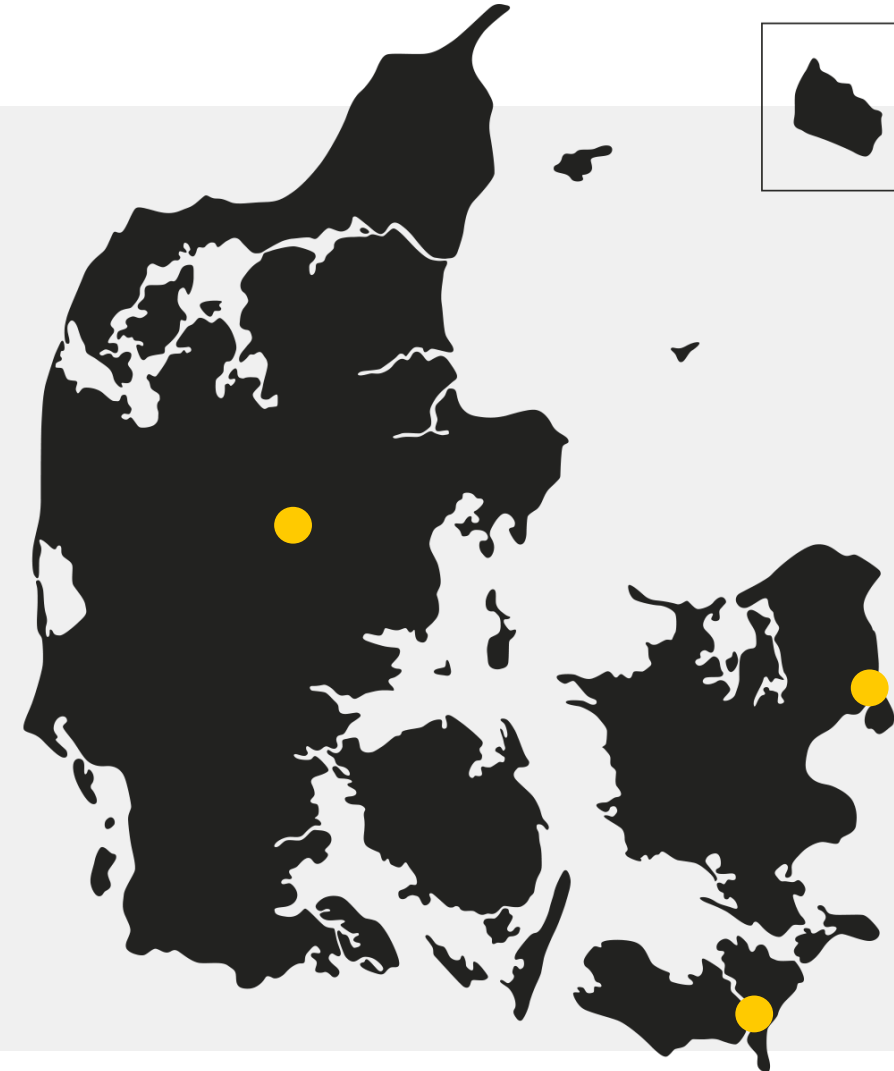
Danish business community facing the new geopolitical reality



Efficient and professional business service for companies



Covid-19 Compensation Schemes

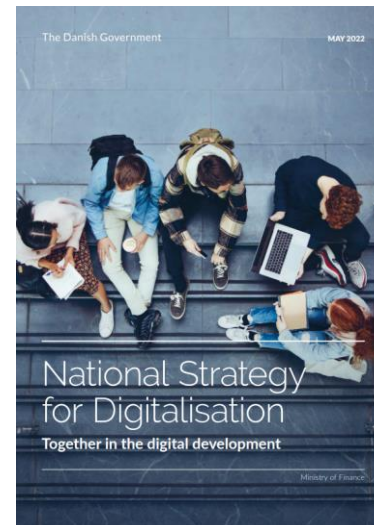
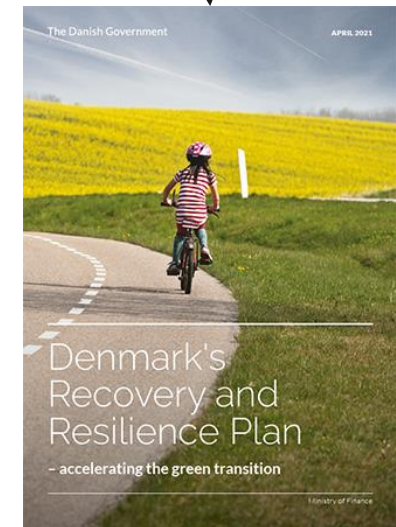
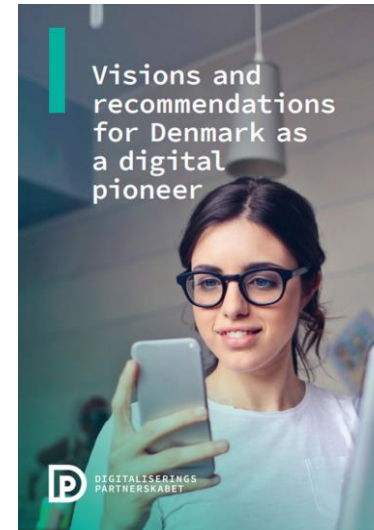




Danish experiences from automated business and sustainability reporting

Paths toward automated business and sustainability reporting

- Denmarks Digitalisation Partnership 2021
 - *It must be easy to run a business in Denmark. Accordingly, Danish businesses must encounter a new and significantly easier digital reality by automatically reporting business data to all relevant authorities and between companies*
 - *Danish SMEs spend more than DKK 30 billion on person-hours for invoicing, bookkeeping and reporting to the authorities.*
 - *In the long run, all types of business data must be reported to the authorities and exchanged easily and securely between businesses in real-time by 'the click of a button'*
 - *This applies to both financial data and CO2 footprint of products*

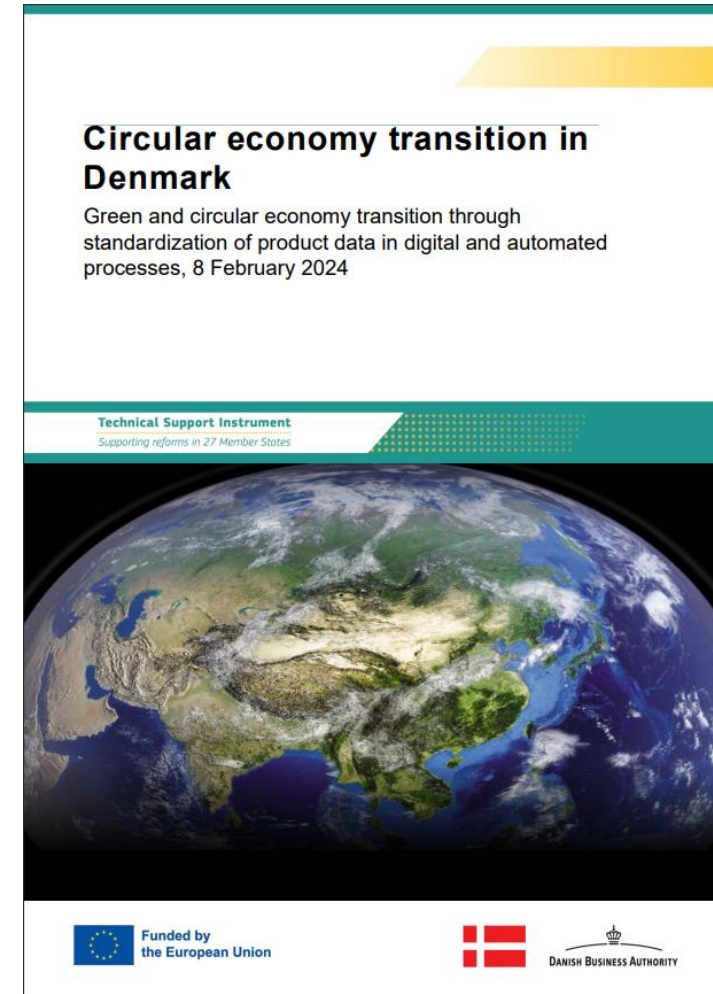


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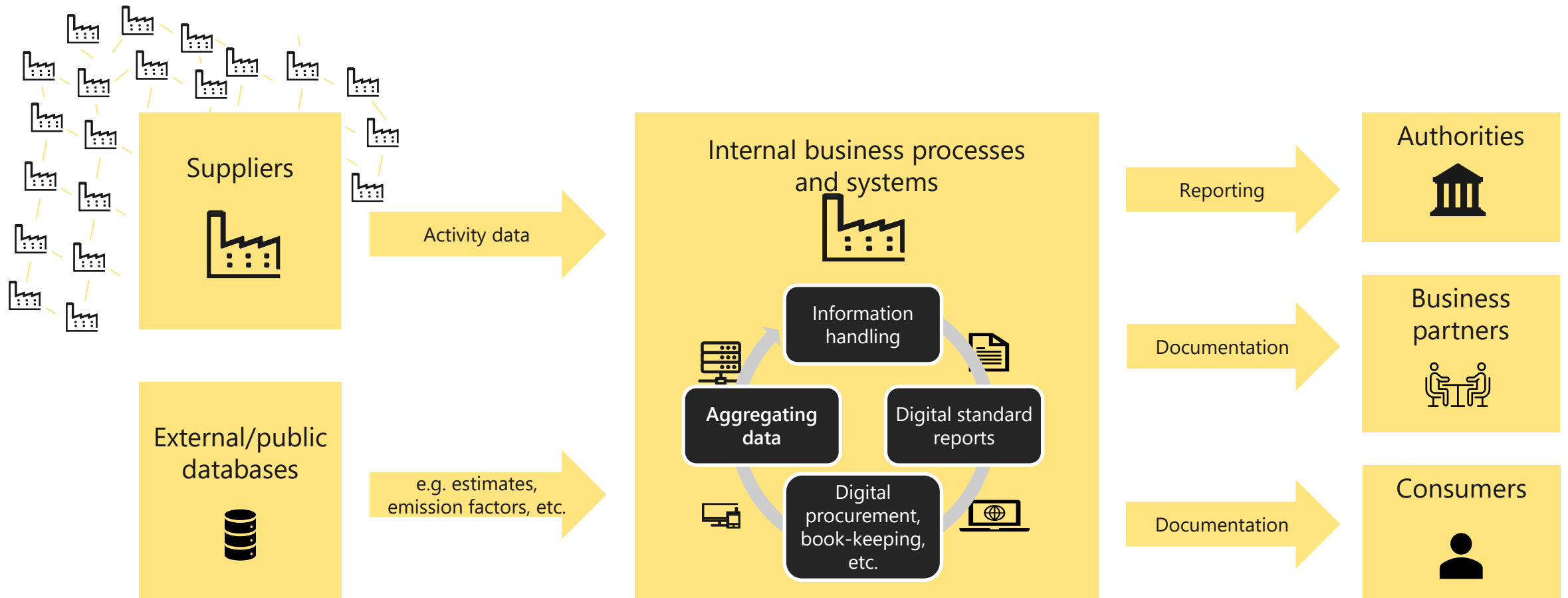
Technical Support Instrument shaping our initiative (2021-2024)

- Purpose
 - Investigate companies current handling and sharing of product data needed for green and circular transition
 - Propose actions for more efficient data handling and sharing
- Results
 - Data sharing is fragmented and manual
 - Need for common technical solutions
 - Business cases for e.g., market surveillance, DPP and CSRD reporting

https://reform-support.ec.europa.eu/what-we-do/digital-transition/circular-economy-transition-through-standardization-product-data-automated-processes-denmark_en






Typical information flow towards business reporting



- but way too much manual and documents-based work

Corporate Sustainability Reporting Directive & ESRS: Manual collection and handling of information and documents are the main causes for burdens

		mDKK.	Transition costs (one off)	Annual recurring costs		
				Data- collection*	Data- processing	Reporting, assurance, etc.
Administrative costs, total			6,0 bn DKK	2,3 bn DKK	1,8 bn DKK	1,0 bn DKK
ESRS 2 – General requirements			525 m DKK	303 m DKK	241 m DKK	
E	E1 – Climate change		686	565	203	
	E2 – Pollution		178	155	130	
	E3 – Water and ocean resources		165	83	95	
	E4 – Biodiversity and ecosystems		253	126	118	
	E5 – Resource use and circular economy		309	183	211	
S	S1 – Own work force		327	186	188	
	S2 – Workers in value chains		315	226	184	
	S3 – Affected communities		97	152	98	
	S4 – Consumers and end users		170	145	101	
G	G1 – Business conduct		335	192	218	

	= above 400 mil.
	= above 200 mil.
	= under 200 mil.

* Included in the assessment is the direct costs for the 2.200 Danish companies in scope of the directive. Indirect costs for companies in their value chains, who might be asked for data by the companies in scope are not included.

Digital maturity on ESG data



74%

of companies with less than 50 employees **do not collect ESG data**



64%

of companies with more than 50 employees **send or receive ESG data via e-mail**



75%

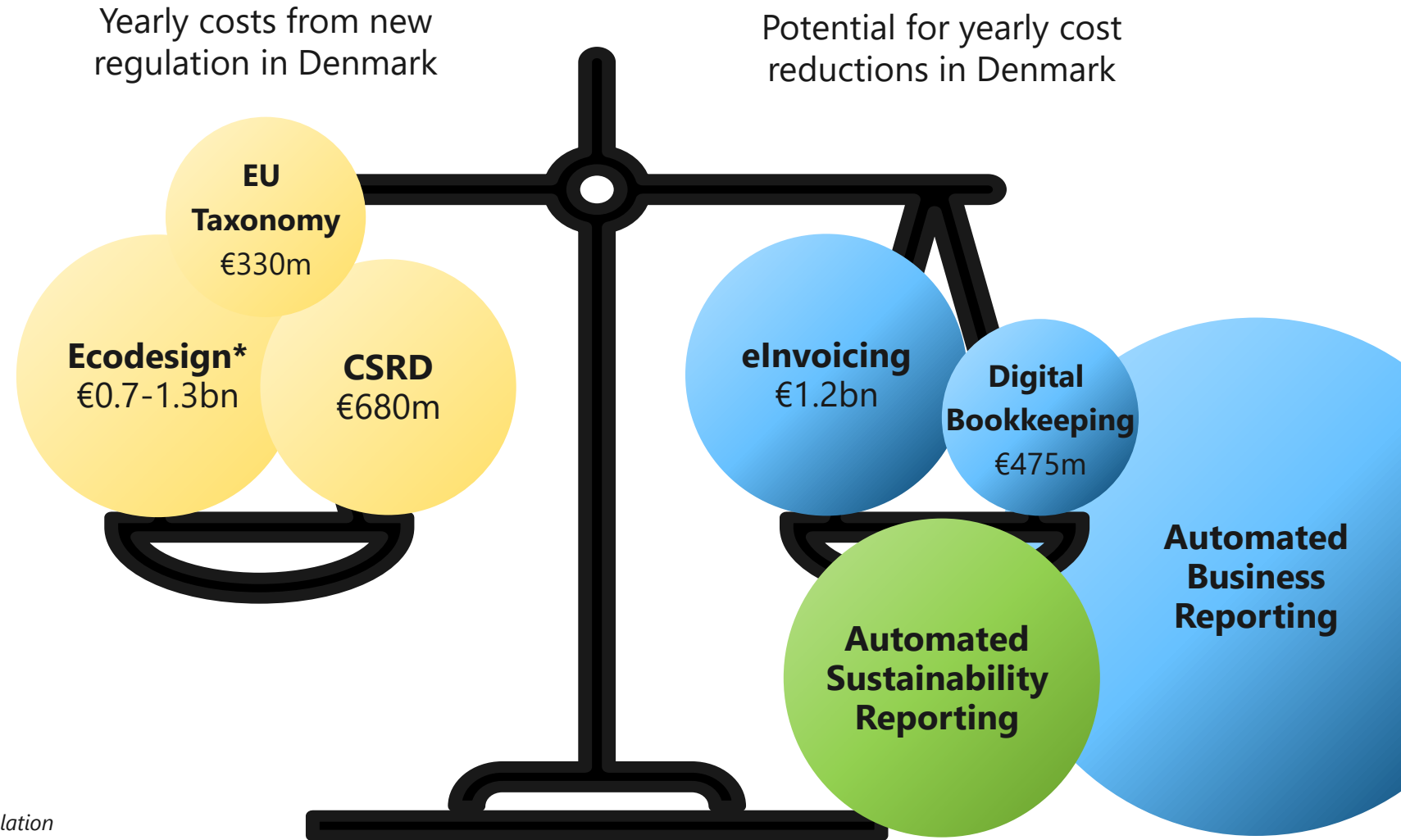
of companies with more than 50 employees **process ESG-data in Excel**

Source: Green and circular economy transition through standardization of product data in digital and automated processes (Deloitte 2023)

Reducing burdens – simplification, digitalisation and automation

1. step: Simplification

2. step: Digitalisation and automation



* Estimations for the Ecodesign for Sustainable Products Regulation is total cost and not to only administrative costs.



**A paradigm shift on burden reductions:
Standardisation, digitalisation, and automation**

What we mean with automated sustainability reporting



Simplified, harmonised and digital ready reporting requirements



Standardised **methods** & – standards for sustainability



Access to **standardised data** & Use of **common standardized data formats** or data sharing and reporting



Common Digital Infrastructure for efficient sharing of data



Digital automated ESG systems and guidance on digitalisation



Solutions that works in the **EU** and **globally**

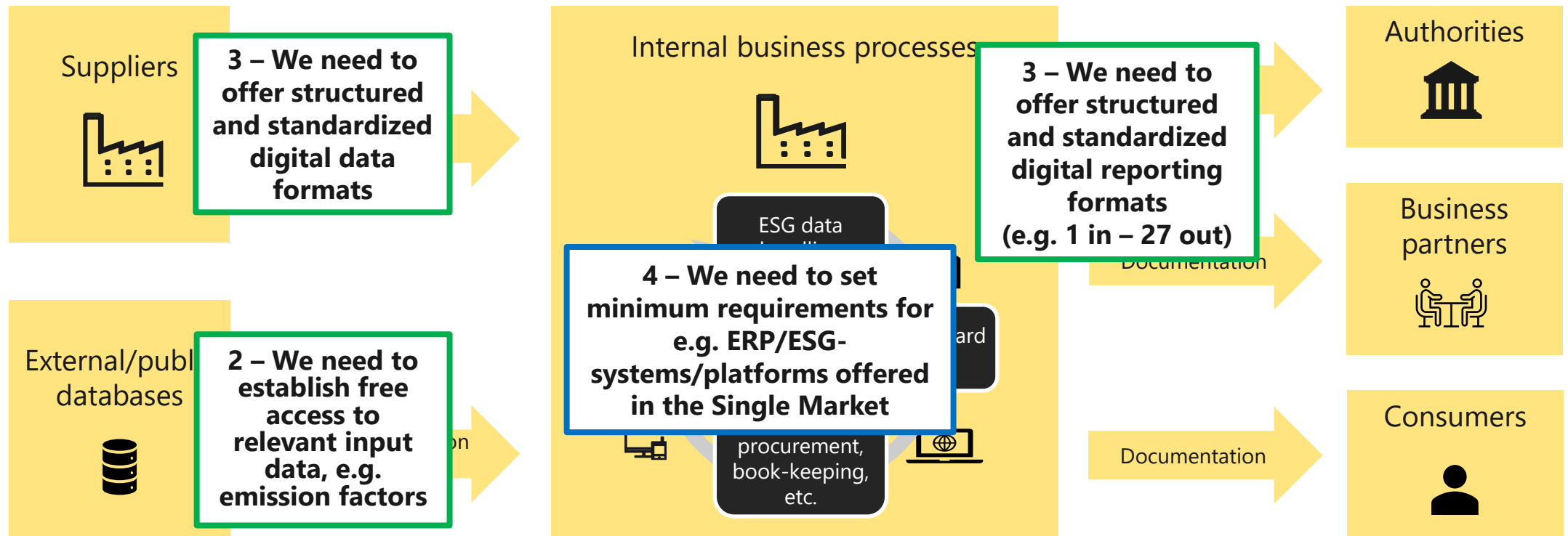


Vision for automated sustainability reporting

- standardized & automated data flows - companies' own systems as pivot point

0 – We need to ensure 'digital-ready' reporting requirements, e.g. 'DPP-by-default'

1 – We need to develop the lacking ESG methodologies



5 – We need to establish a common/interoperable European open data exchange network

National demonstration on automated sustainability reporting

➤ Green initiatives will be launched for the benefit of businesses and particularly SMEs: ESG data initiative, a more automated climate compass and green product data, will make sustainability documentation and reporting easier for businesses.

Three areas of work:



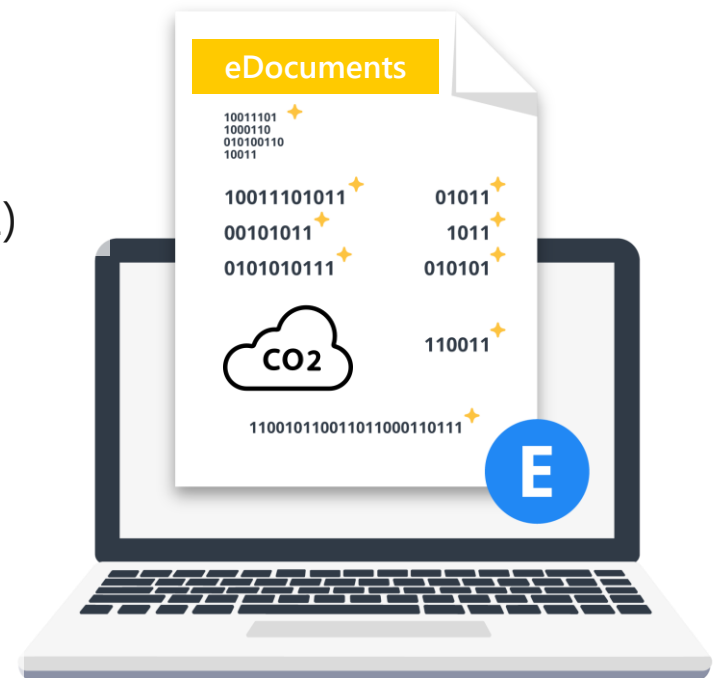
Standardised data formats (e.g. climate emissions & vSME)



Standard chart of accounts for climate emissions reporting



Data sharing infrastructure for ESG data



National Strategy
for Digitalisation

Together in the digital development



Solutions most work at EU and global level



National
-
**pilot/
demonstration**



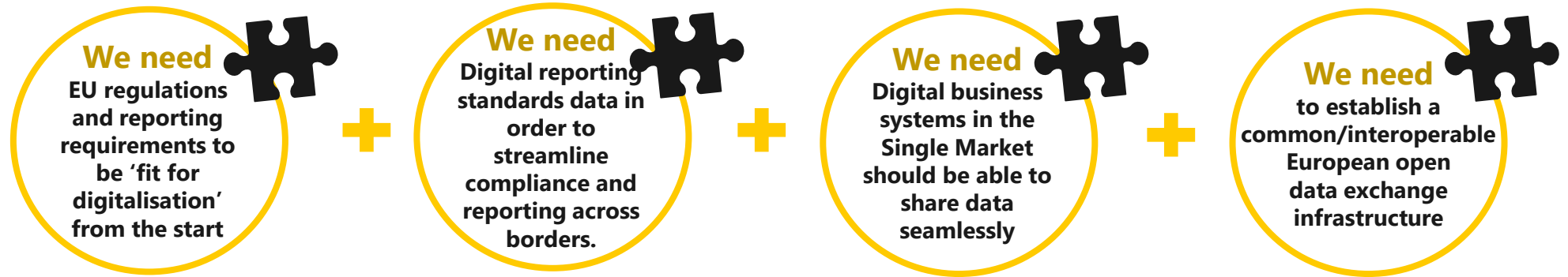
Nordic
-
**Cross border
application**



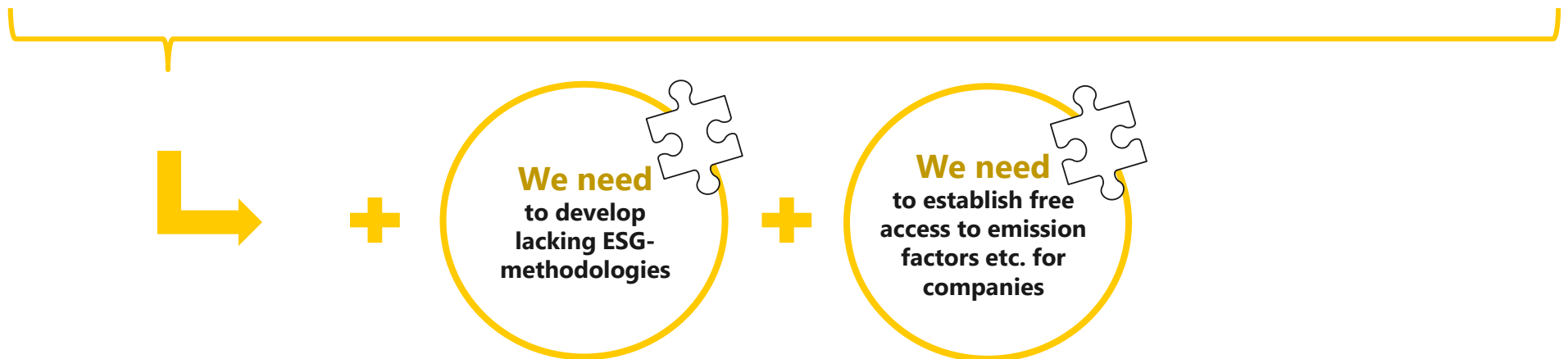
EU
-
**Common
solutions**

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

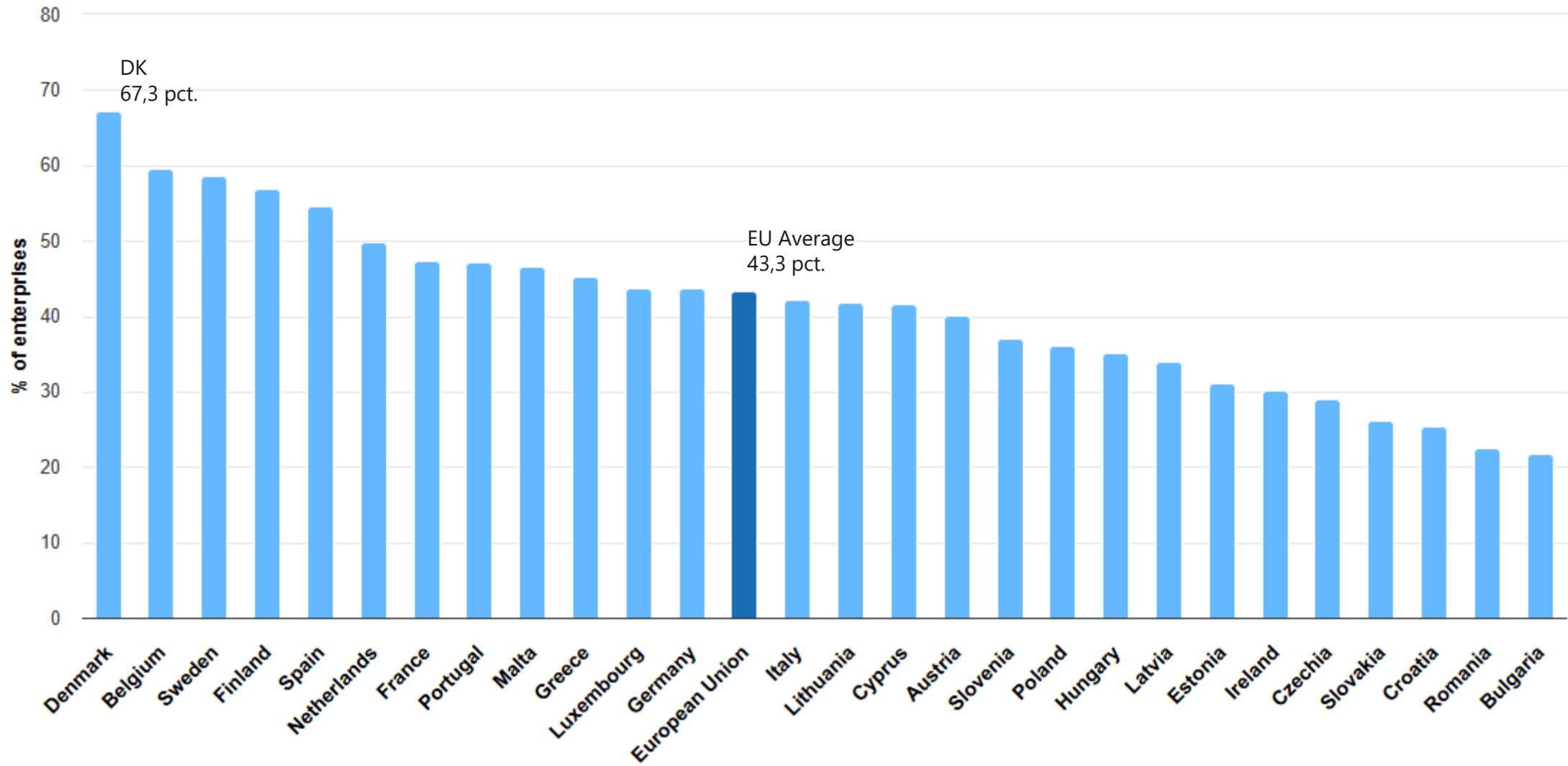
To succeed with **streamlining and automating business reporting** in general ...



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



Electronic information sharing, All enterprises (10 persons employed or more) DESI period: 2024 (data from 2023)



European Commission

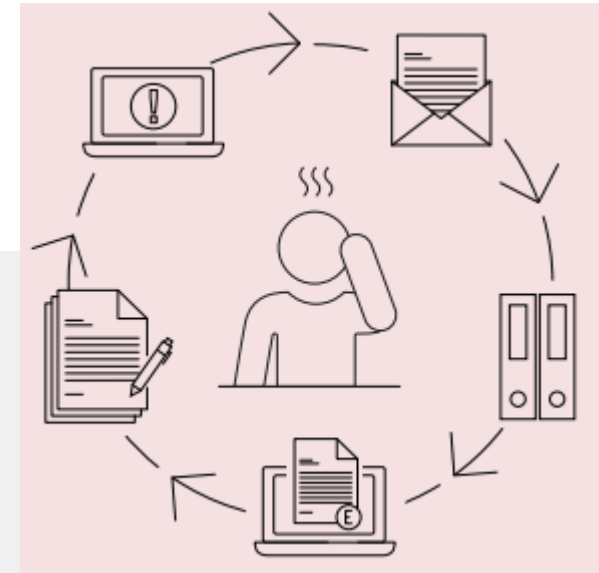
Setting minimum requirements for private marked systems?

■ Example:

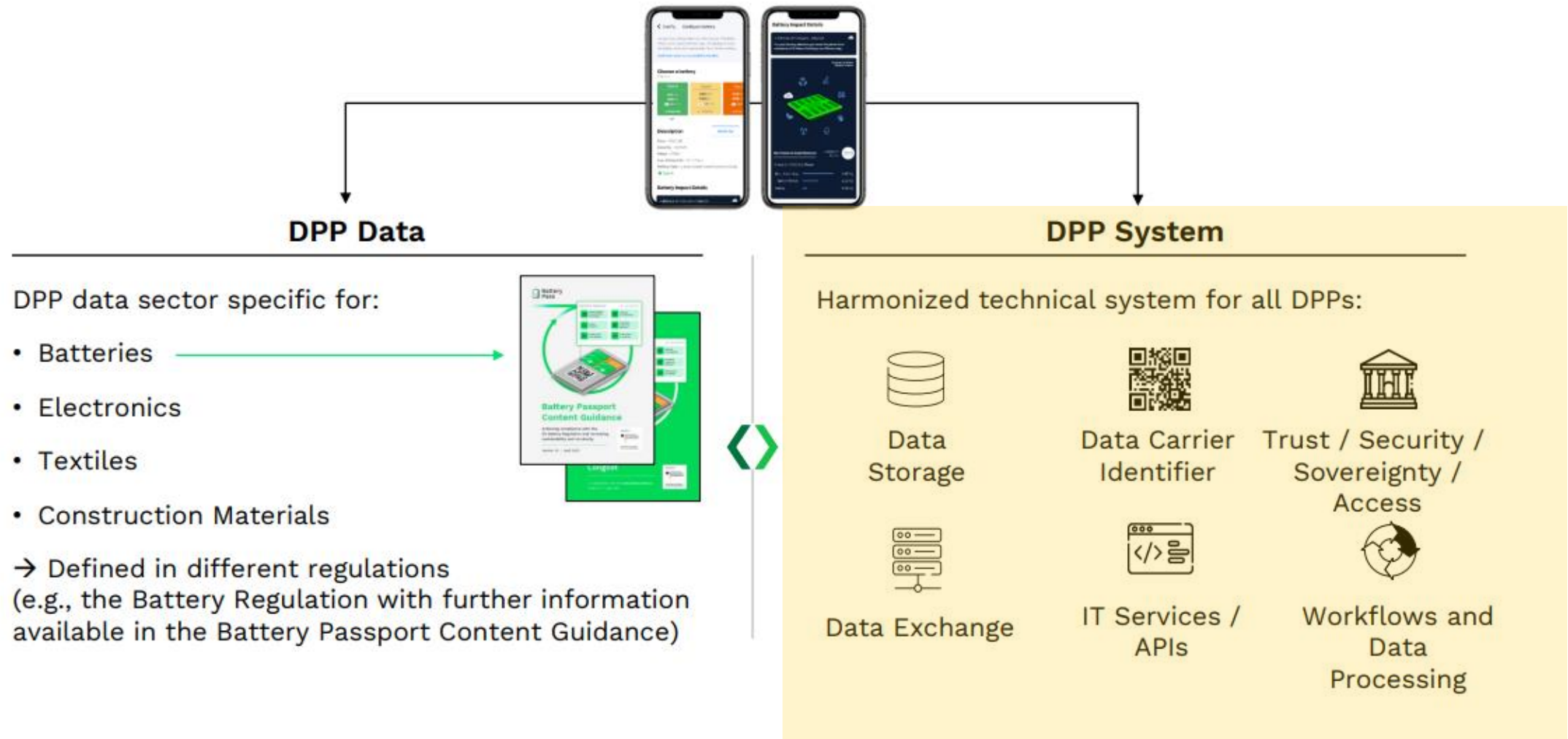
- The Danish Bookkeeping Act (2022) sets minimum standards for digital bookkeeping and their systems
- Saves EUR 475 million in annual cost for companies in DK.

■ Learnings:

- Business IT systems should be at the center of automatizing business reporting.
- A common EU data infrastructure for the collection, sharing, and use of business data is needed.
- Digital Product Passports in the ESPR is the right direction



A DPP consist on data and system



SMV:Digital

Key numbers 2018 – 2024

SMV:Digital



17.270

Applications for funding



9/10

New technology investments



9/10

Satisfaction



88 %

Increased productivity



88 %

Increased revenue



51 %

Increased personnel



45 %

Increased export



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How we view the way forward

1. Digital Ready Legislation

- *Digital Product Passport by default; New legislation is 'digital ready' from the get go, review existing legislation to ensure digital readiness*

2. Harmonise, structure and standardise data formats

- *Offer common digital formats for the vSME, harmonise data formats for business reporting, ensure harmonisation across member states, make a bold eInvoicing strategy*

3. Mandate minimum requirements for businesses IT systems

- *Promote and increase incentives for businesses to use digital business systems, mandate minimum requirements for digital business systems*

4. Establish an open business data exchange infrastructure across the EU

- *Explore governance models, e.g. a European Digital Infrastructure Consortium, mandate the use of CEF building blocks*

5. Ensure easy access to trustworthy and qualified data for businesses' sustainability reporting

- *Establish EU CO2e emission factor database, develop lacking ESG methodologies, give easy access to sustainability data*

For discussion

- Key challenges at national and EU level for automating and digitising business reporting requirements?
- How we can adress those challenges through reforms and investments?



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