



Implementation of the EU Directive on Sustainability Reporting (CSRD) in Danish legislation, etc.

Amendments now adopted

Deloitte, May 2, 2024

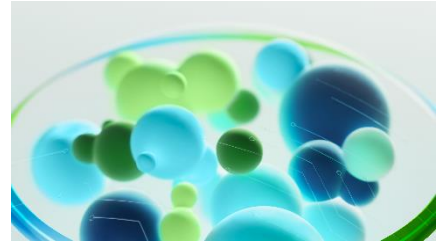


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Amendments now adopted



The Danish Parliament passed an amending act on May 2, 2024 regarding the implementation of the EU Corporate Sustainability Reporting Directive (CSRD) into Danish legislation, including the Danish Financial Statements Act, the Danish Public Accountants Act, and the Danish Companies Act.

In addition to the implementation of the CSRD, the amendments also include the implementation of the EU-adopted change in the reporting class thresholds in the Accounting Directive through a corresponding change in the thresholds for reporting classes B, C (medium), and C (large) in the Danish Financial Statements Act. All three have been increased by approximately 20-25%, resulting in the following reporting class thresholds:

| | Class B | Class C (medium) | Class C (large) |
|---------------------|----------|------------------|-----------------|
| Revenue | DKK 111m | DKK 391m | > DKK 391m |
| Balance sheet total | DKK 55m | DKK 195m | > DKK 195m |
| Avg. employees | 50 | 250 | > 250 |

This part of the amendments will mean, for example, that some current class C (large) enterprises will be reclassified as class C (medium) enterprises, which will not be subject to the new sustainability reporting requirements.

The increase in the reporting class thresholds in the Danish Financial Statements Act will take effect already for the 2023 financial statements, meaning that enterprises not yet having filed their 2023 annual reports will be able to use the new thresholds for this financial year.

In addition to the provisions implementing the CSRD requirements in the Danish Financial Statements Act and increasing the thresholds for reporting classes, the opportunity is taken to incorporate a number of minor, primarily technical changes to the Danish Financial Statements Act, which we have discussed in a separate publication “Årsregnskabsloven: Ændring af størrelsesgrænser mv.”, which can be found [here](#).


In addition to the amendment of the Danish Financial Statements Act, the amending act also includes amendments to:











- The Danish Public Accountants Act
- The Danish Companies Act
- Danish Consolidating Act on Certain Commercial Undertakings
- Danish Act on Commercial Foundations
- Danish Capital Markets Act
- Danish Financial Business Act
- Danish Act on Investment Associations etc.

- Danish Alternative Investment Fund Managers etc. Act
- Danish Act on Investment Firms and Investment Services and Activities
- Danish Act on Insurance Business of non-occupational pension funds, life and non-life insurance enterprises, etc.
- Danish Bankruptcy Act.

These legislative changes also include additional management responsibilities and reporting obligations related to sustainability reporting. However, these specific amendments and acenterprising executive orders are not dealt with any further in this memorandum.

The general effective date of the amending act is June 1, 2024, but enterprises will be subject to sustainability reporting in different years. Please refer to the “Entry into force of the amendments to the Danish Financial Statements Act” section for the specific implementation dates.

Below, we have provided an overview of which enterprises will be subject to sustainability reporting and when. This overview is for non-financial enterprises. We have included a blue icon  for enterprises that are required to include information according to the EU Taxonomy Regulation. Read more about the EU Taxonomy Regulation in section 5 EU taxonomy and access the full legislative changes [here](#).


| Fiscal year | PIE | Others within the scope of the Danish Financial Statements Act | | | | Size criteria  | | |
|-------------|---|---|---|---|--|---|------------|---------------|
| | Listed (Regulated)* | State-owned A/S | Commercial Foundations | Certain other companies** | Others | Employees | Revenue | Balance sheet |
| 2024 |  |  | | | | > 500 | | |
| 2025 |  |  |  |  |  | > 250 | > 391 DKKm | > 195 DKKm |
| 2026 |  |  | | | | > 10 | > 7 DKKm | > 3,5 DKKm |


Option to delay until 2028

* Also includes listed financial PIEs and non-EU/EEA undertakings which are listed on regulated markets within the EU/EEA

** Certain Danish-specific limited liability undertakings, including cooperatives, F.M.B.A etc.

 Danish additions/changes to the scope/implementation

 Also required to include article 8 taxonomy reporting

 Shall exceed two of the three criteria for two consecutive years, except for employees for 2024, which is based on the average for the year

1. The background and purpose of the amendments

The purpose of the CSRD - and thus also the amending act adopted - is to improve enterprises' sustainability reporting to better harness the potential for enterprises in the EU's internal market to contribute to achieving the goals of the European Green Deal and the UN's Sustainable Development Goals. Additionally, the purpose is to support the EU's work on sustainable finance by ensuring that investors and lenders, including financial institutions, can access relevant, comparable, and credible information from enterprises on sustainability.

The CSRD and the associated European standards for fulfilling the Directive (European Sustainability Reporting Standards - ESRS) include detailed requirements for enterprises' reporting on the climate and environment, human and labour rights, and other social aspects as well as governance aspects.

With the Directive and the amending act, the covered enterprises must disclose significantly expanded and standardised information on various sustainability matters compared to the requirements that enterprises are currently subject to under the Non-Financial Reporting Directive, which include the incorporation of the Danish Financial Statements Act's requirement to prepare a report on corporate social responsibility, see Section 99a. Furthermore, it is a requirement under the CSRD that the auditor must in the future issue a limited assurance conclusion on the sustainability report, whereas under the current rules, only a statement on the report on corporate social responsibility is required as part of the auditor's consistency check of the content of the management report.

The CSRD mentions two primary groups of users for sustainability reporting, which entails an expansion of the user groups traditionally considered the primary users of the annual report, particularly investors and lenders.

The first group consists of investors, including asset managers, who seek a better understanding of the risks and opportunities associated with sustainability matters for their investments, and of the impact of these investments on people and the environment. This corresponds to the traditional users of annual reports.

The second group of users consists of civil society actors, including non-governmental organisations and social partners, who aim to encourage enterprises to take greater responsibility for the impact of their activities on people and the environment.

The goal of the Directive and the amendments is thus to enable investors, civil society actors, and other stakeholders to better assess the sustainability of enterprises and to channel financing and demand towards the most sustainable enterprises through the proposed sustainability reporting. This is also expected to result in enterprises that are not sustainable or cannot demonstrate sustainability being challenged in terms of access to financing and demand for their goods and services.

2. The amending act's requirements on sustainability reporting

With the amendments, the requirements for sustainability reporting are significantly changed in terms of scope, format, level of detail, and the manner in which sustainability information is to be disclosed. The new requirements differ significantly from the current practice, where there are very few specific requirements for the format and disclosure of sustainability reporting.

Sustainability reporting

Reporting of information regarding sustainability matters in accordance with the Danish Financial Statements Act.

The amendments include the following requirements for the content of sustainability reporting:

Enterprises in reporting classes C (large) and D must include a sustainability reporting section in their management report as a separate section. This section should contain information necessary to understand the enterprise's impact on sustainability matters and how sustainability matters affect the enterprise's development, results, and situation.

The enterprise must disclose the process it has undertaken to identify the information included in the reporting.

The information included in the sustainability reporting must comprise:

- 1) A brief description of the enterprise's business model and strategy, including its resilience to sustainability-related risks and opportunities, investment and financing plans related to fulfilling the 2015 Paris Agreement and the EU's goal of achieving climate neutrality by 2050, the enterprise's exposure to coal, oil, and gas-related activities, its consideration of stakeholders' interests, and the enterprise's impact on sustainability matters and how the enterprise's strategy has been implemented regarding sustainability matters.
- 2) A description of the time-bound targets set by the enterprise, including absolute targets for greenhouse gas emission reduction by at least 2030 and 2050, a description of the progress made towards achieving these targets, and an indication of whether the enterprise's targets are based on scientific evidence (Science Based Targets).
- 3) A description of the role played by the enterprise's management in relation to sustainability matters, and a description of the management's expertise and competencies in fulfilling this role or the possibility for management to seek assistance in this area.
- 4) A description of the enterprise's policies regarding sustainability matters.
- 5) Information about any incentive schemes for management related to sustainability matters.
- 6) A description of:
 - a) the due diligence procedures conducted by the enterprise related to sustainability matters,
 - b) the material current or potential negative impacts from the enterprise's own activities and its value chain, and measures to identify and monitor these impacts and other impacts that the enterprise is required to identify under other legislation regarding due diligence procedures, and
 - c) any measures taken by the enterprise to prevent, mitigate, remedy, or halt current or potential negative impacts and the results thereof.
- 7) A description of the material risks for the enterprise related to sustainability matters, including a description of the enterprise's material dependencies on these issues, and how the enterprise manages these risks.
- 8) Indicators (metrics) relevant to the information in 1) – 7) above.

The information above must be provided in accordance with the current European Sustainability Reporting Standards (ESRS), with the first 12 standards already issued and approved.

Where relevant, the information must include the enterprise's own activities and its value chain, including its products and services, its business relationships, and its supply chain. Additionally, the information must include references to and further explanations of other information included in the management report and amounts stated in the annual and consolidated financial statements.

In exceptional cases, an enterprise may omit the required information if it can be expected to cause significant harm to the enterprise.

A subsidiary within a group, where the parent is domiciled in the EU/EEA and fulfils the disclosure requirements in its consolidated management report for the entire group, may

– if it is not a listed enterprise – omit to include sustainability reporting in its own management report. In such cases, the subsidiary must disclose in its management report that the option for omission has been utilised, state the name and domicile of the parent, and provide the URL address to the report of the parent containing the sustainability report. Similar options apply if the parent is domiciled outside the EU/EEA and has prepared a sustainability report that meets or corresponds to the legal requirements, as described below.

Small and medium-sized listed enterprises can limit their sustainability reporting to comply with the standards for sustainability reporting for listed small and medium-sized enterprises (“LSME standard”), which are under development within the EU framework. This standard will only include the following disclosure requirements:

- 1) A brief description of the enterprise’s business model and strategy.
- 2) A description of the enterprise’s policies regarding sustainability matters.
- 3) The enterprise’s material current or potential negative impact on sustainability matters and any measures taken to identify, monitor, prevent, mitigate, or remedy such current or potential negative impacts.
- 4) The main risks for the enterprise regarding sustainability matters and how the enterprise manages these risks.
- 5) Key indicators (metrics) necessary for the information in 1) – 4).

The standard for listed small and medium-sized listed enterprises (“LSME standard”) can only be used for individual enterprises and not for consolidated enterprises. Therefore, the Danish Minister for Industry, Business and Financial Affairs amended the legislative change to address this situation. The Minister’s amendment means that small and medium-sized listed enterprises that consolidate their financial statements are not required to present their sustainability reporting on a consolidated basis, but rather as individual enterprises. Thus, the sustainability reporting of listed small and medium-sized enterprises does not need to be consolidated, while the rest of the management report must be consolidated.

In addition to information on sustainability matters, all enterprises in reporting classes C (large) and D must now include information on key intangible resources and explain how the enterprise's business model fundamentally depends on such key intangible resources and how these resources are a source of value creation for the enterprise. The explanatory notes mention as an example a pharmaceutical enterprise where employees' knowledge is a crucial resource for the enterprise's development projects. Employees' knowledge is not a resource that can be recognised as an intangible asset, but in the future, it will be a requirement to mention such resources in the management report.

Key intangible resources

are resources without physical substance, on which the enterprise’s business model critically depends, and which are a source of value creation for the enterprise.

The disclosure requirement regarding key intangible resources applies to both recognised and unrecognised resources, and one of the reasons being mentioned for this is that recognised intangible assets are typically measured at cost, but their fair value can be significantly higher. Certain information about intangible resources may relate to sustainability matters, which is why these should be included in the sustainability report itself, such as employees' skills, experience, competencies, loyalty, motivation, etc.

3. Enterprises subject to sustainability reporting

The amendments maintain a scope for sustainability reporting that corresponds to the requirements of the Danish Financial Statements Act regarding the report on corporate social responsibility, except that listed micro-enterprises are no longer included going forward (thresholds have been increased to DKK 7 million and DKK 3.5 million for revenue and balance sheet total, respectively, while the number of employees remains unchanged at under 10). This means that commercial foundations and cooperatives, among others, are now also subject to the new requirements, even though they do not fall within the CSRD. Similarly, state-owned enterprises are now subject to the new sustainability reporting requirements on a par with listed enterprises.

Enterprises preparing consolidated financial statements need only prepare sustainability reporting for the entire group, including Danish and foreign subsidiaries, in accordance with the applicable rules of Section 99a of the Danish Financial Statements Act. However, see also the paragraph above on listed small and medium-sized enterprises reporting with reference to the LSME standard.

If sustainability reporting is prepared for the group, such preparation is not required for the parent. However, it should be noted that the reporting should allow for the identification of significant differences between the risks to and impacts of sustainability matters for the group as a whole and the risks to and impacts of one or more of its subsidiaries, for example, if the subsidiaries are located in different geographic areas with different associated risks.

For commercial foundations, it should be noted that if a commercial foundation, which is the parent in a group, applies the provisions of the Danish Financial Statements Act in Section 111(2) (commercial foundation with limited commercial activities with one subsidiary) or Section 111(3) (commercial foundation with limited commercial activities, where one of the subsidiaries prepares consolidated financial statements excluding the foundation) to exempt itself from preparing consolidated financial statements, the commercial foundation is exempt from preparing sustainability reporting if such reporting has been prepared and included in the management report of the subsidiary referred to when applying the provisions of Section 111(2) or Section 111(3).

Furthermore, regarding commercial foundations, it is clarified in the explanatory notes to the amending act that since distributions from foundations is equivalent to dividends from enterprises, the purposes distributed to are not subject to sustainability reporting, for example, with respect to value chain disclosures.

For non-listed small and medium-sized enterprises, it is possible to decide to report only on specific sustainability matters without automatically requiring them to prepare a full sustainability report. This means that an enterprise in reporting class B can choose to report solely on greenhouse gas emissions under scope 1, 2, and 3 according to the Sustainability Reporting Standards (ESRS), without being obliged to report on other aspects under the same disclosure requirements or standards in general. The rules from a higher reporting class voluntarily opted for must be applied systematically and consistently, taking into account the fundamental requirement that the management report must contain a fair review as stipulated in the Danish Financial Statements Act. This includes ensuring a balanced reporting by including both positive and negative aspects.

” In order for investments and capital to be directed towards sustainable enterprises and projects, it is necessary for sustainable enterprises to be identified based on specific sustainability data”

Small and medium-sized enterprises can voluntarily report on sustainability reporting, as long as the fair presentation requirement is observed, including being balanced.

4. European Sustainability Reporting Standards

To meet the overarching requirements for sustainability reporting, a requirement has been introduced that specially developed European Sustainability Reporting Standards (ESRS) must be followed when providing the information, thereby ensuring that enterprises' sustainability reporting is understandable, relevant, representative, verifiable, comparable, and presented in a credible manner.

Together with the CSRD, the so-called double materiality assessment is introduced that is further elaborated in the ESRSs. A double materiality assessment is a method that the enterprise must use to obtain both an understanding of the enterprise's impact on sustainability matters ("inside-out") and an understanding of how sustainability matters affect the enterprise's development, performance, and situation ("outside-in"). The result of the enterprise's double materiality assessment determines the disclosures that the enterprise must include in its sustainability reporting based on the ESRSs.

Selected disclosure requirements in the ESRSs are voluntary regardless of materiality; however, the management report must contain a fair review. And since sustainability reporting is part of the management report, the sustainability report too must contain a fair review. The question arises as to whether the sustainability report can be considered to contain a fair review if users are not provided with material information. The Danish Minister for Industry, Business and Financial Affairs responds that even if the double materiality assessment concludes that a sustainability matter is material to users, it is not guaranteed that a requirement will exist to include information to this effect in the sustainability report if the standards do not say so. The standard setter has decided to make this information voluntary, regardless of whether it may be relevant to a user. It will be up to the enterprise's management to assess whether there is a need to include additional information for the management report to comply with the requirement to contain a fair review.

The first 12 agnostic standards were approved by the European Commission in July 2023 and are now final. The standards were introduced as a delegated act ("forordning") and have direct legal effect in EU countries, meaning that they do not need to be transposed into national legislation, and all covered enterprises in EU countries must report according to the same standards. For more details on the content of each standard, please refer to our publication "[Your Guide to CSRD and ESRS](#)".

Subsequently, supplementary standards for specific sectors and standards for small and medium-sized enterprises as well as third-country enterprises with significant activities in the EU will follow. It was planned that the European Commission would have adopted the sector-specific standards and the standard for third-country enterprises by 30 June 2024 at the latest, but the standards have been postponed to 30 June 2026.

5. EU taxonomy

In addition to reporting according to the European Sustainability Reporting Standards (ESRS), most enterprises subject to the CSRD are also required to report on the EU Taxonomy. The EU Taxonomy is a regulation adopted by the EU that classifies sustainable economic activities.

Enterprises subject to the EU Taxonomy must report their share of revenue, capital expenditures (CAPEX), and operating expenses (OPEX) that are covered by the EU Taxon-

Agnostic standards are sector-neutral standards, as opposed to sector-specific standards, and therefore do not depend on the industry the enterprise operates in.

omy ("eligibility") and meet the criteria to be considered sustainable ("alignment"), respectively. Reporting must be provided in predefined templates and also form part of the sustainability report.

Whether revenue, capital expenditures, and operating expenses can be considered environmentally sustainable depends on the extent to which the following environmental objectives are supported by the enterprise's economic activities:

- a. Mitigation of climate change
- b. Adaptation to climate change
- c. Sustainable use and protection of water and marine resources
- d. Transition to a circular economy
- e. Prevention and control of pollution
- f. Protection and restoration of biodiversity and ecosystems.

For an activity to be considered a sustainable economic activity, the following three criteria must all be met:

- The activity must substantially contribute to achieving one or more of the environmental objectives by meeting the EU's technical screening criteria,
- The activity must do not significant harm to one or more of the mentioned environmental objectives, and
- The activity must comply with minimum safeguards for human rights and labour rights.

For further information on the EU Taxonomy, please refer to our publications "Oplysninger om bæredygtige økonomiske aktiviteter i 2021-årsrapporter", which can be found [here](#), and "Nye bæredygtige økonomiske aktiviteter i 2023-årsrapporter", which can be found [here](#).

6. Disclosures and accessibility of information

With the introduction of the requirement for separate sustainability reporting in the management report, there is also a requirement for covered enterprises to prepare their annual reports in XHTML format and to mark up the sustainability reporting in the annual report using Inline XBRL to a separate XBRL taxonomy developed by the European Commission. This taxonomy includes both the requirements of the Directive and the related standards as well as the requirements under the EU Taxonomy Regulation, see above, which the largest listed enterprises and state-owned enterprises have been required to report under from their 2021 annual reports onwards.

The combination of XHTML format and mark-up in Inline XBRL is already used by listed enterprises in the EU in connection with the preparation of annual financial statements and consolidated financial statements and is thus a familiar format, although the extent of mark-up is expected to be significantly expanded with the requirement to also mark up the content of sustainability reporting.

The requirement to use XHTML format combined with Inline XBRL mark-up means that the information in sustainability reporting becomes both human-readable and machine-readable, thereby increasing the usefulness of the information, which can be more easily collected and processed by users. However, the requirement also means that it will no longer be possible to publish sustainability reports directly on the enterprise's website,

Kravet om brug af XHTML-formatet kombineret med Inline XBRL-opmærkning betyder, at oplysningerne i bæredygtighedsrapporteringen bliver både menneskeligt læsbare og maskinlæse og øger dermed nytteværdien af informationerne ...

but it must be included directly in the management report of the annual report in a separately identified section.

7. Assurance report on sustainability reports

Enterprises' sustainability reports must, according to both the Directive and amendments, be provided with a limited assurance report from a certified assurance provider to ensure the credibility of the sustainability information and thereby meet the needs of the intended users of the information.

Initially, only approved auditors are considered assurance providers, and this only after completing a special exam in performing assurance engagements on sustainability reporting. However, an exception has been adopted for auditors whose approval as auditors was obtained before January 1, 2026, as these auditors can become approved to provide assurance on sustainability reporting through further education, acquiring the necessary knowledge about sustainability reporting and assurance engagements.

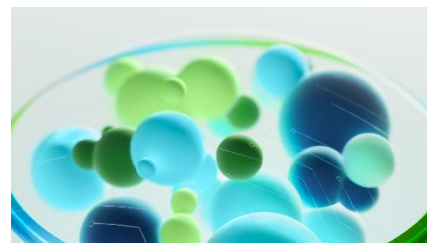
There is no requirement for the same approved auditor who provides assurance on the financial statements to also provide assurance on sustainability reports. Therefore, it will also be a requirement for the annual general meeting or another general meeting to decide who will issue the mandatory assurance report on sustainability reports in future. It is expected that most enterprises will choose to use the same auditor to provide assurance on sustainability reports as for financial statements as a whole.

The amending act includes a transitional provision, meaning that enterprises required to prepare sustainability reporting already for the 2024 financial year will be able to elect the auditor who will provide the mandatory assurance report on sustainability reports at the ordinary general meetings in the spring of 2024. This applies even though the amending act has been adopted and comes into force after the general meeting date and even if the auditor in question is not approved to provide assurance on sustainability reports at that time. It is a requirement, however, that the enterprise registers the auditor in the Danish Business Authority's IT systems as its elected auditor to perform the task of providing assurance on sustainability reporting by no later than October 1, 2024, and that the auditor in question has obtained approval to provide such a report at this time.

According to the explanatory notes to the legislative amendment, the Ministry of Business will initiate work on establishing an accreditation scheme, whereby other providers than approved auditors may potentially be approved to provide assurance on sustainability reporting in the future, including how such an accreditation scheme will be implemented. No deadline or similar is specified for the completion of this work.

8. Sustainability reporting for certain subsidiaries and branches of third-country enterprises

Third-country enterprises, domiciled outside the EU/EEA but which, through a subsidiary or branch, have significant activity within the EU/EEA, meaning they have combined revenue in the EU/EEA exceeding EUR 150 million in the last two consecutive financial years, will also be subject to sustainability reporting requirements. The purpose of this requirement is to ensure that third-country enterprises are responsible for their impact on people and the environment and to ensure a level playing field for enterprises operating in the EU/EEA internal market.



Third-country enterprises' subsidiaries domiciled in Denmark, which themselves are large or listed enterprises and are part of a group where the ultimate parent is established outside the EU/EEA, will, after the amendments, be required to prepare a sustainability report for the group as a whole, containing information on sustainability for all group activities, if the total revenue of the group within the EU/EEA exceeds EUR 150 million for two consecutive years. The report must be accompanied by an assurance report from a certified assurance provider.

However, the subsidiary may omit preparing this sustainability report if the ultimate parent enterprise has prepared a sustainability report that meets the requirements of the amendments for sustainability reporting, see above, including the requirement for an assurance report. There are specific requirements for the content of such group sustainability reporting and requirements for separate publication of the report. Special provisions apply if the subsidiary cannot access the information necessary to prepare a complete sustainability report for the group or if the report is not provided with an assurance report from a certified assurance provider.

Third-country enterprises with a branch in Denmark with revenue exceeding EUR 40 million in the preceding calendar year must also prepare and publish a sustainability report on either the foreign enterprise, which is not part of a group, or on the entire group, and have the report provided with an assurance report on the sustainability report by a certified assurance provider. It also goes here that the requirement only applies if either the foreign enterprise, which is not part of a group, or the entire group with a parent established outside the EU/EEA has revenue in the EU/EEA exceeding EUR 150 million in the last two financial years.

9. Other amendments to the Danish Financial Statements Act

In addition to the new provisions implementing the CSRD in the Danish Financial Statements Act and raising the thresholds for reporting classes, a number of minor, primarily technical changes have been incorporated into the Danish Financial Statements Act, including:

- Extending the special provisions in the Danish Financial Statements Act, which are stated to apply to public limited liability companies (A/S) and private limited liability companies (ApS), such as recognition and disclosure of unpaid share capital and various classes of shares, to also apply to partnership companies ("partnerselskaber").
- Investment properties will no longer be able to be measured at fair value with revaluation through equity, but only with fair value adjustment through profit or loss.
- For reporting class B, information on contingent liabilities etc. must separately disclose other liabilities not recognised in the balance sheet, such as lease obligations.
- It must be separately disclosed if the number of employees is below one.
- Commercial foundations subject to setting targets for the underrepresented gender are also subject to reporting requirements in the management report, regardless of the size of the parent foundation.

Additionally, several adjustments of references to sections etc. have been incorporated. For a more detailed description of these changes, please refer to our separate publication on other amendments to the Danish Financial Statement Act not related to the implementation of the CSRD in Danish legislation "Årsregnskabsloven: Ændring af størrelsesgrænser mv.", which can be found [here](#).



Entry into force of the amendments to the Danish Financial Statements Act



In accordance with the EU Directive, the amending act introduces a phased transition to the new requirements for sustainability reporting.

The amendments thus introduce that for large listed enterprises and large state-owned enterprises (> 500 average number of full-time employees on the balance sheet date), the new requirements for sustainability reporting will take effect for financial years beginning on January 1, 2024, or later.

Other large enterprises subject to the Danish Financial Statements Act, both listed and unlisted enterprises, that meet the new thresholds for report class C (large), must comply with the provisions of the amendments from financial years beginning on January 1, 2025, or later.

Finally, listed enterprises, which according to their size can be classified in the Danish Financial Statements Act's reporting classes B and C (medium), with the exception of listed micro-enterprises, must comply with the requirements from January 1, 2026, with the option of further postponement until financial years beginning on January 1, 2028, subject to separate disclosure. Listed micro-enterprises will not be subject to the new requirements for sustainability reporting.

For subsidiaries and branches of enterprises and groups where the enterprise or parent is established outside the EU/EEA, the requirement to prepare a separate sustainability report for financial years beginning on January 1, 2028, or later, is introduced.

For the other amendments to the Danish Financial Statements Act, the commencement provisions for the increase in thresholds should be pointed out in particular that are proposed to take effect already for financial years beginning on January 1, 2023. This means that if an enterprise has not yet submitted its annual report for 2023 by May 2, 2024, when the Act was passed, this enterprise will be able to apply the increased thresholds in determining its reporting class and thus potentially submit its annual report for 2023 with reference to a lower accounting class than what would otherwise have been applicable.

Deloitte, May 2, 2024