

PRESS RELEASE

EU enforcers focus on new IFRS standards and non-financial information

The European Securities and Markets Authority (ESMA) today publishes its Annual Report on the enforcement and regulatory activities of accounting enforcers within the European Union (EU).

In 2018 ESMA's efforts to deepen convergence in the enforcement of financial information particularly focused on the harmonisation of the application and enforcement of new IFRS standards IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*, as announced in the 2017 ESMA common enforcement priorities.

During 2018 European enforcers expanded for the first time their supervisory activities to non-financial information on environmental, social and governance (ESG) matters, published by issuers in accordance with new requirements which came into force at European level.

Steven Maijor, Chair of ESMA, said:

“The disclosure of ESG information by issuers, along with high-quality financial reporting, is an important step in providing investors with a comprehensive understanding of a company's performance and impact of its activities. To effectively support investment decision-making in the context of sustainable finance, it is essential that issuers scale up their efforts to provide high quality non-financial disclosures”

In the course of 2018, national enforcers reviewed the financial statements of about 950 issuers (approximately 16% of issuers of securities listed on EU regulated markets), assessing compliance with IFRS and in particular with the 2017 European Common Enforcement Priorities (ECEP). Actions were taken against 328 issuers (33% of the total number of issuers examined). This year, the ESMA report presents this information disaggregated per country in order to increase transparency in relation to supervisory activities across the Union.

Enforcers also assessed the non-financial information related to ESG for 819 issuers, covering approximately 31% of the total estimated number of issuers subject to the new requirements, resulting in 51 enforcement measures.

In addition, 746 management reports were reviewed for evaluating compliance with ESMA's Guidelines on Alternative Performance Measures, covering around 15% of all IFRS listed issuers in Europe against which were taken 136 corrective actions.

Next steps

In 2019, ESMA and European enforcers will continue to focus on consistency in the application and enforcement of the new standards which came into force in 2018 (IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*) and on the disclosure of the expected impact of implementation of IFRS 16 *Leases*. ESMA will also continue to actively contribute to the development of high-quality accounting standards by providing input to consultations conducted by the IASB and EFRAG and will closely monitor and contribute to the endorsement process of the IFRS 17 – *Insurance Contracts*.

When it comes to non-financial information, enforcers will focus on strengthening the harmonisation and enforcement of the disclosures of non-financial information, notably those related to environmental and climate change-related matters, as well as on the application of the ESMA Guidelines on Alternative Performance Measures (APMs).

Notes for editors

1. [ESMA32-63672 ESMA Enforcement and Regulatory Activities of Accounting Enforcers in 2018](#)
2. [ESMA32-334-109 Letter to the European Commission on the Revision of the European Commission's Non-Binding Guidelines on Non-Financial Reporting](#). Further details on ESMA's views on potential improvements to the effectiveness of the Non-Financial Reporting Directive and the European Commission's non-binding Guidelines on non-financial reporting.
3. [ESMA32-63-340 2017 European Common Enforcement Priorities](#) : The Statement on Priorities identifies topics which ESMA, together with European national enforcers, see as key areas when they examine listed companies' annual financial statements. ESMA publishes annually these common enforcement priorities in advance of stakeholders finalising their annual financial and non-financial reporting.
4. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets. It achieves these objectives through four activities:
 - a. assessing risks to investors, markets and financial stability;
 - b. completing a single rulebook for EU financial markets;
 - c. promoting supervisory convergence; and
 - d. directly supervising specific financial entities.
5. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with NCAs and securities markets regulators, in particular the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA).

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