**Reply** **form**

Consultation Paper on the Regulatory Technical Standards (RTS) on the European Single Electronic Format (ESEF) defining marking up rules for sustainability reporting and revising the marking up rules for the Notes to the IFRS consolidated financial statements and, on the amendments to the RTS on the European Electronic Access Point (EEAP)

Responding to this paper

ESMA invites comments on all matters in the Consultation Paper and in particular on the specific questions in this reply form. Comments are most helpful if they:

* respond to the question stated;
* indicate the specific question to which the comment relates;
* contain a clear rationale; and
* describe any alternatives ESMA should consider.

ESMA will consider all comments received by **31 March 2025.**

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

* Insert your responses to the questions in the Consultation Paper in this reply form.
* Please do not remove tags of the type <ESMA\_QUESTION\_ESEFEEAP\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
* If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
* When you have drafted your responses, save the reply form according to the following convention: ESMA\_ESEFEEAP\_nameofrespondent.

For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA\_ESEFEEAP\_ABCD.

* Upload the Word reply form containing your responses to ESMA’s website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input - Consultations’.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

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# General information about respondent

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name of the company / organisation | Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) (see https://www.cmfb.org/home) / European Committee of Central Balance Sheet Data Offices (ECCBSO) (see https://www.eccbso.org) | | | |
| Are you representing an association? |  | | | |
| Country/Region | Europe | | | |
| Activity |  | Information provider (issuer, undertaking or preparer) of corporate reports subject to digitalisation requirements in the EU |  | Public interest entity (entities governed by the law of an European Union Member State whose transferable securities are admitted to trading on a regulated market of any Member State; (ii) credit institutions; (iii) insurance undertakings, or (iv) entities designated by Member States as public-interest entities) |
|  | Non-public interest entity (large non-listed EU company, including large EU company with securities only listed outside EU regulated markets) |
|  | Non-public interest entity (large non-EU company with securities listed in EU regulated markets) |
|  | Non-public interest entity (SME listed in EU regulated markets) |
|  | Other (provide comment):  Click here to enter text. |
|  | User of digitalised corporate reporting from EU companies |  | Investor |
|  | Data analyst |
|  | Data aggregator |
|  | Asset manager |
|  | Other (provide comment):  Use of corporate reports for statistical purposes of the European System of Central Banks and the European Statistical System to provide information to the public. The ECCBSO also takes into account the use of corporate reports for credit assessment procedures within the European System of Central Banks. |
|  | Software provider | | |
|  | Auditor of corporate reporting subject to digitalisation requirements in the EU | | |
|  | Other (provide comments) | Click here to enter text. | |

# Questions

Marking up sustainability reporting

**Question 1:** Do you agree with the assessment framework and the manner in which the various elements and factors are to be considered in developing the marking up rules and the phased approach? If not, please explain your reasons and suggest any elements or factors that should be added or removed, or propose sound alternative assessment frameworks.

<ESMA\_QUESTION\_ESEFEEAP\_01>

The CMFB engages in this consultation by providing a double perspective as user and producer of statistical information. In both of these regards, corporate information from public reports based on the EU Accounting Directive is important. The use of public information for statistical purposes beyond mandatory statistical reporting is outlined in the European Statistics Code of Practice of the European Statistical System (ESS) and the Public Commitment on European Statistics by the European System of Central Banks (ESCB), which both built the cornerstones of the quality framework of European statistics. The answers of the following questions were prepared by a group within a Task Force, where experts of the ESS and the ESCB with detailed experience in accounting, in the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRSs) as well as in extracting data from marked up financial statements came together.

The European Statistics Code of Practice encompasses several principles on which this consultation response builds on. Particularly, Principle 2.4 indicates in the Mandate for Data collection the use of “other data sources” of which corporates reports are part of. This practice aligns with the principle of *Non-excessive Burden on Respondents* (Principle 9.1), ensuring that companies need to “report only once”, thus avoiding duplicate reporting efforts.

Additionally, when using corporate reports, the principle Accuracy and Reliability (Principle 12) is fulfilled, as corporate financial statements go typically through external audits and are therefore of high quality. Timeliness and Punctuality (Principle 13) usually is addressed by corporate reports. Timeliness becomes important when e.g. profitability aggregates based on income statement data enter specific parts of national accounts. Coherence and Comparability (Principle 14) is usually also given by corporate reports, when required data that needs to be consistent across different companies but also stable over time.

Sustainability reporting affects the ESS and the ESCB in different ways:

* Within the ESS, granular data from corporate sustainability reports would support the compiling e.g. of emission statistics and other environmental statistics. Those statistics serve the public as a whole.
* Within the ESCB, corporate sustainable data is used in climate change indicators in monetary policy and financial stability within their primary mandate of price stability, as well as its secondary mandate of supporting the general economic policies in the European Union. Climate change imposes stability risks mainly through two channels: physical risks related to extreme weather events that can destroy assets and infrastructure, and transition risks arising from increased investment needs on the path to decarbonisation, e.g. for production processes or to improve building energy performance. Beyond this, there is a biodiversity loss, e.g. 75% of corporate bank loans in the euro area are allocated to Non-Financial Corporates with high ecosystem dependencies, exposing banks to substantial nature-related financial risk. Thus climate change and nature degradation affect a central bank’s core tasks. Similar reasons apply for banking supervision for supervised banks’ risk assessments.

For both, the ESS and ESCB, reliable and timely environment and climate data is needed for statistics, financial and non-financial at both aggregated and micro level.

Reporting, independent whether public or as statistical obligation, has also a cost perspective by enterprise. In this regard, reporting burden of reporters should be taken into account. Based on statistical reporting experience, some answers imply as well considerations on the burden by companies marking up sustainability data and whether an alleviation is envisaged from a statistical aggregation perspective.

The basic idea of the European Single Electronic Format (ESEF), providing a way of structured, digital reporting which allows extracting specific data points directly from a reporting is very helpful for the compilation of statistics. Similar techniques are used for statistical reporting. Digital structured reporting improves transparency and comparability of corporate reports across the EU, making it easier and faster for stakeholders (among investors, other users, but also authorities or regulators) to analyse financial and similar data. Thus, ESEF improves the accessibility of granular data embedded in corporate reports. Digital formats, particularly with the presence of an XBRL taxonomy (eXtensible Business Reporting Language), also help companies to comply with EU regulations in better understanding what is expected by the regulations. In this line of reasoning, ESEF represents a step forward modernizing EU corporate reporting and statistics would benefit from this digitalisation.

Based on statistical experience using corporate data, the assessment framework underlined in the consultation paper is supported. However, specific considerations in this and the following answers towards a successful implementation of digitalised ESRS and Article 8 reporting will be given.

Particularly, ESMA’s evaluation how different types of disclosure and data points contribute to the usability and comparability of sustainability information is supported (see chapter 3.3.2.2). Further, the marking up of numerical data is considered most useful for statistical purposes. In contrast, the marking up of long narrative text is less useful since it is still necessary to filter out the respective information of such narrative texts.

In this line, the importance of comparability must be emphasized. Comparability is a key quality dimension for statistics. Further, it is not only key in setting regulations or standards (e.g. CSRD, ESRSs) but also for the respective rules in digital reports, more specifically in giving guidance which information to be marked up in digital reports. Thus, the coming revised ESEF regulation, which takes now into account also sustainability reporting, should be targeted to comparability.

Comparability is not only important for assessing sustainability of a company vis a vis other companies. In addition, it is very important for creating statistical benchmarks to measure the transition of entities towards a more sustainable economy. Consequently, comparability plays a crucial role in informed decision-making. Stakeholders can make better decisions when they have access to comparable sustainability data. Furthermore, it is crucial to allow for comparability over time, which is particularly relevant in the evaluation of the realisation of sustainability targets. Consequently, ESEF regulation should safeguard consistent marking up over time.

Accordingly, minimizing the use of extensions in digital reporting is important as they usually hinder comparability. This is especially true when extensions are practically identical to existing taxonomy elements. Instead, entities should utilize available concepts and clarify any specific details in their narrative reports.

Additionally, it is crucial that metrics such as GHG emissions adhere to pre-specified units without deviation to maintain consistency across taxonomy elements. Using varied units can complicate the comparison of data.

Timely marking up of disclosures is essential for providing timely statistics. Thus, marked-up information should be accessible not only at the time of public publication —which is often delayed towards the end of reporting deadlines — but also earlier for users having specific bilateral agreements with entities. Delayed availability of marked-up information could lead users to seek alternative sources, as noted in paragraph 62 of the consultation paper. Further, missing data result in lack of information for statistics; consequently, estimates for such missing information need to be made, being then replaced by revisions based on late incoming data. This all leads to uncertainty. Thus, to facilitate timely marking up, the tagging process should be kept straightforward, particularly for those entities under the CSRD scope with no tagging experience so far.

<ESMA\_QUESTION\_ESEFEEAP\_01>

**Question 2:** Do you agree with the phased approach and the proposed timeline? Do you concur that the first phase should be implemented for the same financial year or the following financial year depending on the publication date of amendments to the RTS on ESEF in the OJ (before or after 30 June of the given year)? If not, please provide your reasons and suggest any well-founded alternative timelines for implementation.

<ESMA\_QUESTION\_ESEFEEAP\_02>

A phased approach including more than two stages is supported, as long as the most important data points which are used for statistical purposes are included (see question 4). This is the case in the proposal of the consultation paper.

To ease the transition in marking up sustainability information, the first phase could be not be too ambitious. Further, as a review is proposed by ESMA supposed to take place after the second phase, it would be reasonable only outlining a third phase now and determining the specifics with the results of the review.

<ESMA\_QUESTION\_ESEFEEAP\_02>

**Question 3:** Do you agree with only considering an additional staggered approach based on the type of large undertakings? If not, please explain your reasons and suggest alternatives or other factors that should be considered and why.

<ESMA\_QUESTION\_ESEFEEAP\_03>

The additional staggered approach based on type of large undertaking is generally supported from our experience setting statistical reporting obligations. Giving entities not being a public interest entity (PIE, based on the EU Accounting Directive) - and thus not being accustomed so far to ESEF - an additional year for implementing tagging is adequate considering that marking up implies some burden. To be consistent, an additional year should be also given to unlisted PIEs, as they are also not yet accustomed to ESEF.

With the current “[omnibus](https://commission.europa.eu/news/commission-proposes-cut-red-tape-and-simplify-business-environment-2025-02-26_en)” proposal at EU level a reduction in scope of CSRD entities is proposed and voluntary reporting encouraged [see COM(2025) 81 final, page 2; see also [10017eb1-4722-4333-add2-e0ed18105a34\_en](https://commission.europa.eu/document/download/10017eb1-4722-4333-add2-e0ed18105a34_en), page 17/18]. Naturally, for smaller entities or voluntary reporting a staggered approach could be useful though keeping in mind the availability of emission data based on ESRS E1.

It would be beneficial if ESG tagging is rather simple in the first stage in order to gain helpful experience for an easier transition of ESG tagging to smaller and unlisted entities. When weighing up, “fewer tagged and fully comparable data points - here particularly for ESRS E1 - by many companies” are preferred in contrast to “many tagged, not entirely comparable data points by fewer companies”. This approach would ensure broad participation by requiring many companies to provide the most important data to be tagged, offering a comprehensive market view. While less detailed, it allows for basic comparisons across numerous companies, aiding high-level analysis. It also reduces the administrative burden on companies. A balanced strategy involves mandating a core set of essential data points for all companies and encouraging more detailed tagging for larger ones. Gradually increasing the required tagged data points over time would help companies adapt without being overwhelmed, maximising the benefits of both broad coverage and detailed data.

<ESMA\_QUESTION\_ESEFEEAP\_03>

**Question 4:** Do you agree with the phases and the content to be marked up as outlined for each phase? If not, please provide your reasons and suggest any well-founded alternative regarding the content for each phase, together with the rationale behind your suggestions.

<ESMA\_QUESTION\_ESEFEEAP\_04>

Setting up phases for ESRS digital reporting and determining the content to be marked up in the first two phases is supported from a statistical user perspective. However, the proposed magnitude in the first phase raises concerns, e.g. the number of numerical data points to be tagged is with an estimate of more than 250 (if material) substantial high. Further narrative tagging of estimated more than 200 data points would add on this.

As described in question 3, we prefer fewer tagged data points by many companies in contrast to many tagged data points by fewer companies. In keeping phase one rather simple, unlisted entities, which would have to start marking up a year later, could learn from listed entities from their first-year ESRS tagging experience.

In this respect, the following ESRS data points would be considered most useful to be tagged for statistical purposes:

* + - * As a starting point, ESMA’s approach in giving numerical data points a higher emphasis for marking up is supported.
      * Particularly ESRS E1 numerical data points should be given a high attention, and among those GHG emission data (actual Scope 1 and 2 as well as upstream Scope 3, and target values for Scope 1 and 2).
      * With regard to GHG Upstream Scope 3 emissions, which are considered as particularly burdensome by companies, existing data of official statistics could help. Replacement values, e.g. based on industrial carbon intensity averages, - for lack of direct information from upstream and downstream information levels - would reduce search costs of enterprises for alternatives to a minimum and are likely to be accepted by auditors. By providing such public data from a European authority, the reporting burden of companies could be lowered. The use of such average information is generally suggested by ESRS 1, chapter 5.2, paragraph 69.
      * Further, with regard to GHG emissions, it would be important that the table according to ESRS E1 Application Requirement (AR) 48 is marked up properly. (As a side note, AR 48 uses also a “shall disclose” expression; we are unsure about interpreting footnote 13 of the consultation paper that does not list this paragraph).
      * Additional important ESRS E1 data points are those for energy consumption (ESRS DR E1-5).
      * For GHG emissions and energy consumption, marking up intensity figures would be also important.
      * Further, tagging the few numerical data points in ESRS 2, e.g. turnover and the information on sectors, is supported as this would significantly help statistical users.
      * Of the numerical data in other standards, the listing of employees across countries according to ESRS S1 Para DR S1-6 would be important for national statistics producers.  
        Further, with regard to other ESRS, there are numerical data points that should be rather easy to report, in this respect easy to mark up and are important for analysis (e.g. water consumption, amount of pollutants). A possibility would be to require those data points in other ESRS to be tagged that are included in the Voluntary Sustainability Standard for non-listed SMEs (VSME) by EFRAG.
      * In the same reasoning, for all of above-mentioned numerical values, ESMA is encouraged to give guidance in tagging disaggregation by country or site as indicated in ESRS 1.54 (if applicable for a reporting entity).

With regard to narrative information, tagging is generally being considered beneficial even when new techniques like Natural Language Processing (NLP) gaining more and more quality. Tagging in these cases can still save significant IT resources as one can directly access to specific narrative where the desired information is known to be located. Hence, computational resources are reduced and algorithms optimized. From member experience, though AI tools and machine learning methods are progressing fast, they are not at the level of full substitutability yet.

On the other hand, companies address the burden of tagging and we understand that particularly tagging narrative information is burdensome (though compared to the process of achieving the singular data points, tagging might not be the most costly issue). The advantages of narrative tagging is diminishing the less precise the narrative text is (e.g. if several paragraphs or pages are incorporated in one tag). Taking into account the current competitiveness challenges, pragmatic solutions should be found and narrative tagging only applied to ESRS data points considered particularly relevant: Such might include:

* + - * Semi-narrative disclosures on Strategy, business model and value chain and material impacts, risks and opportunities (SBM-1 and SBM-3 in ESRS 2).
      * Disclosure of policies in ESRS E1: climate change mitigation and adaptation policies, energy efficiency policies, renewable energy deployment policies.
      * Narrative data points related to CSDDD requirements.

<ESMA\_QUESTION\_ESEFEEAP\_04>

**Question 5:** Do you think it is necessary to establish a clear timeline and content for each phase from the outset? If not, please explain your reasons and propose alternative approaches.

<ESMA\_QUESTION\_ESEFEEAP\_05>

A clear timeline and the determining the content for the first two phases is supported as this gives guidance to statistical producers which data can be expected at what time. See also answer to question 2 to the envisaged third phase.

Having a clear timeline sets expectations for all stakeholders, ensuring an understanding of the timeframe and a potential review. This helps avoid misunderstandings and keeps companies and stakeholders on the same pave. It also provides a structured approach to the review process, aiding in efficient resource allocation and timely completion of necessary steps. A clear timeline also helps to maintain transparency and trust in the process.

<ESMA\_QUESTION\_ESEFEEAP\_05>

**Question 6:** Do you agree with the approach to limit the creation of extension taxonomy elements for marking up sustainably reports? If not, please explain your reasons and suggest alternative approaches.

<ESMA\_QUESTION\_ESEFEEAP\_06>

The approach to limit the creation of extension is strongly supported, those should be minimised and only allowed in strictly necessary cases. For compiling statistics, extensions introduce variability, reduce in most cases comparability and induce potential errors when extracting data. Consequently, allowing extensive use of extensions increases the complexity and costs for users and deviates resources from analysing the content of the respective information.

On the other side, the use of standardized elements by companies within an XBRL taxonomy ensures that data is reported in a consistent manner. This enhances the quality and reliability of reported information. This consistency is crucial when aggregating information as well as in producing statistical benchmarks to evaluate company micro performances.

Thus, limiting extensions makes it easier for users to compare granular financial and sustainability data across different companies embedded in their reports. Limiting extensions also helps ensuring that companies adhere to regulatory requirements and guidelines and makes the audit process more efficient. Audited source data leads to better statistics.

From current practice of using IFRS tagged financial statements by CMFB members, an enlarged use of extensions is often observed. Some of these extensions deem to represents the same concept as a given IFRS taxonomy element. Naturally, this contradicts the idea of ESEF reporting.

Thus, reporting entities should be encouraged or efficiently directed marking up taxonomy elements and provide, if necessary accompanying company-specific details in further narrative information. The proposed mechanisms in paragraph 84 are a step towards this.

Extensions should only be possible in rather rare cases, e.g. when entity-specific disclosures based on ESRS 1 Paragraph 11 or 30 (b) are necessary. In such cases, anchoring to a next narrow taxonomy concept should be evaluated.

<ESMA\_QUESTION\_ESEFEEAP\_06>

**Question 7:** Do you agree with the inclusion of a review clause that would trigger stock-taking by ESMA on the need to make necessary adjustments in response to changing circumstances? If not, please explain your reasons.

<ESMA\_QUESTION\_ESEFEEAP\_07>

The inclusion of a review clause – a first review is currently foreseen after 4 years - is generally supported that triggers a stock-taking whether the reporting obligations of companies are too burdensome and/or whether the needs of users – which includes the statistical perspective - have been met. Periodic evaluations of tagging requirements (e.g. every 5th year) ensure they remain relevant and manageable. Regular reviews help identify and eliminate unnecessary or overly complex obligations, thereby reducing the administrative burden on companies. Additionally, these reviews offer opportunities for continuous improvement in the reporting framework.

<ESMA\_QUESTION\_ESEFEEAP\_07>

Marking up Article 8 sustainability disclosures

**Question 8:** Do you agree with having a closed taxonomy for Article 8 sustainability disclosures? If not, please explain your reasons and provide examples on when entity-specific extensions might be necessary.

<ESMA\_QUESTION\_ESEFEEAP\_08>

Having a closed taxonomy approach for Article 8 disclosures making extensions not possible would be useful for statistical purposes. This would enhance comparability, simplify the reporting process of companies, facilitate the regulatory compliance and ease integrating data as there is no need to reconcile customized tags, supporting better data integration and analysis. It would also reduce the administrative burden of companies and the process of auditing.

<ESMA\_QUESTION\_ESEFEEAP\_08>

**Question 9:** Do you agree with the proposed requirement to fully mark up the Article 8 sustainability disclosures without implementing a phased approach in relation to the content of the information to be marked up? Do you agree with only considering a staggered approach based on the type of large undertakings? If not, please explain your reasons and suggest alternative approaches.

<ESMA\_QUESTION\_ESEFEEAP\_09>

Fully marking up Article 8 sustainability disclosures without implementing a phased approach in relation to the content of the information is supported, as the respective data points should be generally interconnected in a mathematical context, which is particularly helpful for statistical purposes. Aligning a staggered approach to all entities having no experience in tagging (see answer to question 3) could be considered.

<ESMA\_QUESTION\_ESEFEEAP\_09>

**Question 10:** Do you support the requirement to mark up the Article 8 sustainability disclosures for the same financial year or the following financial year depending on the publication of the RTS on ESEF in the OJ and align it with the sustainability marking up? If not, please provide your reasons and suggest alternative approaches.

<ESMA\_QUESTION\_ESEFEEAP\_10>

The alignment of the timeline to mark up the Article 8 sustainability disclosures with ESRS disclosure is generally supported as these two kind of sustainability disclosures are connected. This alignment is helpful from a statistical perspective.

<ESMA\_QUESTION\_ESEFEEAP\_10>

**Question 11:** Do you agree with the inclusion of a review clause that would trigger stock-taking by ESMA to consider any necessary adjustments in response to the evolving circumstances? If not, please provide your reasons.

<ESMA\_QUESTION\_ESEFEEAP\_11>

The inclusion of a review clause is generally supported that triggers a stock-taking whether the reporting obligations of companies are too burdensome and/or whether the needs of users – which includes the statistical perspective - have been met.

<ESMA\_QUESTION\_ESEFEEAP\_11>

Common technical aspects: incorporating the ESRS and Article 8 digital taxonomies into the ESEF taxonomy framework

**Question 12:** Do you agree with the technical approach followed by ESMA with regards to incorporating ESRS and Article 8 digital taxonomies from EFRAG into the ESEF taxonomy framework?

<ESMA\_QUESTION\_ESEFEEAP\_12>

The technical approach followed by ESMA with regards to incorporating ESRS and Article 8 digital taxonomies is generally supported. Yet the following IT technical remarks are provided from experience in extracting data from IFRS tagged financial statements for statistical purposes:

In order to ease comparability, at least for sustainability reporting, entities should use the same calculation base of the ESRS XBRL taxonomy as well as given units of measurement - so no deviation - in order to maximise the exploitability and therefore the usefulness of the tagged information in terms of comparability (company-by-company, over time and benchmarking).

ESMA is further encouraged evaluating to give technical guidance or regulations on whether digital reports should be put in one XHTML file or whether multiple files should be required (e.g. separates files of the management report against the financial statements):

* + - * It could be useful for reporting entities as well as for the users of the reporting package to determine rather a specific rule in contrast to let different options apply in setting up the file(s).
      * Addressing this issue could also be helpful envisaging the search functionalities of the ESAP portal. We consider this access point as very important for accessing sustainability reports from 2027 on.

Further, the question arises whether a technical approach on images within XHTML files should be addressed as problems arise in extracting data from them. Generally, images should be disallowed when they are used as only way to present required numerical data.

ESMA is encouraged to consider the variability in amount and arrangement of zip files within an ESEF reporting package as this could lead to uncertainty in the correct set up of reporting files. Having clear guidance would improve the accessibility of the granular data embedded in the reporting package.

Generally, entities should be instructed to include clear reading titles within the respective files of an ESEF reporting package. This problem is noted from current application of IFRS financial statements within annual financial statements of listed entities.

Finally, the following editorial remarks to Annex IV of the consultation (“Legal text RTSs on ESEF”) are given. At first hand, these seem to be minor problems but inconsistent technical application from uncertainties in understanding the regulation could result:

* + - * Article 3 (page 92):   
        The first paragraph relates to “management report” while the second to “annual financial reports”. The use of the singular form is suggested in paragraph 2.
      * Annex III (page 102):   
        The term “Issuers” should be replaced with “Undertakings” in number 9 and 10.

<ESMA\_QUESTION\_ESEFEEAP\_12>

**Question 13:** Should ESMA consider using the EFRAG taxonomy files ‘as-is’ and without developing a ‘technical’ extension, similar to the one developed for IFRS accounting taxonomy scope?

<ESMA\_QUESTION\_ESEFEEAP\_13>

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<ESMA\_QUESTION\_ESEFEEAP\_13>

**Question 14:** Do you have any other suggestions in relation to the future ESEF taxonomy framework and how ESMA can further reduce the burden for the reporting entities?

<ESMA\_QUESTION\_ESEFEEAP\_14>

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<ESMA\_QUESTION\_ESEFEEAP\_14>

Marking up the Notes to the IFRS consolidated financial statements

**Question 15:** Do you agree that it is necessary to revise the marking up rules for the Notes to the IFRS consolidated financial statements? If not, please explain your reasons.

<ESMA\_QUESTION\_ESEFEEAP\_15>

A revision of the marking up rules for the Notes to the IFRS consolidated financial statements is generally supported, as the experience from a statistical user perspective of IFRS notes is also less favourable as described in paragraph 11. However, that does not mean that tagging should be considered as not being relevant.

Despite the general support of a revision, we would see it disadvantageous if issuers would have less time in the implementation of tagging sustainability information if additional resources would be required for significant changes in marking up IFRS notes at the same time.

When looking at current practice, block-tagging often results in large sections of text being marked up, which can obscure important details. Revising the rules to allow for more granular tagging would enable a better capturing of specific information, improving the usability of the data. Such detailed tagging can provide greater transparency into the financial statements, allowing users to drill down into specific areas of interest. This can lead to better insights and more informed decision-making.

However, one should keep in mind that comparability is a prerequisite for the usefulness of tagging. Therefore, the proposal of detailed marking up from phase two on is considered only as partially useful and too many extensions could result, as the presentation of IFRS notes can be manifold. Thus, if detailed tagging would be introduced, a clear list would be rather beneficial, specifically indicating which parts of the notes would require detailed tagging. Such a list could be potentially determined with the help of a stakeholder’s survey.

For statistical purposes, the following typical parts of IFRS notes are considered useful for detailed tagging:

* + - * Information on the scope of consolidation, i.e. the list of subsidiaries, joint ventures and associates (some national standard setters already have experience in that sense, e.g. the Ministry of Justice and Business Registers in Spain already require that kind of information for listed and non-listed groups).
      * With regard to sustainability reporting, entities should be required to indicate if the scope of consolidation differs.
      * Detailed tagging in the notes would be very helpful for the breakdown of values that are presented in the primary statements, for example the breakdown of other operating income/expenses or the breakdown of other current assets/liabilities.
      * Disclosure of the average number of employees during the financial year, if possible as well marking up the breakdown by categories.
      * The fixed asset schedule.
      * The elements “Name of parent entity” and “Name of ultimate parent of group”. These elements ensure that entities within a corporate group are uniquely identified preventing the same entity from being counted multiple times in aggregates.
  + When tagging this information, the provision of an identification attribute – particularly the LEI if available - would be advantageous. Thus, ESMA could consider whether such identification elements should be included in the current taxonomy.
  + ESMA’s proposal that reporting undertakings should identify themselves with the LEI in the reporting package is welcomed. The use of the LEI ensures transparency and traceability in reporting and transactions, assessing more accurately financial and legal performance and risks.
  + In this respect, we want to draw attention to our Opinion on the LEI, accessible under [2023-06-03 - CMFB opinion on the LEI.pdf](https://circabc.europa.eu/sd/a/68bdda9e-476d-4bfd-b675-6b8df8ca0e1a/2023-06-03%20-%20CMFB%20opinion%20on%20the%20LEI.pdf).

<ESMA\_QUESTION\_ESEFEEAP\_15>

**Question 16:** Do you agree with the phased-in approach and the proposed timeline? Do you also agree that the first phase should take effect with the annual financial report for the financial year when the amendment to the RTS on ESEF is published in the OJ before 30 September of the given year? If not, please explain your reasons and suggest any alternative timelines for the implementation.

<ESMA\_QUESTION\_ESEFEEAP\_16>

With regard to the proposed timeline, an alignment with ESRS and Article 8 tagging is preferred from a statistical perspective.

<ESMA\_QUESTION\_ESEFEEAP\_16>

**Question 17**: Do you agree with the content outlined for phase one? Specifically, do you support the proposed approach to text block mark up the Notes to the IFRS consolidated financial statements? If not, please provide your reasons and suggest alternatives to marking up text blocks in the Notes to the IFRS consolidated financial statements.

<ESMA\_QUESTION\_ESEFEEAP\_17>

With regard to text block mark in IFRS notes, such tagging is only of limited use from a statistical user perspective.

<ESMA\_QUESTION\_ESEFEEAP\_17>

**Question 18:** Do you agree with the content outlined in phase two? Do you think there is added value in detailed marking up of the Notes to the IFRS consolidated financial statements, particularly for all figures in a declared currency within the tables? Do you think that detailed tagging of numerical elements for which issuers should create extensions because there is no corresponding core taxonomy element provide added value? If not, please provide your reasons and suggest alternatives to detailed-marking up the Notes to the IFRS consolidated financial statements.

<ESMA\_QUESTION\_ESEFEEAP\_18>

With regard to monetary data points, which belong typically to the extracted variables for statistics, it is observed that companies under the current ESEF regulation publish rather condensed primary financial statements (e.g. balance sheet or income statement) implying many important details of information must be retrieved from the notes. If those monetary datapoints are not tagged, the retrieval from the IFRS notes is costly. Thus, an approach to mark up such numerical breakdowns in IFRS notes is supported. In such cases, even extensions are useful compared to no tagging at all.

However, this reasoning does not apply to all numerical values within IFRS notes in a declared currency. Detailed tagging could be forgone particularly in those cases with no comparability across companies.

<ESMA\_QUESTION\_ESEFEEAP\_18>

**Question 19:** Do you agree with the proposal to remove the current list of mandatory core taxonomy elements outlined in Annex II of the RTS on ESEF and replace it with a more concise and targeted list of mandatory taxonomy elements? If not, please explain your reasons.

<ESMA\_QUESTION\_ESEFEEAP\_19>

The proposal to remove the current list of mandatory core taxonomy elements outlined in Annex II of the RTS on ESEF and replace it with a more concise and targeted list of mandatory taxonomy elements is generally supported, as the current list contains nearly exclusively text block tags being less useful for compiling statistics. A more concise and targeted list of mandatory taxonomy elements focusing mainly on comparable numerical values as well as attributes for identification purposes would be beneficial for compiling statistical processes. Please see answer 15 with a list of respective elements.

<ESMA\_QUESTION\_ESEFEEAP\_19>

**Question 20:** Do you agree with the proposed list of mandatory elements? If not, please provide your reasons and suggest any elements that should be removed or added.

<ESMA\_QUESTION\_ESEFEEAP\_20>

<ESMA\_QUESTION\_ESEFEEAP\_20>

**Question 21:** Do you agree with the revised approach towards the creation of extension taxonomy elements for the Notes to the IFRS consolidated financial statements and the principles outlined? If not, please explain your reasons and suggest alternatives.

<ESMA\_QUESTION\_ESEFEEAP\_21>

A revised approach towards minimising extension taxonomy elements for the IFRS notes is supported as they hinder the statistical usage. Please see answer to question 6 with detailed considerations towards extensions.

<ESMA\_QUESTION\_ESEFEEAP\_21>

**Question 22:** Do you agree with the inclusion of a review clause that would trigger stock-taking by ESMA to consider any necessary adjustments in response to the changing circumstances and to bundle these adjustments with other updates where feasible? If not, please explain your reasons.

<ESMA\_QUESTION\_ESEFEEAP\_22>

[

The inclusion of a review clause is generally supported that triggers a stock-taking whether the reporting obligations of companies are too burdensome and/or whether the needs of users have been met.

]

<ESMA\_QUESTION\_ESEFEEAP\_22>

Targeted improvements to the existing drafting of the RTS on ESEF

**Question 23**: Do you agree with the proposals for the targeted amendments to the RTS on ESEF? If not, please explain your reasons and suggest alternatives. In your response, reference specific proposals by proposal number.

<ESMA\_QUESTION\_ESEFEEAP\_23>

The targeted amendments to the RTS, altogether 18 proposals, are generally supported as they aim to increase clarity and to avoid inconsistencies, both being much helpful for statistical purposes. Nevertheless, ESMA could evaluate whether they imply a substantial increase in listed companies’ tagging process. It would be generally preferable that listed companies use their resources in sustainability tagging rather than in detailed tagging of IFRS notes.

<ESMA\_QUESTION\_ESEFEEAP\_23>

**Question 24:** Are there any additional targeted amendments that could be brought to the RTS on ESEF which are not considered in this proposed list? If yes, please provide additional comments, providing specific references to the RTS on ESEF and concrete wording proposals for ESMA to take into consideration.

<ESMA\_QUESTION\_ESEFEEAP\_24>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEFEEAP\_24>

Amendments to the RTS on the European Electronic Access Point (Delegated Regulation 2016/1437)

**Question 25**: Do you agree that it is necessary to amend the RTS on EEAP and with the way ESMA proposes to do so? If not, please explain your reasons.

<ESMA\_QUESTION\_ESEFEEAP\_25>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEFEEAP\_25>

**Question 26:** Do you agree with content of the proposed amendments to the RTS on EEAP? If not, please explain in which regards to you disagree and illustrate any alternative proposal.

<ESMA\_QUESTION\_ESEFEEAP\_26>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEFEEAP\_26>

Annex II. Draft Cost/Benefit Analysis on the RTS on ESEF

**Question 27:** Do you agree with ESMA’s high-level understanding of an approximate monetary cost associated with marking up disclosures in IFRS consolidated financial statements and the Notes to the IFRS consolidated financial statements? If you have a different view on the approximate average monetary cost per markup, please supply supporting data.

<ESMA\_QUESTION\_ESEFEEAP\_27>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEFEEAP\_27>

**Question 28:** Do you agree with ESMA’s high-level understanding of an approximate monetary cost per markup and other additional costs associated with marking up disclosures of sustainability reporting? If you have a different view on the approximate average monetary cost per markup, please supply supporting data.

<ESMA\_QUESTION\_ESEFEEAP\_28>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEFEEAP\_28>

**Question 29:** Do you agree with the above-mentioned possible costs and benefits developed by ESMA with respect to defining the rules to mark up the sustainability statements? Which other types of costs or benefits (qualitative and/or quantitative) would you consider in that context?

<ESMA\_QUESTION\_ESEFEEAP\_29>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEFEEAP\_29>

**Question 30:** Do you agree with the above-mentioned possible costs and benefits developed by ESMA with respect to the use of a list of mandatory elements for marking up the sustainability statements? Which other types of costs or benefits (qualitative and/or quantitative) would you consider in that context?

<ESMA\_QUESTION\_ESEFEEAP\_30>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEFEEAP\_30>

**Question 31:** Do you agree with the above-mentioned possible costs and benefits developed by ESMA with respect to defining the rules for marking up Article 8 sustainability disclosures in the sustainability statements? Which other types of costs or benefits (qualitative and/or quantitative) would you consider in that context?

<ESMA\_QUESTION\_ESEFEEAP\_31>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_ESEFEEAP\_31>

**Question 32**: Do you agree with the above-mentioned possible costs and benefits developed by ESMA with respect to the review of the current marking up approach for the Notes to the IFRS consolidated financial statements? Which other types of costs or benefits (qualitative and/or quantitative) would you consider in that context?

<ESMA\_QUESTION\_ESEFEEAP\_32>

Option 3, preferred by ESMA, is generally supported. Gradually increasing mark-up requirements can help companies manage the transition more smoothly, gradually adapting to new requirements, reducing the risk of errors or non-compliance. It would allow them to adjust their processes incrementally, which can lead to better compliance and more accurate data collection over time. Further, undertakings could meet regulatory requirements without sudden disruptions to their reporting processes. All of this is useful for statistical purposes.

<ESMA\_QUESTION\_ESEFEEAP\_32>

**Question 33:** Do you agree with the above-mentioned possible costs and benefits developed by ESMA with respect to the review of the list of mandatory elements under Annex II to RTS on ESEF? Which other types of costs or benefits (qualitative and/or quantitative) would you consider in that context?

<ESMA\_QUESTION\_ESEFEEAP\_33>

Option 2, preferred by ESMA, is generally supported. Meanwhile, a phased-in approach, as described in question 32, would be considered as an appropriate solution that would balance between time and transition. A possible approach could be to have an amended option 3 that would keep some limited mandatory fields for some pre-defined period. This would serve statistical purposes.

<ESMA\_QUESTION\_ESEFEEAP\_33>

Annex III. Draft Cost/Benefit Analysis relating to the amendment to the RTS on the EEAP

**Question 34:** Do you agree with the assessment of costs and benefits developed by ESMA with respect to the review of the RTS on EEAP?

<ESMA\_QUESTION\_ESEFEEAP\_34>

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<ESMA\_QUESTION\_ESEFEEAP\_34>

Annex IV. Legal text RTS on ESEF

**Question 35:** Do you agree with the proposed drafting amendments to the RTS on ESEF? If not, please explain your reasons and suggest alternatives. In your response, reference specific sections and paragraphs of the RTS on ESEF (i.e., Annex III, paragraph 1).

<ESMA\_QUESTION\_ESEFEEAP\_35>

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<ESMA\_QUESTION\_ESEFEEAP\_35>

**Question 36:** Are there any additional drafting amendments that could be brought to the RTS on ESEF which are not considered in this draft legal text? If yes, please provide additional comments, providing specific references to the RTS on ESEF, underlying reasoning and concrete wording suggestions for ESMA to take into consideration.

<ESMA\_QUESTION\_ESEFEEAP\_36>

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<ESMA\_QUESTION\_ESEFEEAP\_36>