**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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| ☐ | Auditor of corporate reporting subject to digitalisation requirements in the EU | | |
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# Questions

* 1. **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>

No.

**Issue 1: Hidden disclosures in narrative texts**

When companies combine individual narrative datapoints into single texts, it is important yet very hard to know for the user (reader) which of the ESRS datapoints are included. In practice this will lead to missed or misinterpreted disclosures.

**Recommendation 1: Marking up narrative disclosures**

XBRL tagging of narrative disclosures, if done with full granularity, reveals if, and where, a disclosure has been made. If the narrative and semi-narrative XBRL elements are tagged, an element of interpretation can be removed and preparers can be certain the user does not miss or misinterpret their disclosures.Additionally, this would also simplify the auditing of the ESRS statements and lead to reduced assurance costs for preparers.

**Issue 2: Assumed burden to preparers for marking up disclosures**

ESMA states repeatedly that it must carefully balance the burden on preparers to mark up their sustainability disclosures and facilitating the extraction and analysis of marked up information to support the overall usability and comparability of digitalised sustainability disclosures. We do not agree with this proposition. The significant resource burden of reporting is not the digitisation of a report but rather the preparation of the report itself, including the understanding of the disclosure requirements, data collection, consolidation and calculation, and so on. Digitisation is usually considered as the last-mile process step, before a report is published, accounting for a very small portion of the overall effort to comply with reporting requirements like the ESRS and IFRS financial statements.

The objective of reducing the burden for preparers should only be considered by ESMA when it does not sacrifice the availability of granular and useful data. This is in line with ESMA’s officially communicated strategy, stating that it can, along with NCAs, ensure the stability, transparency, and efficiency of markets by enabling the availability of reliable and granular data.[[1]](#footnote-1) Furthermore, it should not be an option in the first place to even consider not to fully digitise, which is, incidentally, one of the main objectives of the EU digital agenda. The fact that ESRS statements to be published in 2025 for FY2024 are basically PDF-based is already unfortunate and undesirable.

Moreover, from a European competitiveness perspective it would be unwise to adjust timelines to the speed of the slowest adopters. With market leaders like MAERSK already digitally marking up their first ESRS reports (two years ahead of schedule) these early adopters should serve as inspiration. Their approach and learnings should be capitalized on, serving as a blueprint to speed along adoption for other preparers, strengthening the competitive advantage of European business.

We would like to highlight that the EFRAG Secretariat has conducted a cost estimation for the tagging of the financial statements and notes in the ESEF format.[[2]](#footnote-2) The estimated 15–20 euro per XBRL element is significantly lower than what ESMA’s assessment from 2024 determined. We therefore strongly recommend that ESMA revise the cost estimates and look at other sources, for instance an assessment of the US SEC in relation to sustainability related disclosures, which concludes that the digital tagging ‘requirement will not unduly add to companies’ burden, and we believe any incremental costs are appropriate given the significant benefits to investors’.[[3]](#footnote-3) A study conducted by a XBRL US organisation along with AICPA reported that the prices for complying with XBRL went down to 5.850 USD every year, which represents a 42% reduction compared to the initial tagging, as recognised by a US commissioner.[[4]](#footnote-4)

Finally, ESMA should not rely on claims whereby PDF-based disclosures and AI can replace structured, machine- readable reporting, even as an intermediary stop-cap (justifying a phasing-in approach). Research and practical experience show that AI is currently not able to reliably extract accurate facts from a PDF – hallucinations of generative AI systems, which are still common when extracting information from PDF reports, should never drive investment and other decisions. Moreover, AI tools are costly. Even open-source AI tools require the use of significant amounts of computation to parse documents which means “free” tools are still costly to run. This would once again limit access to the data to those with significant resources to invest and sideline stakeholders such as Civil Society.

**Recommendation 2: ESMA to provide tooling for digitisation**

Despite the fundamental misconceptions of the proposition that it is an undue burden for preparers, if ESMA insists to continue to look for ways to reduce the marking up burden for preparers, we recommend ESMA to provide tooling for preparers to do their marking up. Not only would this avoid having to compromise on data granularity and accessibility, but it would also seem appropriate within the mandate of the ESMA, similar to how a tax authority provides tooling to taxpayers to do their tax returns. In a similar vein, XBRL US has stated in their public response to the Climate Corporate Data Accountability Act (CCDAA) consultation, that they intend to offer a tool for free (available July 2025), to allow marking up these documents. For ESMA, one effective approach could be leveraging open-source tools like Arelle. This would keep resource investments to a minimum for ESMA while enabling preparers to compose sustainability disclosures and then apply the necessary iXBRL tags according to the ESRS taxonomy. Arelle can also facilitate validation against the ESRS taxonomy, ensuring compliance.

<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>

No.

**Issue 1: Problematically long timeline**

We welcome ESMA’s ultimate objective of having fully marked-up sustainability statements (paragraph 67). However, having the full tagging of the ESRS sustainability statements either in 2032 or 2033 seems disproportionate in relation to the fact that the ESRS statements in most EU countries have been disclosed in 2025 already, and that the ESRS Set 1 XBRL Taxonomy has been available since August 2024. In this light, ESMA’s proposed timeline and phasing-in approach that spans nearly a decade is incomprehensible.

XBRL tagging is the last mile of the entire CSRD reporting process and makes standardised audited information digitally available. The digital availability of structured, reliable and comparable data is the enabler for the overall benefits of the CSRD and ESRS to materialise. Missing or delaying digitalisation, will result in having incurred significant investments to implement the ESRS reporting system, while not enabling the real benefits of such investments and increasing the window of opportunity for lobbying attempts to block or undo these Directives. The introduction of a digital tagging requirement for financial statements starting in 2019 also shows that a huge delay between the introduction of the reporting requirements (IFRS Accounting Standards adopted in the EU in 2005) and the digital tagging will lead to practical issues and pushback.

Moreover, as ESMA also acknowledges, the market will not wait for digitized data. The vacuum will be filled and so a delay will result in creating massive business opportunities for data aggregators with information being put behind paywalls (limiting access for stakeholders like civil society) and questionable comparability due to unstructured data sources.

Therefore, our **recommendations** are:

1. **Adopt a more flexible process for making revisions:** The XBRL taxonomy needs to be considered more like a software product, which requires a more flexible approach to making revisions and adaptations, to ensure relevance and improve usability. Having release cycles of up to, effectively, two years and having no way to fine-tune the tagging requirements based on a review of an actual reporting period will be challenging for all stakeholders.
2. **Reducing number of phases from 3 to 2**: Phase 2 as proposed by ESMA has a fundamental issue: It requires the tagging of certain levels of the narrative tagging hierarchy. We therefore recommend skipping phase 2 completely. By introducing high-level wording in the ESEF RTS, which simply requires for any ESRS datapoint and disclosure to tag the most appropriate corresponding XBRL element, the last phase reflecting the full digitisation can be adopted fairly easily. In any case, ESMA can then assess the quality of the digital disclosures after the reporting period, where full detailed tagging is required, and take measures to improve the quality of the digital disclosures if needed based on a sound assessment of the data. Furthermore, most of the validation rules in phase 2 are related to metrics already tagged in phase 1, so there is no reason to not apply those rules already in phase 1. This is also supported by the fact that most of the validation rules in phase 2 should be implemented in a way that would ensure that, if a disclosure is not present in a report, the validation rule will not be triggered. It therefore does not make sense to delay those.
3. **Embracing ESAP’s role as an archive**: While housing digitally tagged reports in ESAP is a massive advancement in terms of data accessibility, it does not mean such reports can only be made available once the ESAP is operational in 2027. Doing so would assume that that data is not usable until it is available in the ESAP, which is not true since private initiates like filings.xbrl.org already provide repositories with digital reports for thousands of companies.

For the sake of completeness and overtime assessments, we advise to require digitally tagged reports to be submitted from the moment that the relevant Directives require digital tagging (in the case of the ESRS this would be as early as FY2025). Prepares would simply be required to submit previously prepared reports as soon as the ESAP is operational. This would also ensure preparers and users of the data have sufficient time and experience with preparing and using the digital datasets.

<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>

No.

**Issue: Unnecessary phasing in based on the type of large undertaking**

While the approach to allow large undertakings that are new to reporting to have an extra year for their first implementation might make sense for the CSRD (given the significant time and investments required to set up the processes and systems to gather data and begin reporting) that does not hold for digital tagging. As shown by the EFRAG’s recording in which they conduct an illustrative tagging of MAERSK’s ESRS report[[5]](#footnote-5), even though it was a “quick and dirty” approach to demonstrate how the process works, it becomes clear that digital tagging is not very complicated and can take just a few hours. Therefore, providing companies new to reporting with an additional year to become familiar with the digital tagging process would be excessive and unnecessary.

**Recommendation: ESMA to provide tooling for digitisation**

Regardless, as recommended above (question 1), if ESMA were to provide the tooling for preparers to go through the digital marking up process, it would simplify things for preparers and neutralize this concern without jeopardizing and delaying the availability of granular standardized data. One effective approach would be leveraging open-source tools like Arelle. This could keep resource investments to a minimum for ESMA while enabling preparers to compose sustainability disclosures and then apply the necessary iXBRL tags according to the ESRS taxonomy. Arelle can also facilitate validation against the ESRS taxonomy, ensuring compliance.

<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>

No.

**Issue 1: Narrative level tagging requires judgement calls by preparers**

Phase 2 as proposed by ESMA has a fundamental issue: it requires the tagging of certain levels of the narrative tagging hierarchy.Moreover, as paragraph 44 of the consultation paper states, applying the levels or the narrative tagging hierarchy requires undertaking to make judgment calls. This will very likely result in several practical issues:

1. Different preparers (and their auditors) might conclude that certain data points are at a certain level, while others will judge the situation differently. This is not ‘fair’ from a preparer’s perspective and requires extensive discussions with auditors, since the list of mandatory tags will vary.
2. The resulting tagged data will be less comparable due to its different levels of granularity resulting from point (a) above.
3. In terms of granularity, the XBRL taxonomy does not have only three levels of XBRL elements; in several cases, the hierarchy has even more additional granular XBRL elements, for instance when taking into account the hierarchy of ESRS 2 and the topical extensions of disclosure requirements.

**Recommendation 1:** **Simplify guidance and reduce number of phases from 3 to 2**

Instead of using level 2 and 3 for phasing-in, we recommend to use only level 1 for phasing- in, skip the proposed phase 2 and introduce high-level wording in the ESEF RTS, which simply requires for any ESRS datapoint and disclosure to tag the most appropriate corresponding XBRL element. The last phase, reflecting the full digitization, can then be adopted fairly easily. This will not solve the issues with (b) listed above, but at least it will solve (a) and (c) because it does not reflect a mandatory list of XBRL elements.

Furthermore, most of the validation rules in phase 2 are related to metrics already tagged in phase 1, so there is no reason to not apply those rules already in phase 1. This is also supported by the fact that most of the validation rules in phase 2 should be implemented in a way that would ensure that, if a disclosure is not present in a report, the validation rule will not be triggered. It therefore does not make sense to delay those.

In any case, ESMA can then assess the quality of the digital disclosures after the reporting period, where full detailed tagging is required, and take measures to improve the quality of the digital disclosures if needed based on a sound assessment of the data.

**Issue 2: Aligning digital tagging timeline with ESAP timeline**

While housing digitally tagged reports in ESAP is a massive advancement in terms of data accessibility, it does not mean such reports can only be made available once the ESAP is operational in 2027. Doing so would assume that that data is not usable until it is available in the ESAP, which is not true since private initiates like filings.xbrl.org already provide repositories with digital reports for thousands of companies.

**Recommendation 2: Embrace ESAP’s role as an archive**

For the sake of completeness and overtime assessments, we advise to require digitally tagged reports to be submitted from the moment that the relevant Directives require digital tagging (in the case of the ESRS this would be as early as FY2025). Preparers would simply be required to submit previously prepared reports as soon as the ESAP is operational.

<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>

Yes.

<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>

Yes.

We agree with the approach to avoiding XBRL taxonomy extensions as much as possible. Paragraph 84 of the consultation paper mentions two different elements under ‘other’ in subpoints (i) and (ii). In fact, the EFRAG XBRL Taxonomy has only one element with the label ‘Disclosure of other material and (or) entity-specific information to enable users understand undertaking’s sustainability-related impacts, risks or opportunities [text block]’. This element can be linked with ‘Impacts, Risks and Opportunities’ (via typed dimension) and/or the sustainability matters enumeration.

<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>

Partly.

We welcome ESMAs proposed “review clause” but suggest taking it a step further.

**Issue:** **Too lengthy of a process to adapt tagging rules and XBRL taxonomies**

The current process for adopting XBRL taxonomies in the ESEF format is very lengthy, bureaucratic and does not address the realities and challenges companies face when digitising their reports. New versions of XBRL taxonomies, which solve practical problems (big or small) should not take years to be adopted. Not only would this make the XBRL taxonomies impractical and quickly out of date, it's likely to reduce the general sympathy for ESMA and its ESEF RTS, thus inviting pushback. Rather, XBRL taxonomies should be considered like software tools that frequently go through iterative processes to ensure their relevance and effectiveness.

**Recommendation: Adopt a high-level tagging rule in the RTS and give ESMA an authoritative yet flexible mechanism to fine-tune the tagging rules and XBRL taxonomies without a new RTS.**

Our advice is to have high-level wording in the RTS along the lines of ‘mandate companies to digitise numerical, narrative and semi-narrative ESRS/Article 8/IFRS financial statements with the corresponding XBRL taxonomies published on the ESMA webpage’. ESMA should then make new versions of the XBRL taxonomies available on the website and update the ESEF Reporting Manual every year, without having to amend the ESEF RTS.

This practice of having high-level mandates supported with authoritative yet flexible supporting implementation documents has been well proven in other geographies and sectors. In the USA a stable ‘final interactive data rule’[[6]](#footnote-6) has been adopted in 2009, and the US SEC simply publishes new XBRL taxonomy versions on a regular basis[[7]](#footnote-7) as well as amended guidelines (including drafts) in the EDGAR Filer Manual[[8]](#footnote-8) on its website. And even in the EU, the European Banking Authority (EBA) and the European Insurance and the Pension Authority (EIOPA) publish new technical XBRL taxonomies and filing rules without adopting those in a legal text.

That said, looking at the application of the RTS and RM in financial reporting, we know that the RM can hold essential technical rules for users to read and interpret disclosures, and yet some auditors and preparers challenge its authority claiming it is only guidance that does not have to be complied with. We would therefore recommend including language in the RTS that makes explicit the authority of the RM and other supporting documentation so that preparers and auditors must apply those rules.

Finally, to ensure market adoption and stakeholder engagement, we recommend each new XBRL taxonomy and ESEF Reporting Manual is:

* 1. introduced three months before it is applicable for reporting (i.e. before 30 June, when applicable, for reporting periods ending the same year); and
  2. accompanied by a six-week consultation period.

<ESMA\_QUESTION\_ESEFEEAP\_07>

* 1. **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>

Yes.

<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>

Yes**,** we agree with fully marking up Article 8 sustainability disclosures without a phasing in approach.

No**,** we do not agree with a staggered approach based on the type of large undertaking.

**Issue: Unnecessary phasing in based on the type of large undertaking**

As explained in question 3 on the phasing in based on entity type for the ESRS implementation, this type of phasing in is excessive and unnecessary given how simple and quick it is to digitally mark up the information, even if it is a first-time endeavor.

**Recommendation: ESMA to provide tooling for digitisation**

Regardless, as recommended above (question 1 and 3), if ESMA were to provide the tooling for preparers to go through the digital marking up process, it would simplify things for preparers and neutralize this concern without jeopardizing and delaying the availability of granular standardized data.

<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>

No, this rigid approach will lead to unnecessary implementation delays. Rather, we recommend adopting a high-level tagging rule in the RTS and give ESMA an authoritative yet flexible mechanism to fine-tune the tagging rules and XBRL taxonomies without a new RTS. To ensure market adoption and stakeholder engagement, each new XBRL taxonomy and ESEF Reporting Manual should then be:

1. introduced three months before it is applicable for reporting (i.e. before 30 June, when applicable, for reporting periods ending the same year); and
2. accompanied by a six-week consultation period.

More details about this suggested approach in our answer to question 11.

<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>

Partly.

We welcome ESMAs proposed “review clause” but suggest taking it a step further.

**Issue:** **Too lengthy of a process to adapt tagging rules and XBRL taxonomies**

The current process for adopting XBRL taxonomies in the ESEF format is very lengthy, bureaucratic and does not address the realities and challenges companies face when digitising their reports. New versions of XBRL taxonomies, which solve practical problems (big or small) should not take years to be adopted. Not only would this make the XBRL taxonomies impractical and out of date, it's likely to reduce the general sympathy for ESMA and its ESEF RTS, thus inviting pushback. Rather, XBRL taxonomies should be considered like software tools that frequently go through iterative processes to ensure their relevance and effectiveness.

**Recommendation: Adopt a high-level tagging rule in the RTS and give ESMA an authoritative yet flexible mechanism to fine-tune the tagging rules and XBRL taxonomies without a new RTS.**

Our advice is to have high-level wording in the RTS along the lines of ‘mandate companies to digitise numerical, narrative and semi-narrative ESRS/Article 8/IFRS financial statements with the corresponding XBRL taxonomies published on the ESMA webpage’. ESMA should then make new versions of the XBRL taxonomies available on the website and update the ESEF Reporting Manual every year, without having to amend the ESEF RTS.

This practice of having high-level mandates supported with authoritative yet flexible supporting implementation documents has been well proven in other geographies and sectors. In the USA a stable ‘final interactive data rule’[[9]](#footnote-9) has been adopted in 2009, and the US SEC simply publishes new XBRL taxonomy versions on a regular basis[[10]](#footnote-10) as well as amended guidelines (including drafts) in the EDGAR Filer Manual[[11]](#footnote-11) on its website. And even in the EU, the European Banking Authority (EBA) and the European Insurance and the Pension Authority (EIOPA) publish new technical XBRL taxonomies and filing rules without adopting those in a legal text.

That said, looking at the application of the RTS and RM in financial reporting, we know that the RM can hold essential technical rules for users to read and interpret disclosures, and yet some auditors and preparers challenge its authority claiming it is only guidance that does not have to be complied with. We would therefore recommend including language in the RTS that makes explicit the authority of the RM and other supporting documentation so that preparers and auditors must apply those rules.

Finally, to ensure market adoption and stakeholder engagement, we recommend each new XBRL taxonomy and ESEF Reporting Manual is:

1. introduced three months before it is applicable for reporting (i.e. before 30 June, when applicable, for reporting periods ending the same year); and
2. accompanied by a six-week consultation period.

<ESMA\_QUESTION\_ESEFEEAP\_11>

* 1. **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>

No.

We agree with ESMA’s proposal to incorporate the different XBRL taxonomies ‘as is’. However, the technical approach to ‘copy-pasting’ the linkbases of the ESRS, Article 8 and the IFRS Accounting Taxonomy into the ESMA Taxonomy seems rather unnecessary and overly complicated. Instead, ESMA could just import the corresponding ‘all’ entry points from each taxonomy, which will result in exactly the same presentation but with less technical overhead and duplication. It is not clear what the role of the technical.xsd file is mentioned in paragraph 134 of the consultation paper.

<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>

Partly.

We agree with ESMA’s proposal to incorporate the different XBRL taxonomies ‘as is’. However, the technical approach to ‘copy-pasting’ the linkbases of the ESRS, Article 8 and the IFRS Accounting Taxonomy into the ESMA Taxonomy seems rather unnecessary and overly complicated. Instead, ESMA could just import the corresponding ‘all’ entry points from each taxonomy, which will result in exactly the same presentation but with less technical overhead and duplication. It is not clear what the role of the technical.xsd file is mentioned in paragraph 134 of the consultation paper.

<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>

Yes.

**We recommend running a field test with ESRS statements in 2025 to reassess the effort and cost involved in tagging.**

ESMA can start tagging existing ESRS statements immediately to gain experience with the XBRL taxonomies, test the proposed RTS and reevaluate the effort and cost estimation. Performing a field test was also requested by many stakeholders responding to EFRAG’s consultation on the ESRS Set 1 XBRL Taxonomy. EFRAG has proven with its video on illustrative tagging that the tagging of real and full ESRS statements can be done in a small number of hours. As part of the CBA (cost-benefit-analysis), ESMA estimates that the price for preparers’ tagging of financial statements is up to 60 euro per XBRL element based on an estimation from 2016, before ESEF was even mandatory. EFRAG’s assessment, based on a survey run with XBRL EU in 2024, revealed that the externalised cost of tagging by service provider is significantly lower, with an average of 15–20 euro. It thus seems that the market has significantly reduced costs, and we strongly recommend ESMA to conduct a CBA based on a similar survey together with the XBRL organisations.

<ESMA\_QUESTION\_ESEFEEAP\_14>

* 1. **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>

Yes. We agree with the need for a revision considering that currently the rules are not enforced in some Member States, while they are enforced in heterogeneous ways in the Member States where they are applied. This makes the use of the corresponding data complex and difficult for data users.

The principle of block-tagging itself does not fit the granularity of information required by data users, nor does it align with what is available in competing capital markets.

<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>

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<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>

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<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>

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<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>

Yes.

<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>

Partly.

We welcome the introduction of the proposed mandatory elements. Our recommendation would however be to also require Legal Entity Identifiers (LEIs) in addition to the entity and parent entity names. Seeing that entity names are notoriously ambiguous, the addition of LEIs would ensure accuracy.

Furthermore, the “Description of nature of entity’s operations and principal activities” is extremely interesting for data users, but the quality of the data is often problematic. It would be extremely helpful to have preparers declare the NACE codes of activities in which the company mainly operates. The full code would not necessarily be needed; the second level (Letter-number, for instance C10 - Manufacture of food products) would be sufficient to help with the categorizing of companies by type of activity.

In the second group of elements, we are very pleased with the inclusion of the dates of the reporting period. The start of the reporting period should however also be included, especially considering that the start of the reporting period is the one determining which accounting standards and technical specifications apply to the report.

<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>

Yes.

<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>

Yes.

<ESMA\_QUESTION\_ESEFEEAP\_22>

* 1. **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>

Partly.

Below concrete wording and amendment suggestions for the proposed RTS in Annex IV of the ESMA consultation paper. Insertions are marked in red, whereas deletions are marked with ~~strikethrough~~.

Article 2, paragraph 1 and 2 on ‘definitions’

This article should be rephrased as follows because the definitions are specified in the XBRL specification. Unless this is copy-pasted into the ESEF RTS (which does not make sense because it is a very technical specification), it would be better to just explain the terms and reference to the XBRL 2.1 specification with wording along those lines: ‘*the terms used in this document are specified in the official technical XBRL Specifications listed on https://specification.xbrl.org*’.

Article 3 on the Single Electronic Format

The paragraph should be amended as follows.

*Except for undertakings that qualify as issuers, undertakings and parent undertakings that are subject to the requirements of Article 19a and 29a of Directive 2013/34/EU shall prepare their management report in the ~~XHTML~~ Inline XBRL format and mark up disclosures as specified below.*

*Issuers shall prepare their entire annual financial reports in the ~~XHTML~~ Inline XBRL format and mark up disclosures as specified below.*

ANNEX I Legend for the Tables of Annexes II, IV, VI, VII and VIII

The table in this annex with technical details should be completely removed. It is not clear why a copyright notice in relation to the IFRS Taxonomy is included in the legal text that will be published in the OJ.

ANNEX III Applicable Inline XBRL specifications

This chapter should be removed from the ESEF RTS and moved to the ESEF Reporting Manual.

ANNEX IV Marking up and filing rules

This chapter should be removed from the ESEF RTS and moved to the ESEF Reporting Manual.

ANNEX V XBRL Taxonomy files

This chapter about the technical files should be removed from the ESEF RTS as the technical files are provided on ESMAs website.

ANNEX VI, VII and VIII on schemas of core XBRL taxonomies

The list of the XBRL elements should be removed from the ESEF RTS, as those are technical identifiers which simply reflect the underlying disclosure standards that are already published in all languages in the EU Official Journal.

<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>

Yes.

**We recommend the ESEF RTS to be expanded to also cover the tagging of footnotes.** The first reports are being published to illustrate that footnotes assigned to numbers in tables often contain very important information (e.g. explanations on calculations), which should be tagged as well by using the built-in functionality of Inline XBRL. The ESEF RTS should account for that with a sentence along the lines of: ‘Footnotes to numerical disclosures shall be tagged using the Inline XBRL footnotes’. Since all numerical disclosures are to be tagged in phase one, it should also be covered in this phase.

<ESMA\_QUESTION\_ESEFEEAP\_24>

* 1. **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>

Yes.

<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>

Yes.

We would especially like to emphasize the importance of using LEIs to identify each issuer.

<ESMA\_QUESTION\_ESEFEEAP\_26>

* 1. **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>

No.

**Issue: ESMA’s CBA is based on old data**

As part of the CBA (cost-benefit-analysis), ESMA estimates that the price for preparers’ tagging of financial statements is up to 40 euro per XBRL element based on an estimation from 2016, before ESEF was even mandatory. EFRAG’s assessment, based on a survey run with XBRL EU in 2024, revealed that the externalised cost of tagging by service provider is significantly lower, with an average of 15–20 euro. It thus seems that the market has significantly reduced costs.

**Recommendation: ESMA should reevaluate cost estimates**

In revising cost estimates, we **r**ecommend that ESMA:

* looks at other sources, for instance an assessment of the US SEC in relation to sustainability related disclosures, which concludes that the digital tagging ‘requirement will not unduly add to companies’ burden, and we believe any incremental costs are appropriate given the significant benefits to investors’[[12]](#footnote-12). A study conducted by a XBRL US organisation along with AICPA reported that the prices for complying with XBRL went down to 5.850 USD every year, which represents a 42% reduction compared to the initial tagging, as recognised by a US commissioner.[[13]](#footnote-13)
* conduct a CBA based on a similar survey together with the XBRL organisations

Furthermore, something worth considering is an approach to estimate the cost of data collection and extraction by estimating the revenue that large data providers have made in relation to ESG data. This approach has been developed and conducted by an external consulting firm supporting EFRAG with the CBA on the draft ESRS published in November 2022.[[14]](#footnote-14)

<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>

No.

**Issue: ESMA’s CBA is based on old data**

As part of the CBA (cost-benefit-analysis), ESMA estimates that the price for preparers’ tagging of financial statements is up to 60 euro per XBRL element based on an estimation from 2016, before ESEF was even mandatory. EFRAG’s assessment, based on a survey run with XBRL EU in 2024, revealed that the externalised cost of tagging by service provider is significantly lower, with an average of 15–20 euro. Moreover, EFRAG has proven with its video on illustrative tagging that the tagging of real and full ESRS statements can be done in a small number of hours. It thus seems that the market has significantly reduced costs.

**Recommendation: ESMA should reevaluate cost estimates**

In revising cost estimates, we recommend that ESMA:

* run a field test with ESRS statements in 2025, which would not only help to re-evaluate the effort and cost estimation, it would also help test the proposed RTS and provide experience with the XBRL taxonomies
* looks at other sources, for instance an assessment of the US SEC in relation to sustainability related disclosures, which concludes that the digital tagging ‘requirement will not unduly add to companies’ burden, and we believe any incremental costs are appropriate given the significant benefits to investors’[[15]](#footnote-15). A study conducted by a XBRL US organisation along with AICPA reported that the prices for complying with XBRL went down to 5.850 USD every year, which represents a 42% reduction compared to the initial tagging, as recognised by a US commissioner[[16]](#footnote-16)
* conduct a CBA based on a similar survey together with the XBRL organisations

Furthermore, something worth considering is an approach to estimate the cost of data collection and extraction by estimating the revenue that large data providers have made in relation to ESG data. This approach has been developed and conducted by an external consulting firm supporting EFRAG with the CBA on the draft ESRS published in November 2022.[[17]](#footnote-17)

<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>

No.

**Issue: Underrepresentation of the data user’s perspective in the cost and benefits analysis**

The costs and benefits analysis is heavily weighted towards the perspectives of preparers and infrastructure providers (OAMs and ESMA itself). The perspective of data users is barely considered beyond the overarching objective to make data accessible.

NGOs and independent media are notoriously under-resourced and face further, unprecedented funding cuts by governments (both in the US and EU), but it is groups like these that are expected to ensure legislation is enforced and effective. With regards to the CSRD, the EU has no appointed mechanism or institution to monitor compliance (meaning civil society will need to fill this accountability gap), and with regards to the CSDDD, it is now (as proposed in the Omnibus) up to third parties to provide ‘reasonable information’ to ensure corporate due diligence is performed beyond the first tier of the supply chain. Access to the data companies prepare is thus essential for these groups to fulfill their role in compliance monitoring and ensuring accountability. In a nutshell, delaying the availability of the data to these groups, means delaying the ability to have the legislation be effective and impactful. A cost much higher than that for preparers in marking up their disclosure in full detail. And then we have not even spoken of the cost of data delays and incompleteness to the ultimate beneficiaries of this work; people and planet.. Which is arguably much higher than any cost considered.

Finally, ESMA should not rely on claims whereby PDF-based disclosures and AI can replace structured, machine- readable reporting, even as an intermediary stop-cap (justifying a phasing-in approach). Research and practical experience show that AI is currently not able to reliably extract accurate facts from a PDF – hallucinations of generative AI systems, which are still common when extracting information from PDF reports, should never drive investment and other decisions. Moreover, AI tools are costly. Even open-source AI tools require the use of credits to parse documents which means “free” tools are still costly to run. This would once again limit access to the data to those with significant resources to invest and sideline stakeholders such as Civil Society.

**Recommendation: Revise analysis to incorporate data user’s costs and benefits**

The analysis should be revised to consider the cost of not marking up data digitally (Option 1) or delaying it (Option 3) for data users, which is much higher than the assumed cost to preparers to fully mark up disclosures without delays (Option 2).

<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>

Yes.

<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>

Partly.

While we agree with the preferred option to have a comprehensive detailed marking up approach (option 2), we would point out that the cost benefit analysis, again, has an underrepresentation of the data user’s perspective.

As recommended under question 29, we advise ESMA to revise their analysis to incorporate data user’s costs and benefits, in particular the costs for poorly resourced data users like Civil Society in the case that data is not fully marked up**.** Please see our answer to question 29 for more detailed reasoning.

<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>

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<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>

Yes. While we agree with the costs and benefits analysis, we don’t necessarily agree with the proposed list for Option 2 (please see our answer to question 20).

<ESMA\_QUESTION\_ESEFEEAP\_33>

* 1. **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>

Yes.

<ESMA\_QUESTION\_ESEFEEAP\_34>

* 1. **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>

Partly.

Below concrete wording and amendment suggestions for the proposed RTS in Annex IV of the ESMA consultation paper. Insertions are marked in red, whereas deletions are marked with ~~strikethrough~~.

Article 2, paragraph 1 and 2 on ‘definitions’

This article should be rephrased as follows because the definitions are specified in the XBRL specification. Unless this is copy-pasted into the ESEF RTS (which does not make sense because it is a very technical specification), it would be better to just explain the terms and reference to the XBRL 2.1 specification with wording along those lines: ‘*the terms used in this document are specified in the official technical XBRL Specifications listed on https://specification.xbrl.org*’.

Article 3 on the Single Electronic Format

The paragraph should be amended as follows.

*Except for undertakings that qualify as issuers, undertakings and parent undertakings that are subject to the requirements of Article 19a and 29a of Directive 2013/34/EU shall prepare their management report in the ~~XHTML~~ Inline XBRL format and mark up disclosures as specified below.*

*Issuers shall prepare their entire annual financial reports in the ~~XHTML~~ Inline XBRL format and mark up disclosures as specified below.*

Article 4a marking up ESRS sustainability statements

The text should be amended as follows:

1. *Where annual reports include ESRS sustainability statements in the management report or consolidated management report, undertakings shall mark up those ESRS sustainability statements.*
2. *Undertakings shall mark up each numerical disclosure, footnote to a numerical disclosure, and narrative and semi-narrative disclosure with the corresponding XBRL element and dimension and, at least, mark up the disclosures with the corresponding XBRL elements specified in Annex II, Section B, where those disclosures are present in the ESRS sustainability statements.*
3. *For markups set out in paragraphs 1 and 2, undertakings shall use the Inline XBRL markup language and shall use the elements of the core ESRS taxonomy. When undertakings provide additional information including entity-specific disclosures, they shall use the XBRL taxonomy mechanisms provided in the ESRS core taxonomy to mark up those disclosures. If these XBRL taxonomy mechanisms are not appropriate, undertakings may also create extension taxonomy elements as provided for in Annex IV.*

ANNEX I Legend for the Tables of Annexes II, IV, VI, VII and VIII

The table in this annex with technical details should be completely removed. It is not clear why a copyright notice in relation to the IFRS Taxonomy is included in the legal text that will be published in the OJ.

ANNEX II on Mandatory Markup, letter (b), ESRS sustainability statements

We recommend the following amendments and deletions.

*5. Large undertakings and parent undertakings of a large group that are Public Interest Entities (PIEs) shall mark up their disclosures in the ESRS sustainability statements for financial years beginning on or after 1 January 2025~~X [the year of publication of the ESEF RTS in the OJ, if published before 30 June 31 Decembe~~r~~. Otherwise, the following financial year 202X+1]~~. Large undertakings and parent undertakings of a large group that are non-PIES shall mark up their ESRS sustainability statements for financial years beginning on or after 1 January 2026~~X+1 [the year following publication of the ESEF RTS in the OJ, if published before 30 June December. Otherwise, two years following publication in the OJ 202X+2]~~. This markup shall be implemented in accordance with the following requirements:*

1. *all disclosures under ESRS 2 General disclosures and ESRS E1 Climate change shall be marked up regardless of their data type and level of granularity. This includes Minimum Disclosure Requirements (MDR) and Impacts, Risks and Opportunities-1 (IRO-1) along with the corresponding disclosures across all ESRS topical standards (i.e. E2 Pollution, E3 Water and marine resources, E4 Biodiversity and ecosystems, E5 Circular economy, S1 Own workforce, S2 Workers in the value chain, S3 Affected communities, S4 Consumers and end users and G1 Business conduct);*
2. *all disclosures under ESRS 2, Appendix B, referred to as ‘EU datapoints’ shall be marked up even when deemed non-material (using the xsi:nil attribute and a corresponding dimension) regardless of their data type and granularity;*
3. *all disclosures under other ESRS topical standards corresponding to numerical, Boolean, enumeration and enumeration set data type, including but not limited to GHG emissions, energy consumption, intensity values, decimals, dates and percentages, that are provided in the core taxonomy shall be marked up. All footnotes disclosing numerical values shall be marked up with the corresponding Inline XBRL mechanisms;*
4. *all narrative disclosures under other ESRS topical standards shall at least be marked up using a Level 1 taxonomy element, capturing the entire content of the ESRS disclosure requirement. The ESRS 1 General Requirements disclosures on ‘reporting period start date’ and ‘reporting period end date’ shall be marked up; and*
5. *the ESRS 1 General Requirements disclosures on ‘reporting period start date’ and ‘reporting period end date’ shall be marked up.*
6. *~~Where necessary, the relevant XBRL dimensions shall also be applied.~~*
7. *~~In addition to the requirements set out in paragraph 5, large undertakings and parent  undertakings of a large group shall mark up their disclosures in the ESRS sustainability statements for financial years beginning on or after 1 January 202X+2 for PIEs and 202X+3 for non-PIEs [two years after entry into force of the initial digital requirements], in accordance with the following requirements:~~*
8. *~~All disclosures under ESRS topical standards corresponding to boolean, enumeration or enumerationSet item types provided in the core taxonomy shall be marked up.~~*
9. *~~All narrative disclosures under ESRS topical standards shall be marked up using the Level 2 taxonomy element, corresponding to either the paragraphs that do not capture the full content of the ESRS disclosure requirement or the principle-based letter-numbered subparagraphs of the ESRS disclosure requirement or application requirement.~~*
10. *~~Where necessary, the relevant XBRL dimensions should also be applied.~~*
11. *In addition to the requirements set out in paragraph 5 and 6, large undertakings and parent undertakings of a large group shall mark up their disclosures in the ESRS sustainability statements for financial years beginning on or after 1 January 2026~~X+4 for PIEs and 2027X+5 for non-PIEs [four years after entry into force of the initial digital requirements]~~, in accordance with the following requirements:*
12. *all disclosures under ESRS corresponding to entity-specific disclosures as well as additional disclosures shall be marked up; and*
13. *all narrative disclosures under ESRS topical standards shall be marked up using ~~a Level 3 taxonomy element, corresponding to the roman-numbered subsubparagraphs~~ the most appropriate and corresponding XBRL element of the ESRS disclosure requirement or application requirement.*
14. *~~Where necessary, the relevant XBRL dimensions should also be applied.~~*
15. *~~Relationships between marked up disclosures shall be digitally provided using the~~*

*~~corresponding fact-to-fact relationships defined in the ESRS core taxonomy.~~*

1. *Should small and medium undertakings choose to apply ESRS for their sustainability statements, they should apply the corresponding digital taxonomy and follow the same rules as for large undertakings.*

ANNEX III Applicable Inline XBRL specifications

This chapter should be removed from the ESEF RTS and moved to the ESEF Reporting Manual.

ANNEX IV Marking up and filing rules

This chapter should be removed from the ESEF RTS and moved to the ESEF Reporting Manual.

ANNEX V XBRL Taxonomy files

This chapter about the technical files should be removed from the ESEF RTS as the technical files are provided on ESMAs website.

ANNEX VI, VII and VIII on schemas of core XBRL taxonomies

The list of the XBRL elements should be removed from the ESEF RTS, as those are technical identifiers which simply reflect the underlying disclosure standards that are already published in all languages in the EU Official Journal.

<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>

Yes.

Below concrete wording and amendment suggestions for the proposed RTS in Annex IV of the ESMA consultation paper. Insertions are marked in red, whereas deletions are marked with ~~strikethrough~~.

Article 8 on Review

The following paragraph should be added.

1. *ESMA shall closely monitor the implementation of the mark-up requirements for IFRS consolidated financial statements, ESRS sustainability statements and Article 8 sustainability disclosures, considering challenges encountered by undertakings, users’ needs, the evolution of reporting frameworks, and technical and market developments.*
2. *Considering paragraph 1, and prior to the implementation of the final implementation phase of the requirements to mark up ESRS sustainability statements as set out in Annex 2, Section B, ESMA shall assess the need for revising the markup requirements and, where appropriate, propose amendments to the Delegated Regulation (EU) 2019/815.*
3. *This might include issuing revised technical guidelines on the application of the XBRL taxonomies as well as updated technical guidelines and issuing amended XBRL taxonomy versions, which need not be adopted in the legal text. Technical guidelines and taxonomies published in the ESEF Reporting Manual must be complied with, shall not be published less than three months before their application and should be accompanied by a six-week consultation period. Additionally, ESMA might develop technical XBRL validation rules and consistency checks that support data quality and avoid common mistakes in reporting. Those technical validation rules shall be evaluated by ESMA and the OAMs when receiving the marked up XBRL reports. The submission of technically invalid XBRL reports shall be rejected.*

<ESMA\_QUESTION\_ESEFEEAP\_36>

1. Quote from ESMAs Strategy 2023-2028: “ESMA also has the ambition of taking a further step in the area of data to enhance the use of the datasets available, to take a more systematic data-driven approach to regulation and supervision, and to develop further as a pan-European data hub serving the needs of all stakeholders (market participants, investors, academics, and supervisors at national and European level).” <https://www.esma.europa.eu/sites/default/files/library/esma_strategy_2023-2028.pdf>, page 8 and 28-31 [↑](#footnote-ref-1)
2. <https://xbrl.efrag.org/downloads/ESRS-Set1-XBRL-Taxonomy-Explanatory-Note-and-Basis-for-Conclusions.pdf> page 11 [↑](#footnote-ref-2)
3. <https://www.sec.gov/files/rules/final/2024/33-11275.pdf>  page 578 and 724-782 [↑](#footnote-ref-3)
4. <https://www.sec.gov/newsroom/speeches-statements/statement-piwowar-xbrl-062818#_ftn2https://xbrl.us/wp-content/uploads/2018/06/XBRL-US-Letter-to-HFSC-RE-HR-5054-6-6-2018.pdf> [↑](#footnote-ref-4)
5. Part 1: <https://www.youtube.com/watch?v=G0MxVr9agkw> and Part 2: <https://www.youtube.com/watch?v=Ey_qKDVe7y4> [↑](#footnote-ref-5)
6. <https://www.sec.gov/files/rules/final/2009/33-9002.pdf>, page 59. [↑](#footnote-ref-6)
7. <https://www.sec.gov/data-research/standard-taxonomies> [↑](#footnote-ref-7)
8. <https://www.sec.gov/submit-filings/edgar-filer-manual> [↑](#footnote-ref-8)
9. <https://www.sec.gov/files/rules/final/2009/33-9002.pdf>, page 59. [↑](#footnote-ref-9)
10. <https://www.sec.gov/data-research/standard-taxonomies> [↑](#footnote-ref-10)
11. <https://www.sec.gov/submit-filings/edgar-filer-manual> [↑](#footnote-ref-11)
12. <https://www.sec.gov/files/rules/final/2024/33-11275.pdf> page 578 and 724-782 [↑](#footnote-ref-12)
13. <https://www.sec.gov/newsroom/speeches-statements/statement-piwowar-xbrl-062818#_ftn2https://xbrl.us/wp-content/uploads/2018/06/XBRL-US-Letter-to-HFSC-RE-HR-5054-6-6-2018.pdf> [↑](#footnote-ref-13)
14. https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/05%20EFRAGs%20Cover%20Letter%20on%20the%2 0Cost-benefit%20analysis.pdf, page 134. [↑](#footnote-ref-14)
15. <https://www.sec.gov/files/rules/final/2024/33-11275.pdf> page 578 and 724-782 [↑](#footnote-ref-15)
16. <https://www.sec.gov/newsroom/speeches-statements/statement-piwowar-xbrl-062818#_ftn2https://xbrl.us/wp-content/uploads/2018/06/XBRL-US-Letter-to-HFSC-RE-HR-5054-6-6-2018.pdf> [↑](#footnote-ref-16)
17. https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/05%20EFRAGs%20Cover%20Letter%20on%20the%2 0Cost-benefit%20analysis.pdf , page 134. [↑](#footnote-ref-17)