**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 | Deloitte Touche Tohmatsu Limited |
| Are you representing an association? |[ ]
| Country/Region | International |
| 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): Click here to enter text. |
|  |[ ]  Software provider |
|  |[x]  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>

Among its proposals, the EC’s Omnibus proposals include revisions to European Sustainability Reporting Standards (ESRS). We strongly recommend that any requirements for marking up the ESRS sustainability disclosures be implemented after any amended ESRS are issued by the EC. This will avoid any unnecessary burden to undertakings who would otherwise be required to implement marking up requirements based on current ESRS and then make changes once the standards are amended.

We underline the importance of recognising that marking up sustainability and financial disclosures should not be a separate reporting exercise but viewed as an integrated part of the overall reporting process. This ensures that the data remains consistent, coherent, and directly reflective of the source information without requiring additional reporting layers. Structuring reports without concurrent consideration of alignment with the digital taxonomy could lead to increased cost due to added time to mark up, reduced accuracy due to complexity of mapping, increased timeline to publish and provide assurance on report, and a potential need to revisit the structure of the sustainability report in the first year of marking up to adopt a more digital taxonomy-aligned approach. Therefore, it is important that disclosures are presented in a way that is most useful to users as well as facilitating the marking up of disclosures. We encourage ESMA to publish appropriate guidance to help undertakings integrate digital reporting into their reporting process, as this will reinforce the need for a simplified and unified methodology for marking up disclosures across different reporting frameworks.

While we understand the message in paragraph 29, which indicates that when preparing the human-readable sustainability statement the adoption of the data modelling of the taxonomy as a structure (i.e. taxonomy-centric preparation) will facilitate marking up, this needs to be carefully balanced with the need for “some degree of freedom to issuers in the way they organise information within the defined parts” as per ESMA’s public statement on 5 July 2024. This flexibility is essential to ensure that disclosures are presented in a way that is most useful to users.

We believe that field testing of the proposed rules for marking up sustainability reporting is necessary prior to finalising the rules but after the revised ESRS are issued by the EC. Applying proposed mark up rules to actual sustainability reports is the best way to determine practicality of the rules and to identify the potential benefits and costs to preparers and users. Field testing, or a dry-run, would allow for evaluation of phased approaches, the ability to accurately mark up disclosures and determine the effort needed to apply the rules. We noted that the lack of marked up actual reports made it more difficult to respond to the Consultation. The structure of actual reports and how they interplay with the core taxonomy is key in determining practicality of the rules. We also believe that it would be valuable for ESMA to create examples of marked up disclosures and clear guidance on applying the core digital taxonomy to typical disclosures including disclosures that represent challenging marking up situations.

Undertakings may be mandated or wish to apply more than one digital taxonomy in their sustainability disclosures (e.g. the ISSB Standards in the same general purpose financial report as the disclosure requirements of CSRD). We therefore highlight that interoperability between the digital taxonomy requirements is important in the same way as interoperability between the reporting standards.

We encourage the continued efforts to ensure interoperability between the digital domain of the IFRS Sustainability Disclosure Standards digital taxonomy and the ESRS digital taxonomy. Interoperability between the two taxonomies will result in a significant reduction of effort to mark up disclosures for undertakings that report under these frameworks. As thinking about interoperability evolves, it will be important to engage further with stakeholders to understand how this will be considered in developing the marking up rules.

We consider that the description of levels in paragraph 41 is insufficient, particularly in how it addresses data points (DP) at a paragraph level, rather than at an (a, b, c) level. See for example ESRS 2.GOV-1 (the example disclosure requirement (DR) shown for levels in the Consultation) paragraph 23, which is identified in EFRAG’s IG3 as separate DP at a paragraph level. For DPs that are at a paragraph level, we suggest making it clearer which of the three proposed levels in the consultation they should be categorised as.

<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>

We agree with a phased approach (see comments on needed simplification in subsequent questions), but we do not agree with the proposed timeline, particularly the prospects of new reporting requirements entering into practice mid-year.

We recommend that the first phase implementation date should be in the second year in which an undertaking reports under simplified ESRS as per the Omnibus proposal. Reporting for the first time creates significant challenges for undertakings who will need adequate time to learn from year one reporting, as well as prepare for the new marking up requirements. Undertakings may also find it useful to use this implementation period to conduct a dry run of the marking up process, and also allow assurance providers to assess for assurance readiness.

Going forward after that, we suggest the first marking up requirement for undertakings should be at least one year after they are in scope of CSRD reporting. Having prepared a CSRD report in a prior year will substantially assist in preparing the first marked up report and will mitigate concerns about the potential delays in report publication due to the additional marking up and assurance requirements.

ESMA might consider encouraging undertakings to mark up their initial CSRD report, which is not required to be marked up, soon after the report is published, as a beneficial practice exercise. The mark up could then easily be transferred, as appropriate, in a subsequent year to the first CSRD report that requires mark up. This would move some of the mark up effort to an earlier time, i.e. prior to the filing season of the first marked up report.

Furthermore, we believe that a phased approach should be applied to undertakings that come into a reporting scope after the initial phase-in exercise is and that such undertakings would also benefit from a requirement to mark up sustainability reporting at least one year after they are in scope of CSRD reporting, for reasons already outlined above

<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>

We agree with the principle of a staggered approach, based on when undertakings first come into scope of the CSRD and taking into consideration their size and likely resources to apply the digital tagging requirements.

The Omnibus proposals would remove the distinction in the scoping requirements of the CSRD between PIEs and non-PIEs. If these proposals are approved, further consideration will be needed to determine who should be included in the first phase based on when the undertaking is first in scope of the CSRD, among other factors.

Regardless of the approach adopted or the requirements that are finalised in respect of scope under the CSRD, we believe that undertakings should always have at least one year of sustainability reporting before being required to mark up their sustainability disclosures.

<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. While we agree with a phased approach, the three phases proposed create an overly complicated approach. The phasing is based on too many attributes, such as mandatory-or-not ESRS, whether the disclosure is an entity-specific disclosure, the granularity (level) of the disclosure, the element’s data type (Boolean or extensible enumeration), and whether the disclosure is narrative or quantitative. Also, a three-phase approach increases the complexity (and therefore burden) of assurance as the assurance provider will not only be assuring the application of the markups themselves, but over a period of six years will be assuring that the phasing has been applied appropriately. This added complexity may also be confusing for preparers and users.

Additionally, the two-year period between phases may not be needed, primarily because after the first phase is complete, most of the resources for marking up and submitting reports will be in place, such as XBRL software, service providers, internal skillsets, assurance providers, and established regulator rules. Also, the proposed first phase covers the majority of the initial work required so waiting four years until the completion of the two additional phases may not be necessary. It may be that undertakings do not need more than one year between phases, and we observe that longer periods will delay the benefit for users.

The criteria to determine which sustainability disclosures to mark up first should be based usefulness of the information for the users. We consider the quantitative mark ups to provide the most useful information, as it is more useful for statistics and comparison across undertakings and industries. Furthermore, we expect an initial focus on mark up of quantitative disclosures to be less complex, and therefore reducing the burden, on preparers. This is based on the recognition that the structure of sustainability reports, under ESRS, will make it simpler to identity and mark up quantitative data points than narrative disclosures, since there are fewer quantitative disclosures, and the narrative disclosures may be embedded in large blocks of text which are often intertwined with other disclosures. Lastly, for marking up purposes, entity-specific information is the least comparable, as the technical extensions will be unique to each report.

Based on the above criteria, we recommend there be no more than two phases of mark up, with the highest priority of data being quantitative and semi-narrative disclosures for all ESRS standards. Marking up a limited number of narrative disclosures may also be a priority if the disclosures are deemed valuable to users and the mark up doesn’t add complexity to the initial mark up exercise. The next priority would be the mark up of remaining narrative disclosures and, although considered valuable information to mark up, entity-specific disclosures would be a lower priority to phase in.

We believe that anchoring of digital extension taxonomy concepts for sustainability reporting would benefit from further input from stakeholders to determine if the extra effort is worth the benefit of the exercise. There is a need to determine whether a preparer can easily identify the appropriate anchors in the core digital taxonomy, since if this is not the case the exercise can be burdensome for the undertaking and difficult to assure.

Also, in the final regulation / response to the Consultation feedback, it would be useful to have detailed examples of actual disclosures marked up showing the various phases.

<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, establishing a clear timeline and content for each phase from the outset is crucial. It might also be important for users and assurance providers to consider implementing a mechanism that clearly identifies which filings correspond to each phase. This will ensure transparency, consistency, and effective tracking of progress, thereby facilitating smoother implementation and compliance.

<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. Clear rules and guidance should be provided to minimise custom/entity-specific mark ups. An implementation guide showing marked up examples with typed dimensions would be helpful.

Of the two ways identified to capture entity-specific datapoints in the “Explanatory note and basis for conclusions”, we consider the second option of using ‘other’ elements is more appropriate, as this reduces the need for multi-tagging of narrative content.

<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>

Yes. Beyond the reconsideration that should take place as a result of the Omnibus proposal, we consider the review clause to be useful and generally agree with its inclusion. Implementing a mechanism for ESMA to conduct periodic reviews and make necessary adjustments in response to evolving circumstances is beneficial, especially since new regulations are being applied. Additionally, we believe that field testing would be the optimal approach to evaluate the effectiveness of any adjustments to be made. This would help ensure that the changes are practical and beneficial in real-world scenarios. This approach would also be in line with the commitment in the *EU Compass to regain competitiveness* to hold regular implementation dialogues with stakeholders and carry out reality checks.

<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>

We consider that a closed Taxonomy for Article 8 disclosures is likely to be appropriate because the Disclosure Delegated Acts stipulate fixed content, calculation methodologies for KPIs and presentation according to defined reporting templates that do not envisage modification. This approach should reduce or remove the need for extensions. While extensions could be considered for voluntary disclosures under the regulation, we think the initial focus should be on marking up requirements for mandatory disclosures.

<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>

We think that there would not be a need to follow a phased approach in the same way as for ESRS disclosures given that the EU Taxonomy disclosures are highly template driven. However, undertakings will still need time to implement the mark up requirements and should not be required to mark up their Article 8 sustainability disclosures prior to marking up their ESRS disclosures. We note that under the Omnibus proposals, only undertakings with more than 1000 employees and more than EUR 450m turnover would be mandated to disclose taxonomy information. However, we recommend considering further the direct feedback from undertakings on timing for implementation.

<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>

Please see our response to Question 2.

<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>

Please see our response to Question 7.

<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>

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<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>

Yes, we believe it is necessary to revise the marking up rules for the notes to consolidated financial statements prepared applying IFRS Accounting Standards. The current method, which creates marking up of the same content multiple times, is more burdensome than required. A more streamlined approach which provides users with the appropriate information should be considered

<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>

We agree with the phased approach but disagree with the timeline.

The phased approach is appropriate since it will help streamline the transition of new rules by reducing the burden on undertakings during the initial implementation.

Regarding the timeline, we propose implementing detailed marking up only one year after text block marking up of the notes to financial statements, rather than the suggested two-year period, since financial reports already exist, and resources are currently in place for marking up financial statements. Additionally, we foresee potential issues in the first year for undertakings with a short financial year-end, e.g. 1January to 30 June. To mitigate this, we suggest either changing the publication date from 30 September to 30 June or specifically stating these undertakings are exempt from the first-year requirement.

<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>

No. For text block marking up of notes, we do not agree with marking up identifiable sections or headings within the notes to the consolidated financial statements prepared applying IFRS Accounting Standards, except for accounting policies, which we believe should be marked up separately if they are contained within a note. We believe marking up headings and sub-sections or sub-sub sections within a note will complicate the marking up process without adding significant value. We suggest considering two alternatives:

* Text block marking up of each explanatory note with one taxonomy element, text block marking up of each accounting policy with one taxonomy element, and text block marking up of each individual table with one taxonomy element. This creates a much more defined scope of what needs to be marked up and simplifies the effort required to text block mark up the notes or
* Keeping the current rules for applying mandatory text block elements, but modifying the list of mandatory elements to simplify the process and focus on the essential items.

These alternatives could streamline the marking up process while maintaining the integrity and usefulness of the financial data.

<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>

We acknowledge that detailed marking up of the notes to the consolidated financial statements prepared applying IFRS Accounting Standards, including all figures in a declared currency within the tables, may enhance usefulness of financial information.

However, we are concerned about the potential impacts and delays this may cause in the preparation and publication of the financial statements as well as the related audit opinion, especially in the first year of detailed marking up of the notes. It is imperative to evaluate whether the benefits of such detailed marking up justify the increased costs and to determine which information users find most valuable for their analyses.

It is also essential to ensure that the auditing process can be completed within the required timelines without compromising the quality and integrity of the financial statements.

<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. We 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 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>

No. Specifically, we disagree with the inclusion of a mandatory Boolean element that asks, "Is the audit opinion an unqualified opinion with no emphasis of matter: True or False?" This element is not sufficiently nuanced and does not provide an adequate level of detail. Auditors may express different types of opinions, observations, limitations, and overall responsibilities, as experienced with ESEF filings. A simple True/False Boolean element does not capture the complexities and various forms of audit opinions, which can include unqualified, qualified, adverse, or disclaimers of opinion. Each type of opinion provides different insights into the financial statements and the underlying issues.

Additionally, the complexity of having different auditors for the financial statements versus the disclosures mandated by CSRD (which, for the latter, could include independent assurance service providers) could introduce further complications for the review and changes to be made throughout the process.

Moreover, the timing of the audit opinion should be considered. The audit opinion would need to be formulated and included before the final filing is audited, which may not be practical or feasible in all cases. This could lead to discrepancies or the need for subsequent late amendments to the filings if the auditor’s opinion changes during the final audit process.

We recommend removing this element and exploring alternatives that offer more comprehensive information about the audit opinion, if necessary.

<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>

We agree with the creation of extension taxonomy elements for the notes to the consolidated financial statements prepared applying IFRS Accounting Standards and we agree with principles “a” and “b” in paragraph 167, which state that the issuer should use the core taxonomy element with the closest accounting meaning to the disclosure to be marked up and that the creation of extension taxonomy elements should be minimised.

However, we believe field-testing needs to be performed on principle “c” in paragraph 167 which requires anchoring of extension taxonomy concepts for the notes to consolidated financial statements prepared applying IFRS Accounting Standards. There is a need to determine whether a preparer can easily identify the appropriate anchors in the core digital taxonomy for marking up notes to the financial statements, since if this is not the case the exercise can be burdensome for the undertaking and difficult to audit.

<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. We consider the review clause to be useful and generally agree with its inclusion. Implementing a mechanism for ESMA to conduct periodic reviews and make necessary adjustments in response to evolving circumstances is beneficial, especially since new regulations are being introduced. Additionally, we believe that field testing would be the optimal approach to evaluate the effectiveness of any adjustments to be made. This would help ensure that the changes are practical and beneficial in real-world scenarios. Such an approach is in keeping with the commitment made by the Commission in the *EU Compass to regain competitiveness* to hold regular implementation dialogues with stakeholders and carry out reality checks.

<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>

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<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>

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<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>

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<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>

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<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>

No. Generally, we disagree with ESMA’s high-level understanding of the approximate time and monetary cost associated with marking up disclosures in consolidated financial statements prepared applying IFRS Accounting Standards, and notes thereof. Based on our experience of ESEF, the actual time and costs incurred would likely be higher than ESMA’s estimates. The complexity of the mark up process, the need for training and specialised expertise, and the time required to ensure accuracy all contribute to increased costs that are not adequately reflected in ESMA’s understanding. ESMA only addresses the preparation cost, without consideration of indirect costs such as software implementation and support, training costs, establishment of new processes, and the assurance cost. The analysis should either be updated to include the aforementioned costs, or sufficiently highlight that these costs are not included.

Additionally, the monetary cost per markup is computed based on data that does not include detailed marking up of the notes to financial statements. We expect that the cost of markup per XBRL element will be higher for marking up detailed notes than for marking up the other required items. The main reasons for this are that disclosures in the notes are not as uniformly structured as the primary financial statements and contain a higher rate of entity-specific disclosures than the primary financial statements.

Based on these factors, we believe that the average monetary cost per markup is likely to be underestimated in ESMA’s current understanding. Furthermore, through field testing ESMA could more accurately assess the estimates in the cost-benefit analysis.

<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>

In addition to our comments below, please see our response to Question 27.

Evaluating the cost-benefit analysis of marking up sustainability disclosures presents unique challenges. The complexity and novelty of sustainability reporting create difficulties in assessing the overall cost or cost per markup, especially in the absence of similar initiatives for comparison. Additionally, marking up sustainability disclosures often involves new disclosures and undertakings that have not previously engaged in such activities, further complicating the estimation process. We believe that the current cost-benefit analysis provided by ESMA does not adequately capture these complexities and may be significantly different from the actual costs involved. A more robust analysis should be undertaken, considering both direct and indirect costs, including those related to audit, assurance and compliance.

<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>

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<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>

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<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>

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<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>

See response to Question 27.

<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>

See response to Question 27.

<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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**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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