**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 | CoreFiling 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. |
|  |[x]  User of digitalised corporate reporting from EU companies |[ ]  Investor |
|  |  |  |[ ]  Data analyst |
|  |  |  |[x]  Data aggregator |
|  |  |  |[ ]  Asset manager |
|  |  |  |[ ]  Other (provide comment): Click here to enter text. |
|  |[x]  Software provider |
|  |[ ]  Auditor of corporate reporting subject to digitalisation requirements in the EU |
|  |[ ]  Other (provide comments) | Click here to enter text. |

# Questions

Marking up sustainability reporting

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

<ESMA\_QUESTION\_ESEFEEAP\_01>

We note our views against the phased approach as expressed in our response to Questions 2 and 3.

We do not agree with assessment framework as outlined in the consultation paper in relation to developing the marking up rules, primarily because it leads to phasing in rules which are significantly complex.

**i) Inconsistent definitions for levels 1, 2 and 3**

Notwithstanding our overall views against phasing in, we note that the application of the first pillar of the framework (ESRS architecture) is inconsistent between the consultation paper text and the proposed Regulatory Technical Standard (RTS) text. This inconsistency could give rise to different interpretations for the marking up rules and the phasing in. Given the context of applying these rules in 27 countries it is particularly important to reduce the potential for different interpretations.

The definitions of these levels in section 10 of the consultation paper are not consistent with how they are described in the proposed RTS (Annex II, 5d, 6b, 7b). In the consultation paper, Level 1 is correctly defined in terms of the ESRS standard requirement while Levels 2 and 3 are confusingly defined in terms of the structure of disclosures as reported by the undertaking. For example, the definition of Level 2 is: “Narrative individual datapoints *to be* generally *reported* as separate items in a list of letters: (a), (b), (c), etc.”. We note that there is no requirement in the standards in relation to how undertakings number or classify the disclosures within their reports. The definitions in the consultation paper make an unwarranted assumption that all undertakings will structure their disclosures exactly as the standards themselves are structured. As a result, the consistency of the application of the rules, including the application of the phasing in, will be dependent on the extent to which the above assumption materialises. We do not expect it to do so. We also point out that in some EU languages this numbering/listing may not be used at all.

The proposed RTS text appears to be more robust and describes these levels according to the ESRS standards structure. We urge ESMA to acknowledge these inconsistencies and clarify that levels are defined as required by the ESRSs themselves and not as structured by undertakings in their reports. This will provide a more solid footing for marking up decisions and conversations between preparers and assurance providers.

We note that even defining the levels based on the ESRS standards still leaves room for different interpretations as Level 2 and Level 3 disclosures are not always easily distinguishable. We also note that only Level 1 related taxonomy elements are indicated as such within the XBRL taxonomy, which leaves the user constantly having to switch between the tagging software and the underlying standard to confirm the level of each disclosure requirement.

**ii) Overall complexity of the rules**

The resulting rules are significantly complex with the phasing in being different for each level and/or each datatype, for different areas of the standards. The process to determine what level should be marked up at each phase and for each different section of the standards will be painfully slow and susceptible to error.

**Our proposals**

If ESMA is to proceed with implementing a phasing in approach, we are making the following proposals which will help software and preparers.

We propose that the assessment framework for phasing in should focus on the datapoint types only. These are much better defined compared to the various levels. If the phasing in rules were based only on taxonomy element data types, they would be significantly simpler, while achieving a similar outcome.

 <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 do not agree with the phased approach or the proposed timeline. Our understanding is that the phased approach has been proposed to allow for the cost of implementation to be spread over multiple years. However, experience tells us that the most likely result is that the implementation cost will be increased rather than decreased. This view applies to both the marking up rules for sustainability reporting and the phasing in of the proposed rules changes for the Notes to the IFRS consolidated financial statements (see our response to Question 16).

**Reasons against the phased approach:**

* Proposed phasing in of the marking up requirements for CSRD:
	+ is too complex;
	+ requires disproportionate effort and cost; and
	+ is susceptible to errors
* Phasing in undermines the value of the digitisation project. It encourages users of these reports to find less efficient methods to consume the information
* Advisors are already able to implement digitisation of CSRD.
* Software providers have built solutions to handle full digitisation, and there is no saving for them in reducing the reporting mandate – in fact, the addition of arbitrary phasing will tend to add costs.
* Historical precedent of phasing in having unintended adverse consequences
* Goes against ‘digital-by-default' principle

**Complexity, cost and errors**

The phasing in of the CSRD marking up is very complex to navigate. The phasing in is dependent on the relevant standard, the topic, the data type and the disclosure level. This complexity will result to additional costs for everyone involved, including the regulated undertakings, software developers, service providers, advisors and assurance providers. The real challenge in implementing ESRSs and Article 8 is in collating the information required to comply with the disclosure requirements. Marking it up does not have to be complicated. It should just provide the market the full information which is on the page in digital format.

A phased-in approach is more likely to be implemented through manual processes, while a full implementation of digital marking-up from the outset is more likely to make use of automation and AI processes.

**Value of the digitisation project**

Providing incomplete digital information to the market undermines the value of digitisation and drives the users of the reports away from the XBRL data and to other less efficient means of consuming the reports. This in turn has an impact on the wider objectives of the regulation around stakeholders being able to evaluate the sustainability performance of companies and creating an incentive for companies to adopt sustainable practices.

**Readiness**

Undertakings and/or their service providers will still need to procure software to comply with digitisation. The extent of marking up does not affect the cost of software. The ESEF software on the market is already able to comply with digitisation requirements. In many instances software has already pre-mapped the digital taxonomies to the templates offered in the tool. Undertakings using such software will have to undertake extra work to implement the proposed phasing in, if they do not wish to mark up more than what is required.

**The experience so far**

Phased in approaches are not uncommon in XBRL implementations. There is a historical precedent of well-meaning phasing in measures leading to inefficiencies and to prolonging incomplete structured data in the market.

**Digital-by-default**

Implementing digitisation across ESG disclosures from the outset will be an excellent opportunity to align with the 2017 Tallinn Declaration on eGovernment‘s principles including “digital-by-default', “openness and transparency” and “interoperability by default”.

<https://ec.europa.eu/newsroom/dae/redirection/document/47559>

**Initial implementation**

The consultation paper proposes that the RTS publication cut-off date for launching the CSRD digitisation implementation for financials years beginning on 1 January 2026, is 30 June 2026. We propose that this the cut-off date is aligned with the cut-off for the IFRS consolidated financial statements changes (30 September 2026) to give the best opportunity for an earlier implementation.

**The proposed Omnibus legislation**

The proposed changes in the legislation will reduce the underlying reporting requirements and also will significantly reduce the within-scope undertakings by 80% to just the largest of the initially proposed population of undertakings. If this proposal is adopted, it would reinforce the argument for a digital-by-default approach for the undertaking remaining within scope as it significantly weakens the arguments around the burden of the marking up requirements.

**Alternative path to reduce burden**

To the extent that reduction of the filer burden is deemed necessary, effort would be better spent on simplifying and clarifying the more complex aspects of the taxonomy. This brings a universal and permanent benefit to filers without any reduction of value for regulators (in fact, quality is likely to increase). One example of a particularly complex non-standard taxonomy architecture choice is the mechanism for linking IROs with Actions, Policies and Targets. Another is the choice to use generic concepts in place of extension elements.

<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 do not agree with the staggered approach based on the type of large undertakings.

The consultation paper proposes that large undertakings/groups which are non-PIEs, begin their phased implementation of CSRD digitisation a year after large undertakings/groups which are PIEs. This is on the basis that these entities ‘have not so far been exposed to XHTML or XBRL requirements’. This statement will also be true a year later. Given the maturity of XHTML/XBRL products on the market – they have been serving the ESEF regulation since 2020 - we do not think that non-PIEs require more time to implement digitisation of their CSRD disclosures.

Any extended gaps between the disclosures made available and digitisation being implemented undermine the digitisation project as users seek to address this gap with less efficient means of consuming the information.

Implementing digitisation for both PIEs and non-PIEs from the outset will be an excellent opportunity to align with the 2017 Tallinn Declaration on eGovernment‘s principles including “digital-by-default', “openness and transparency” and “interoperability by default”.

 ([https://ec.europa.eu/newsroom/dae/redirection/document/47559)](https://ec.europa.eu/newsroom/dae/redirection/document/47559%29)

The recently propose Omnibus legislation which reduces the reporting requirements and reduces the number of undertakings under scope by 80%, to just the largest ones, reinforces the argument for a digital-by-default approach and for abandoning the phasing in approach.

<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>

We do not agree with the phases and content to be marked up as outlined in the consultation paper for each phase.

Notwithstanding our disagreement as expressed in Questions 2 and 3, in relation to the phased approach, if ESMA and the EC insist on a need for a phased approach we recommend this alternative approach:

A two phased approach implementation, with phase 2 being implemented one year after phase 1.

Phase 1: All quantitative and semi-narrative information to be marked up, for all ESRSs, including entity-specific disclosures and “may” datapoints where they are disclosed. All appropriate validations in relation to marked-up disclosures to be applied.

Phase 2: All information to be marked up. All appropriate validations in relation to marked-up disclosures to be applied.

These levels can be included explicitly in the taxonomy using the [Property reference mechanism](https://www.xbrl.org/guidance/property-references/) which will enable the software to filter the taxonomy tree accordingly.

The above proposal will accelerate the completion of the implementation of digitising ESRSs from the currently planned 2031/32 target, leading to accelerated benefits from digitisation Our proposal also significantly simplifies the phasing in of the regulation.

<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>

We agree with establishing a clear timeline for the implementation from the outset.

An established timeline from the outset is paramount as it removes uncertainty, permitting stakeholders to proceed with planning and investment. It also clearly defines the desired endpoint and outcomes and reduces the possibility for further delays to get there.

<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>

We do not agree with the approach to limit the extension of taxonomy elements for marking up sustainability reports.

While it is preferable to limit the creation of extension taxonomy elements in general, if you are unable to enumerate everything that can be reported at the point of creating the taxonomy, extensions do provide a simple mechanism for capturing these disclosures.

The current proposed rules include syntactical requirements which diverge from existing practice, lie outside the XBRL standard and increase the cost of implementation. In practice, the downsides of using extensions has not been avoided as the proposed mechanism does not address the issue of comparability and required complex decision making during the preparation process. What has been achieved is to move from a standard mechanism which is well-understood, to a less obvious mechanism which is less supported. ESEF, as a format, should be consistent for all disclosures it covers and should consistently use the same mechanisms for capturing entity specific disclosures.

<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>

We agree that ESMA, if necessary, should propose revisions in response to changing circumstances. This flexibility is necessary to allow ESMA to react to unforeseen circumstances or a need for clarifications and to ensure the successful implementation of the CSRD digitisation project.

We note that different wording is used to in the consultation paper compared to with the proposed text in the RTS. The consultation paper talks about ESMA proposing any revisions following the first two implementation phases of the ESRSs marking up, while the RTS defines this as “prior to the implementation of the final implementation phase” which could be interpreted to mean any time during the first two phases.

In any case, this clause should not place any limitations to ESMA in respect to the timing of any proposals. It should allow ESMA to assess and propose revisions at any point of the implementation period or subsequently. ESMA’s ability to react and make revisions to the rules is a crucial ingredient for the success of the digitisation project. This can have benefits for everyone involved and can also contribute towards a more consistent application of the rules.

<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 agree with having a closed taxonomy for Article 8 sustainability disclosures. In all cases, the simplest and most standard solution should be sought that delivers the data required. This appears to be achieved with the Article 8 disclosure requirements. It is a sign of well-thought, data-driven legislation that it lends itself to a closed taxonomy.

<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 agree with the proposed requirement to fully mark up the Article 8 sustainability disclosures without a phased approach in relation to the content of the information.

The consultation paper proposes that large undertakings/groups which are non-PIEs, begin their phased implementation of CSRD digitisation a year after large undertakings/groups which are PIEs. We do not think that non-PIEs require extra time to implement digitisation of their CSRD disclosures.

Given the maturity of XHTML/XBRL products on the market – they have been serving the ESEF regulation since 2020 - we do not think that non-PIEs require more time to implement digitisation of their CSRD disclosures.

Any extended gaps between the disclosures made available and digitisation being implemented undermine the digitisation project as users seek to address this gap with less efficient means of consuming the information.

Implementing digitisation for both PIEs and non-PIEs from the outset will be an excellent opportunity to align with the 2017 Tallinn Declaration on eGovernment‘s principles including “digital-by-default', “openness and transparency” and “interoperability by default”.

<https://ec.europa.eu/newsroom/dae/redirection/document/47559>

<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>

We 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 initial implementation of ESRS disclosure marking up.

The consultation paper proposes that the RTS publication cut-off date for launching the CSRD digitisation implementation for financials years beginning on 1 January 2026, is 30 June 2026. We propose that this the cut-off date is aligned with the cut-off for the IFRS consolidated financial statements changes (30 September 2026) to give the best change for an earlier implementation.

<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>

We agree that ESMA, if necessary, should propose revisions in response to changing circumstances. This flexibility is necessary to allow ESMA to react to unforeseen circumstances or a need for clarifications and to ensure the successful implementation of the CSRD digitisation project.

The current proposed clause, RTS Article 8, paragraph 2, only allows ESMA to assess the necessity of revising the markup requirements prior to the implementation of the final implementation phase of the requirements to markup ESRS sustainability statements. This limitation should be removed to allow ESMA to assess and propose revisions at any point of the implementation period or subsequently.

<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>

We 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. This is consistent with XBRL International’s recommendations.

<https://www.xbrl.org/guidance/single-ixbrl-document-for-multiple-reports/>

ESMA is providing dedicated entry points to each of the component taxonomies of the regulation (IFRS, ESRSs and Article 8), and a combined entry point for all three. ESMA should consider whether it would be helpful to also provide an entry point which combines just ESRSs and Article 8, given that some undertakings will be reporting that combination of disclosure requirements.

<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>

As per our response to Question 4, should the phased approach be implemented, there would be value in identifying the applicable taxonomy elements for each phase of the implementation (or at least the disclosure level). Ideally, ESMA can work with EFRAG for this information to be added directly in the EFRAG taxonomy (e.g. using the Property Reference mechanism, https://www.xbrl.org/guidance/property-references/). Alternatively, ESMA can provide this information in the ESEF taxonomy using a ‘technical’ extension.

<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>

ESMA should increase engagement with software vendors. New ideas should be exposed and discussed with the software community ahead of being published for consultation to avoid fatal flaws and save time. ESMA should also seek quality assurance of their taxonomy by an independent vendor.

ESMA should aim to converge the architecture and mark up rules between the IFRS and CSRD taxonomies. This will simplify rules and reduce the implementation costs for all stakeholders, whilst making the consumption of the data more efficient. The current proposed rules for marking up the new sustainability disclosures include syntactical requirements which diverge from existing practice and therefore increase the cost of implementation.

<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>

We fully agree that it is necessary to revise the marking up rules for the Notes to the IFRS consolidated financial statements.

The current marking up rules for the Notes to the IFRS consolidated financial statements failed to implement the original intention of the “Final Report on the RTS for the European Single Electronic Format” which was: “With regard to the notes to IFRS consolidated financial statements, a standard of block tagging should apply where whole sections of those notes are **each** to be marked up using **single** taxonomy elements.”

<https://www.esma.europa.eu/sites/default/files/library/esma32-60-204_final_report_on_rts_on_esef.pdf>

Annex II, paragraph 2 of the RTS instead mandated the marking up of all disclosures in the IFRS Consolidated financial statements which corresponded to a list of approximately 250 tags. The mixed interpretations of this rule resulted in a lot of controversy and confusion among everyone involved and eventually, given the legal nature of the RTS, resulted to the application of multiple-nested tags to a lot of the disclosures. This had a significant impact on both on the preparation costs and for assurance. It also resulted to larger file sizes for the submissions and challenges with data consumption.

In practice, the extra information obtained by the resulting marking-up approach is very little. The rule also created differences with practices used for SEC filings, which also uses the IFRS taxonomy for its Foreign Private Issuers members. Consequently, this led to reduced comparability between the two data sets.

 <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 do not agree with the phased-in approach or the proposed timeline.

A phased-in approach is more likely to be implemented through manual processes, while a more direct implementation of the proposed changes is more likely to make use of automation and AI processes, both for preparation and data consumption.

In phase 1 it is proposed that the rules for the block tagging of the notes of the financial statements are simplified. In phase 2 (two years later), it is proposed that detailed tagging of the notes is introduced. In our opinion, it is the introduction of the detailed tagging of the notes which enables the simplification of block tagging to take place. The two go hand-in-hand and should be implemented at the same time. We believe that software and service providers are or can be ready in time for the initial implementation.

Having two years rather than one, between phases, exacerbates the issue above.

The detailed tagging provides the most utility for those wanting to use the data and use of the data is what makes the filing programme successful. Expanding this to the notes of the financial statements earlier rather than later will give a boost to the utility of this data.

This is a quote from the original ESEF consultation paper:

“From an investor protection perspective, information included in the notes is necessary for the full understanding of the financial information included in the primary financial statements for decision purposes. We found some evidence in a paper published on the use of XBRL in the US which indicates that a majority of respondents from the users category wanted and used information contained in the notes.”

<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>

We agree with the intention of the changes outlined for phase one and we note some inconsistencies between the proposals in the consultation paper and the proposed RTS text that should be corrected to avoid unintended consequences.

Please consider our proposals on the following topics relating to phase one:

* Block tagging
* More granular block tagging
* Mandatory list
* dtr-type:table

**Block tagging**

Paragraph 158 of the consultation paper which outlines Phase 1 talks about marking up “**each** accounting policy and other explanatory note... with **one core** taxonomy element”. In contrast, the proposed text in the RTS (Annex II, paragraph 2), requires the marking up of “all separately and individually identifiable accounting policies and other explanatory notes”.

The wording in the consultation paper is more accurate in conveying the intentions of this change. It is important that the rules are clear that the expectation is that there will be a **single** taxonomy element applied to **each** of those segments of the report. Also, in the consultation paper it is implied that **core taxonomy** elements are to be used for this (same paragraph quoted above). In contrast, the RTS this requirement is not there, creating an expectation that extension block tags may be required.

We recommend that this inconsistency is corrected. Clear guidance should be provided about if and when extension block tags must be used.

Figure 11 of the consultation paper indicates the possibility of applying some block tags on just the headings of sections of the report. This is not expressed anywhere in the proposed changes in the Consultation paper or proposed draft RTS. This seems like another additional complication which does not add much value and potentially creates more differences with the SEC implementation.

**More granular block tagging**

Paragraph 158 of the consultation paper says that “when within an individually identifiable accounting policy or other explanatory note is contained information corresponding to various district identifiable accounting policies or other explicit identifiable information, issuers may apply more granular taxonomy elements, where available in the core taxonomy to represent the closest or narrowest accounting meaning of that information”. It then goes on to say: “If the **entire** accounting policy or other explanatory note are marked up using more granular core taxonomy elements, the issuer may omit an additional markup using a broader parent taxonomy element”. This second part is crucial because it says that the additional markup of the broader core taxonomy element can only be omitted if the entire policy or note are marked up with more granular core taxonomy elements. This has not been included in the corresponding part of the proposed RTS text is Annex IV, paragraph 17. We propose that this *is* included in the RTS if ESMA wishes to retain the recommendation for more granular block tagging.

**Our proposal for block tagging**

We understand that the proposed rule is for voluntary more granular marking up of the notes. However, we recommend that the complexities of more granular tagging are avoided by just requiring each identifiable accounting policy and note requiring marking up. The proposed recommendation for more granular block tagging can lead to maintaining a degree of multi-tagging on the notes to the consolidated financial statements and will create a temptation for some preparers to carry on with their existing practices of multi-tagging. Varying practices around block tagging will lead to a reduced comparability in the data set. A more clear-cut rule here will avoid this. The introduction of detailed tagging of the notes to the consolidated financial statements significantly reduces the importance of block tagging and paves the ground for more high-level block tagging. This granular block tagging approach can also maintain a lack of comparability between the ESEF and SEC filings.

**New list of mandatory tags:** As before, these elements are mandatory for disclosures that correspond to the listed elements. The list includes the tag ‘Name of software used to produce the report’. This information is never disclosed on the face of the Annual Financial Report and therefore the mark up can only be applied in the ix:hidden section of the Inline XBRL instance file. Currently, the ESEF reporting manual has a limitation on when preparers are permitted to add elements to the ix:hidden section (only when there is no available Inline XBRL transformation). Software packages are currently using other means to add their fingerprint to files which vary across different tools. It would be a positive development for this to be standardised, but the rule in the reporting manual needs to be relaxed in relation to this element for this to happen. We note that, in any case, the inclusion of this information in the report is not required and the collection of this information will therefore depend on voluntary adoption by software vendors.

**dtr-type:table**

The consultation paper makes reference to a dtr-type:table (paragraph 158b) and similarly Annex II, paragraph 2 of the proposed RTS refers to “using the appropriate data type” when marking up tables. We note that there is no table type in the XBRL Data Type Registry (DTR) and that the IFRS Taxonomy elements for tagging tables are textBlockitemType.

<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 agree with the spirit of expanding the requirement to detailed marking up of the Notes to the IFRS consolidated financial statements. We see the current lack of digitisation of the detailed disclosures as one of the major blockers for more widespread use of the ESEF data set. We firmly believe that there is added value in expanding to detailed marking up.

We propose fine tuning of three areas of the phase two rules for the benefit of clarity and consistency:

**Data types:** Annex II, paragraph 4 of the proposed RTS requires the marking up “of all disclosures corresponding to numerical data type including monetary values, decimals, dates and percentages, as well as disclosures corresponding to Booleans and enumerations item types disclosed in the notes”. Determining whether a disclosure corresponds to Booleans and/or enumerations is very arbitrary. We proposed that the rule here is amended to “disclosures corresponding to numerical data type taxonomy elements including monetary values, decimals, dates and percentages, as well as disclosures corresponding to booleans and enumerations item type taxonomy elements”.

**Tables:** Tables have a different rule to disclosures not in a table, as per the proposed rules (proposed RTS, Annex II, paragraph 4). Only figures expressed in a declared currency are required to be marked up. This is problematic for three reasons:

i) IFRSs are not prescriptive in relation to whether a disclosure is expected to be tabulated in a table or whether it can be provided within narrative disclosure.

ii) There is no agreed definition over what constitutes a table and what does not.

iii) Perhaps most importantly, the proposed rule could result to valuable disclosures being omitted from the marking up.

For example, IFRS 12 requires that:

“An entity shall disclose for each of its subsidiaries that have non-controlling interests that are material to the reporting entity: (a) the name of the subsidiary. (b) the principal place of business (and country of incorporation if different from the principal place of business) of the subsidiary. (c) the proportion of ownership interests held by non-controlling interests. (d) the proportion of voting rights held by non-controlling interests, if different from the proportion of ownership interests held. (e) the profit or loss allocated to non-controlling interests of the subsidiary during the reporting period. (f) accumulated non-controlling interests of the subsidiary at the end of the reporting period. (g) summarised financial information about the subsidiary. “

This information is often disclosed in a table format and apart from disclosures in a declared currency, it also includes percentages and string type disclosures. We would therefore propose that, at the very least, all disclosures in table with a corresponding core taxonomy element, should be marked up.

**Extensions:** The anchoring mechanism, introduced by ESMA for primary statements extensions, in the original implementation of ESEF helped to attenuate the issue of comparability of extensions. As extensions are well understood in the context of ESEF we believe that it is reasonable to require preparers to use them for the notes to the consolidated financial statements too. The proposed rule is similar with the SEC requirement for custom elements which helps with comparability and issuers having to report in both jurisdictions.

<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>

We agree with removing all textBlockitemType elements from the list of mandatory tags. Selecting only the most appropriate tag for each accounting policy, explanatory note or table, aligns the tagging requirement with that of the primary statements and removes the unintended multi-tagging requirement of the original rules.

<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>

We agree with the proposed list of mandatory elements.

The tag ‘Name of software used to produce the report’ would never be used as the corresponding information is not required to be disclosed and current ESEF Reporting Manual rules prevent it from being added to the ix:hidden section (only disclosures which are ineligible for a iXBRL transformation can be added to the hidden section and must be cross referenced to the ‘inline’ location). We propose a special provision for this element in the ESEF Reporting manual to encourage disclosure and marking up of this information. This data point is proven to be a powerful aid to improving the communications with software vendors, isolating specific problems and improving the overall quality of reporting.

<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. The anchoring mechanism, introduced by ESMA for primary statements extensions, in the original implementation of ESEF helped to attenuate the issue of comparability of extensions. As extensions are well understood in the context of ESEF we believe that it is reasonable to require preparers to use them for the notes to the consolidated financial statements too. The proposed rule is similar with the SEC requirement for custom elements which helps with comparability and issuers having to report in both jurisdictions. Notwithstanding this, we also note the current inconsistency of the rules between detailed disclosures not in tables and disclosures within tables which has an impact on the requirement for extensions too. See our response to Question 18 in relation to this.

<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>

We agree that ESMA, if necessary, should propose revisions in response to changing circumstances. This flexibility is necessary to allow ESMA to react to unforeseen circumstances or a need for clarifications and to ensure the successful implementation of the CSRD digitisation project.

The current proposed clause, RTS Article 8, paragraph 2, only allows ESMA to assess the necessity of revising the markup requirements prior to the implementation of the final implementation phase of the requirements to markup ESRS sustainability statements. This clause should not place any limitations to ESMA in respect to the timing of any proposals. It should allow ESMA to assess and propose revisions at any point of the implementation period or subsequently.

<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>

We agree with the proposals for targeted amendments to the RTS on ESEF and propose the following minor amendments, which tighten up the wording in areas where we foresee contention:

**Proposal 3**: Include the addition to point (a) at the end: “presentation linkbase, which groups the taxonomy elements used in marking up and which are part of the arithmetical relationships between taxonomy elements defined by the issuer in its calculation linkbase”

**Counter proposal**: Include the addition to point (a) at the end: “presentation linkbase, which groups the taxonomy elements used in marking up”.

**Reasoning**: All elements used in marking up should be included to the presentation linkbase. The current proposed wording could be incorrectly interpreted to mean that only elements which are both used in the marking up and are also part of arithmetic relationships between taxonomy elements in the calculation linkbase must be included. String and textblock type elements are not part of arithmetical relationships but should still be included. Furthermore, the calculation linkbase does not currently allow for all arithmetic relationships to be expressed there, due to well understood specification limitations.

**Proposal 10**: include at the end of the paragraph: “All dashes and empty cells representing nil- or zero- value in the primary financial statements shall also be marked up”.

**Counter proposal**: We do not agree that this should be included in the RTS. This is effectively requiring something which is not reported to be marked up. If something is not required to be explicitly reported in the AFR, then it should not be required to be electronically marked up either. Additionally, there are technical challenges is selecting something which does exist to mark it up. If ESMA insists on implementing this, they should provide more technical guidance about what they expect Software vendors to do here.

**Proposal 14:** We fully support this amendment as it removes an inconsistency of the RTS with what is possible with the calculation specification.

**Proposal 16:** We fully support the amendment from “elements’ to ‘concepts’ for the anchoring requirement as this removes a lot of ambiguity from rules. We would propose a small amendment to paragraph (b) to provide for scenarios where there is no narrower anchoring point in the taxonomy, as follows:

“(b) the issuer shall anchor the extension taxonomy concept to the core taxonomy concept or concepts having the closest narrower accounting meaning and/or scope to that extension taxonomy concept concerned, **if one exists**. The issuer shall identify the relationship of the extension taxonomy concept concerned with the core taxonomy concept or concepts concerned in the issuer’s extension taxonomy’s definition linkbase. The extension taxonomy concept shall appear as the source of the relationship or relationships. Where the extension taxonomy concept combines a number of core taxonomy concepts, the issuer shall anchor that extension taxonomy concept to each of those core taxonomy concepts except any such core taxonomy concept or concepts, which are reasonably deemed to be insignificant.”

We note that the text in the consultation paper for proposal 16 is different to the proposed text for the RTS. The proposed text for the RTS does not name the IFRS primary statements, effectively expanding the anchoring requirement to extensions created across the AFR. We agree with the proposed RTS text.

**Proposal 17:** We note that text in the consultation paper for proposal 17 is different to the proposed text for the RTS. The proposed text in the RTS does not just name the IFRS primary statements, but also the sustainability statements. Given the proposed text for paragraph 9 of the same Annex, the requirement to anchor subtotal extensions should not be constrained to the primary statements. Also, the current wording does not make it clear whether both wider and narrower anchoring is required.

We propose the following text:

“Undertakings are also required to apply paragraph 9 to any extension taxonomy element that is used to mark up a disclosure that is a subtotal of other disclosures in the same statement or table.”

<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>

We have no additional comments for the RTS.

<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>

We agree.

<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>

We have no comments on the proposed amendments to the RTS on EEAP.

<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>

We do not agree with ESMA’s high-level understanding of the approximate monetary cost associated with marking up disclosures in the IFRS consolidated financial statements and the Notes to the IFRS consolidated financial statements.

As a software vendor, our costs are reflected in the complication of the regulation we are implementing and not on the number of elements applied. These costs are passed on to the tagging service provider of the preparer.

We note that the software cost often includes elements which are not related to marking up, such as costs of data aggregation, compiling the report contents, ensuring complete disclosure and design. Any given report will have a fixed cost element which is not dependent of the number of mark ups such as the software licence, validations, producing the extension taxonomies. The marking-up costs in a lot of software, including software produced by CoreFiling, can be significantly less than the costs quoted in the consultation paper due to the use of an automated suggestion engine. This allows for bulk marking up and bulk reviewing of the marking up which makes the process significantly more efficient, especially for a “full” (i.e. not phased) mandate.

As regards the cost per XBRL element, the assumption that number of tagged values or number of elements is proportionate to costs is not one that holds true for us. Our costs scale more directly with the complexity of the rules surrounding a reporting programme, e.g. the ESMA filing rules or phasing in rules.

In particular, filing rules which have can different interpretations have disproportionate costs in development and support of our users. We have made several suggestions in our consultation response to aid preventing different interpretations of the rules.

Costs also scale directly to the number of different rules or even different nuances to the rules. For example, difference in proposed rules for detailed tagging of the notes to the IFRS consolidated statements, when the disclosures are not in tables as opposed to when they *are* in tables.

<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>

We do not agree with ESMA’s high-level understanding of the approximate monetary cost per markup and other additional costs associated with marking up disclosures of sustainability reporting.

As a software vendor, our costs are reflected in the complication of the regulation we are implementing and not on the number of elements applied. These costs are passed on to the tagging service provider of the preparer.

We note that the software cost often includes elements which are not related to marking up, such as costs data aggregation, compiling the report contents, ensuring complete disclosure and design. Any given report will have a fixed cost element which is not dependent of the number of mark ups such as the software licence, validations, producing the extension taxonomies. The marking-up costs in a lot of software, including software produced by CoreFiling, can be significantly less than the costs quoted in the consultation paper due to the use of an automated suggestion engine. This allows for bulk marking up and bulk reviewing of the marking up which makes the process significantly more efficient, especially for a “full” (i.e. not phased) mandate.

As regards the cost per XBRL element, the assumption that number of tagged values or number of elements is proportionate to costs is not one that holds true for us. Our costs scale more directly with the complexity of the rules surrounding a reporting programme, e.g. the ESMA filing rules or phasing in rules.

In particular, filing rules which have different interpretations have disproportionate costs in development and support of our users. We have made several suggestions in our consultation response to aid preventing different interpretations of the rules.

Costs also scale directly to the number of different rules or even different nuances to the rules. For example, having software that deals with phasing costs more than not needing to support phasing in. These extract costs are necessarily passed on to service providers and filers.

<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>

We do not agree with the possible costs and benefits as outlined in the consultation paper with respect to defining the rules to mark up the sustainability statements.

The proposed Option 3, the phased-in approach, means that the XBRL data set will be incomplete in the two first phases of the implementation when compared to the disclosed information. Users of these reports will therefore seek different, less efficient ways to obtain the information during this period. Due to this, in the first four years of implementation, this approach will incur all the costs and deliver significantly reduced benefits. Filers will eventually need to do the full mark-up, so this approach only endangers the success of the digitisation project.

In the meantime, the costs and the overall burden are unlikely to be significantly lower given the complexity of the proposed rules. Option 3 takes up two whole pages of the consultation paper just to outline the approach. It recommends different phasing in for different sections of ESRSs, different phasing in for different levels of disclosures within these sections, and different phasing in for different data types. The consultation paper already acknowledges that significant changes to the software used for the marking up will be needed to implement this option, which necessarily will be passed on to the regulated undertakings.

Option 2 would be the preferred approach as undertakings are expected to digitise everything they are reporting (a digital-by-default approach). This achieves the full benefits of the digitisation project from the outset. We disagree with the analysis on the burden. Practically, companies are doing their first CSRD reporting for periods beginning on or after 1 January 2025. Digitisation rules will not come in until one or two years later (depending on the timing of the RTS publication on the OJ). This leaves undertakings more than enough time to map the taxonomies to their reports and agree the mark up with their assurance providers.

 <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>

We agree that the optimal option here is the baseline scenario, to not have a list of mandatory elements. Mandatory information should be set at the level of the disclosure requirements and not the marking up.

We also note that the proposed detailed rules around phasing in will cause the same problems as the one associated with the use of mandatory lists. The complexity is still there, and therefore so is the possibility for mistakes by the preparer. A digital-by-default approach where everything which is required to be disclosed is digitally marked up, would have been a simpler approach to implement.

<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>

We agreed with ESMA’s assessment that Option 2 here is the most desirable from a cost/benefit perspective.

<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>

We do not agree with the 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.

We consider Option 2 to have lower costs and greater benefits than the phased in approach outlined in Option 3. Costs will be lower because there will be no intermediate approach needs to be communicated, supported by software and learnt. The proposed first phase will mean less block tagging, before the detailed tagging has become available which will create an interim period of less information. The benefits of detailed tagging, introduced by the final phase are significant, as all disclosures will be digitally available for the first time, giving a boost to the whole digitisation project. We consider the two-year lead time before the amended RTS becomes effective, sufficient for companies to decide on the detailed mark-up and agree it with their auditors.

<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>

We agreed with ESMA’s assessment that Option 2 here is the most desirable from a cost/benefit perspective.

<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>

We agree.

<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>

We propose the following amendments to the proposed RTS:

**Article 2, paragraph (2) a.**

As per proposed RTS:

“presentation linkbase, which groups the taxonomy elements used in marking up and which are part of the arithmetical relationships between taxonomy elements defined by the issuer in its calculation linkbase;”

Issue: Not all arithmetic relationships between taxonomy elements can be defined in the calculation linkbase, so this restriction is problematic.

Our proposed text:

“presentation linkbase, which groups the taxonomy elements used in marking up;”

**Article 8, paragraph (2)**

As per proposed RTS:

“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 necessity of revising the markup requirements and where appropriate, propose amendments to the Delegated Regulation (EU) 2019/815.”

Issue: The above text removes ESMA’s ability to make interventions to the rules to react to unforeseen circumstances stemming from the implementation of the rules until after the first two phases are implemented. Hopefully, this will not be necessary, but there is no reason to restrict ESMA in that way.

Our proposed text:

“Considering paragraph 1, ESMA shall assess the necessity of revising the markup requirements annually, and where appropriate, propose amendments to the Delegated Regulation (EU) 2019/815.”

**Annex II, paragraph (1), last sentence**

As per proposed RTS:

“All dashes and empty cells representing nil- or zero- value in the primary financial statements shall also be marked up.”

Issue: Dashes, and especially empty cells do not represent reported information. These are found where issuers have nothing to report. We do not consider it appropriate to mandate their marking up. There are particular technical challenges with marking up empty cells, as there is nothing there to mark up.

Our proposed text:

Remove altogether or at least use the following:

“All dashes representing nil- or zero- value in the primary financial statements shall also be marked up.”

**Annex II, paragraph (2) a. and b.**

As per proposed RTS:

“a. all separately and individually identifiable accounting policies and other explanatory notes taking into account the presentation structure of the notes.”

“b. all tables disclosed within the notes that provide structured, granular information relevant to the respective accounting policy.”

Issue: This is different to the proposition made in the body of the consultation paper, and will have a different marking up outcome.

Our proposed text:

“a. each separate and individually identifiable accounting policy and other explanatory note taking into account the presentation structure of the notes”

b. each table disclosure within the notes that provides structured, granular information relevant to the respective accounting policy”

There may be a need to define what “identifiable” means, and to clarify that this does not also mean identifiable subsections of accounting policies or notes.

We also note that the consultation paper was proposing that this marking up to be done with core taxonomy elements. We recommend that you clarify whether ESMA wishes these to marked up only with core taxonomy elements, or whether marking up each of these disclosures may require creating extension elements. We recommend that extensions are required for alignment to the SEC rules.

**Annex II, paragraph (3)**

Issue: The element “Name of software used to produce the report” will never have a corresponding disclosure in the AFR. The current reporting manual rules, restricting elements in the ix: hidden section of the file to disclosures for which there is no available Inline XBRL transformation, prevent this element from being added to the ix:hidden section too. Following the principle that the marking up should not result in additional disclosure requirements, we make the following proposal.

Add the following text:

For the “Name of software used to produce the report”, we recommend that this element and corresponding information is added to the ix:hidden section of the XBRL instance file.

**Annex II, paragraph (4), 2nd sentence**

As per proposed RTS:

“Otherwise, the following financial year 202X+3], issuers shall mark up all disclosures corresponding to numerical data type including monetary values, decimals, dates and percentages, as well as disclosures corresponding to booleans and enumerations item types disclosed in the notes to the IFRS consolidated financial statements in compliance with the relevant technical requirements."

Issue: Whether or not disclosures correspond to booleans and enumeration item types is very arbitrary. The wording requires some tidying up here.

Our proposed text:

“Otherwise, the following financial year 202X+3], issuers shall mark up all disclosures corresponding to numerical data type taxonomy elements including monetary values, decimals, dates and percentages, as well as disclosures corresponding to booleans and enumerations item type taxonomy elements disclosed in the notes to the IFRS consolidated financial statements in compliance with the relevant technical requirements."

**Annex IV, paragraph 7**

Both the current RTS and the proposed RTS require all elements in the undertakings extension taxonomy to be included under one of six root taxonomy elements. These abstract elements have been added to the ESEF taxonomy by ESMA (i.e. they are not IFRS taxonomy elements). They represent one root element for each primary statement and a sixth root element for the notes to the financial statements.

Our proposition:

Given ESMA’s proposed move to detailed tagging of the notes, it may be beneficial to offer more structure for the elements used to tag the notes to the financial statements, instead of including all of them under the same root element. Additionally, some of these tables are likely to be modelled dimensionally which would require them to be grouped in separate networks to avoid all the elements being associated with all hypercubes included here.

The expansion of the ESEF format is being expanded sustainability disclosures, which form part of the management report. This section of the AFR is not currently covered by any of those root elements. The proposed rules do not exclude the possibility of extensions for ESRS disclosures. ESMA should consider whether more guidance should be provided in the RTS in relation to the inclusion of both base taxonomy and extension elements to the undertakings extension taxonomy, and whether one or more root abstract element is required to be made available for this purpose. ESMA could also consider the SEC approach to this which does not use abstract root elements but a framework for declaring custom roles (paragraph 10.2 of the EDGAR XBRL guide: <https://www.sec.gov/files/edgar/filer-information/specifications/xbrl-guide-2024-07-08.pdf>

<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>

Consider the extent to which it may be possible to delegate rules (and/or the designation of the taxonomy in force) from the RTS to the ESEF reporting manual. The ESEF reporting manual currently does not have any legal status and which is often the root of disagreements between issuers, service providers and assurance providers. Achieving this will also avoid lengthy processes to update taxonomies and the rules. We recommend exploring how the European Banking Authority (EBA) deals with taxonomy updates for the Capital Requirements Regulation which has to abide by the same EU requirements.

<ESMA\_QUESTION\_ESEFEEAP\_36>