

PRESS RELEASE

ESMA publishes 2020 report on enforcement of corporate disclosure

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, today publishes its Annual Report on enforcement and regulatory activities related to corporate reporting in the European Economic Area. In 2020, European enforcers examined 729 financial statements, which led to actions against 265 issuers. A further 132 enforcement actions resulted from the examination of non-financial statements (39 actions) and the presentation and disclosure of alternative performance measures in management reports (93 actions).

The Report provides an overview of the 2020 activities of ESMA and of European accounting enforcers when examining compliance of financial and non-financial statements of European issuers. It presents further activities contributing to supervisory convergence and to the development of a single rulebook in the area of corporate reporting.

The examination of the financial statements drawn up under International Financial Reporting Standards (IFRS), covering approximately 17% of issuers listed on EU regulated markets, led to enforcement actions against 265 issuers in order to address material departures from IFRS, representing an action rate of 38%.

In 2020, ESMA's efforts to increase supervisory convergence focused on:

- harmonising the enforcement of the application of IFRS 16 *Leases* and IFRS 15 *Revenue from Contracts with Customers*; and
- promoting transparency on the impact of COVID-19 by issuing public statements on the implications of the pandemic on financial reporting and conducting a fact-finding exercise based on the half-year financial reports.

Anneli Tuominen, Interim Chair, said:

“Significant challenges for business activities and a high-level of uncertainty resulting from the COVID-19 pandemic require a high degree of transparency



in issuers' communication with investors. The need for a comprehensive presentation of the pandemic's effects on issuers' activities is of paramount importance for both financial reporting and the provision of non-financial information.”

European enforcers continued their enforcement activities on non-financial information on environmental, social and governance matters in 2020, with examinations of 737 non-financial statements or 37% of the total estimated number of issuers required to publish a non-financial statement. Related enforcement actions represented an action rate of 5%.

In addition, 611 management reports were examined during 2020 to assess whether the presentation and disclosure of alternative performance measures (APMs) were in compliance with [ESMA's Guidelines on APMs](#), covering 14% of IFRS issuers listed on EU regulated markets. These examinations led to enforcement actions against 93 issuers, representing an action rate of 15%.

Next steps

In 2021, ESMA and the European enforcers will focus on ensuring that adequate transparency is provided regarding the consequences of the COVID-19 pandemic for the application of IAS 1 *Presentation of Financial Statements*, IAS 36 *Impairment of Assets*, IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures and IFRS 16 Leases*.

ESMA will also continue to actively contribute to the development of high-quality accounting standards by providing input to consultations conducted by the International Accounting Standards Board (IASB) and European Financial Reporting Advisory Group (EFRAG). ESMA will also undertake other activities to promote supervisory convergence, such as addressing any implementation issues which may arise from the European Single Electronic Format Regulation.

When it comes to non-financial statements, the key areas of focus will also be the impact of the COVID-19 pandemic on the different non-financial matters, as well as certain aspects of social and employee matters, business model, value creation and risks relating to climate change.



Notes for editors

- [Annual Report on enforcement and regulatory activities - 2020](#)
- ESMA is the European Union's securities markets regulator. Its mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- assessing risks to investors, markets and financial stability;
 - completing a single rulebook for EU financial markets;
 - promoting supervisory convergence; and
 - directly supervising specific financial entities.
- ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

Further information:

Solveig Kleiveland

Senior Communications Officer

Tel: +33 (0)1 58 36 43 27

Email: press@esma.europa.eu