

# BRIEFING PAPER

## ESMA Consultation Encourage Competitiveness: Digital Reporting for our Digital Age

**We encourage all relevant stakeholders to respond to the Consultation Paper (CP): ESMA32-2009130576-3024. The draft RTS can and should be substantially simplified and improved. Due Date: 31 March 2025.**

*This is a briefing prepared by XBRL International staff and has been developed through a public interest lens.*

## TABLE OF CONTENTS

|  |           |
|--|-----------|
| <b>SUMMARY: KEY ANALYSIS, CONCERNS &amp; PRESCRIPTIONS.....</b>  | <b>1</b>  |
| <b>SECTION 2 – POLICY CONSIDERATIONS IN RELATION TO THE CP. ....</b>   | <b>3</b>  |
| [A] LACKS VISION, AMBITION, URGENCY. ....  | 3         |
| [B] SHIFT IN MODALITY REQUIRED.....  | 4         |
| [C] RECONSIDER APPROACH TO BURDEN. ....  | 6         |
| [D] SHORTEN AND SIMPLIFY PHASING FOR SUSTAINABILITY. ....  | 7         |
| [E] SHORTEN AND SIMPLIFY THE DIGITISATION REQUIREMENTS AND PHASING FOR DETAILED TAGGING IN THE FINANCIAL STATEMENTS..... | 9         |
| [F] SIMPLIFY LANGUAGE. ....  | 10        |
| [G] RETHINK “NOTICE PERIODS”.....  | 11        |
| [H] DON’T ADD UNNECESSARY PROJECT DEPENDENCIES.....  | 12        |
| [I] DON’T CREATE AN UNEVEN PLAYING FIELD. ....   | 13        |
| <b>SECTION 3 – EXTREMELY DRAFT, OUTLINE SUMMARIES OF ANSWERS TO CP QUESTIONS. ....</b>                                   | <b>15</b> |



# ESMA proposals on digital reporting: Reset needed for Competitiveness

**We are concerned that the draft ESMA RTS on digitisation of sustainability and financial reporting will impair the Capital Markets Union and diminish the value of Corporate Reporting in the EU. At a critical time, it does not demonstrate sufficient ambition to enhance the competitiveness of business or markets in the EU. It is alarmingly complex. It gives weight to factors that seem illogical. We encourage all relevant stakeholders to respond to the Consultation Paper (CP): ESMA32-2009130576-3024. It contains a draft RTS that can and should be substantially simplified and improved. This is a briefing prepared by XBRL International staff and has been developed through a public interest lens.**

## SUMMARY: KEY ANALYSIS, CONCERNS & PRESCRIPTIONS

**[A] Lacks Vision, Ambition, Urgency.** ESMA needs to move with urgency and focus to enhance the visibility, discoverability and trust associated with public- and private-company corporate disclosures across the EU. Given the current pace of market innovation and technological change, the EU needs to catch up on digital reporting. In practical terms, the EU is now 15 years behind its key international competitors (see the body of this briefing for details). The implementation of digital reporting is a prerequisite for enhancing the attractiveness of EU corporates on both the domestic and the international stage. To this end, the RTS needs to be fundamentally clarified and simplified. One of the ways to do this is to spell out the overall vision and to work to unify efforts around those goals.

**[B] Shift in Modality Required.** ESMA needs to move from a paper to a digital mindset, leading the way to ensure that digital representations of EU corporate disclosures are the primary form in which information is disseminated and analysed. Further, ESMA needs to apply continuous attention to the quality and comparability of corporate digital disclosures, to accelerate the required cultural shift from paper to structured data.

In the 21<sup>st</sup> Century, digital reporting requirements must be thought about as an essential foundation for corporate disclosure – not a separate task that can be measured or considered in isolation. Market structures are evolving, and the primary information consumed by users is now in digital form. *Especially for companies in smaller jurisdictions, together with smaller and private companies, digital disclosure is the absolute baseline requirement for visibility and discoverability.*

In developing this RTS, ESMA needs to take into account all of the learnings from its initial foray into digital disclosures with structured data, with the introduction of the ESEF format.

**[C] Reconsider Approach to Burden.** In our view, the approach to considering burden in the CP is “the tail wagging the dog”. We recognise that the effort associated with marking up, or tagging, a corporate report is real, especially in the first year of implementation. The manner in which companies carry out this work and the assurance obligations that are complied with both impact the effort involved.

That said, the process of tagging is changing and becoming simpler for disclosing entities quite quickly, largely thanks to AI. At the same time, it remains imperative that all users can access a single version of digital truth, for which management is accountable.

Digital tagging requirements should not be considered in isolation. The approach taken in the ESMA paper is “*reductio ad absurdum*”. While the tagging process involves work, it is a tiny fraction of the overall effort associated with the sourcing, aggregation and review of information contained in the sustainability and financial reporting requirements themselves, an endeavour with clear benefits. In our view, the effort involved is between 0.05% and 0.5% of the overall burden associated with EU financial and sustainability reporting (depending on the size of the reporting entity). The draft RTS treats digital tagging as an entirely separate and isolated burden consideration, leading to policy proposals which will harm the EU’s efforts towards a full Capital Markets Union.

We also note the burdens on users generated by failing to pursue digital reporting with sufficient vigour. The cost and expense associated with the acquisition of *unstructured* data, including the exceptional costs that information providers need to expend, create severe limitations on the availability and utility of the disclosures themselves. These issues do not seem to be accounted for in the CP.

### **[D] Shorten and Simplify Phasing for Sustainability.**

The draft RTS provides an extraordinarily complex set of proposals for phasing in digital reporting in this area. We think this approach is fundamentally misguided. Digital reporting should be required simultaneously or near-simultaneously with CSRD. Issuers and undertakings would need to take exceptional care, and incur significant costs, just to clarify when each of the draft RTS arrangements apply to them. For sustainability, far better, in our view to *either*:

- Follow exactly the timing and phasing in provisions provided by the CSRD and ESRS framework itself. At the time of writing we have a working assumption that the EU will delay or further stagger these reporting obligations, meaning that issuers and undertakings will have an *extended* preparation period. There is no need for an add-on digital delay; OR
- Provide a simple one-year grace period from the CSRD framework implementation dates. If ESMA takes a view that issuers and undertakings must be

provided with a pause, then simply provide a one-year grace period (indicating that voluntary filings are welcome) as a mechanism to permit digital disclosures to be phased in without any additional complexity.

**[E] Shorten and Simplify the Digitisation Requirements and Phasing for Detailed Tagging in the Financial Statements.** The IFRS financial disclosure proposals are too complex and lack a clear requirement to prioritise the tagging of key numeric data from the notes to accounts, limiting their utility. ESMA should at present prioritise tagging critical figures over additional narrative disclosures. Simplifying the requirements, bringing forward numeric tagging and clarifying the narrative tagging obligations, would improve usability and implementation.

**[F] Simplify Language.** Significant components of the draft RTS are over-complicated because it seeks to cover digital filing obligations for both public- and private-company undertakings using one set of language.

We think that ESMA should work to simplify the drafting in this area, clarifying the processes that different kinds of companies will need to use in order to file their reports.

**[G] Rethink “Notice Periods”.** The RTS incorporates several complex timing contingencies that should be removed. The draft RTS gives legislative effect to the digital reporting requirements that are largely set out in the ESRS taxonomy, which have been available in final form for several months. The draft RTS makes no changes and both the underlying standards and the relevant XBRL taxonomies have been separately and extensively consulted on. Contingencies such as “6-12 months’ notice if OJ publication is prior to 1 July” and “12-18 months’ notice if post 1 July,” and similar “N+1 | N+2” arrangements substantially add to the complexity of the rules, impact the utility of the disclosures (creating a further, unnecessary delay to the availability of digital data), and do not appear to be connected to other legislative obligations. They add unnecessary delay and should be removed.

#### **[H] Don’t Add Unnecessary Project Dependencies.**

ESMA’s coming ESAP platform is a key part of the process of supplying users with sustainability and financial disclosures, but it is not the only part. ESMA should decouple the timing of its digital agenda from ESAP, except in relation to requirements for non-listed disclosures – which we think should be clarified. Before ESAP becomes available a wide range of users can take advantage of digital disclosures made directly to OAMs, and indeed are already doing so. Today (without advertising or promotion) several thousand unique users download an average of 17,000 specific xBRL-JSON formatted ESEF filings *every month* from filings.xbrl.org, which is not the only such repository. There is every reason to believe that there is very strong demand for climate change disclosures in particular.

#### **[I] Don’t Create an Uneven Playing Field.**

Notwithstanding [F] above, the draft RTS exempts private non-EU entities from digital reporting. It should not tilt the competitive landscape in this manner. It should seek to make sure that third-country undertakings provide their CSRD reports in the form of ESEF-compliant digital disclosures from the outset of the CSRD reporting obligations.

\*\*\*

Despite all of the above issues, there are numerous aspects of the RTS that we commend. However, ESMA has overall, in our view, an opportunity to fundamentally simplify the implementation of digital reporting for sustainability, and the expansion of digital reporting for financial reporting. The benefits derived in terms of market functioning, competitiveness and efficiency far outweigh the costs.

## **READERS ARE URGED TO RESPOND.**

The purpose of this briefing note is to encourage stakeholders impacted by the [CP to respond to ESMA](#). The following sections of the paper provide a:

- **Policy Summary.** Further information is given about each of the points set out above, with cross references to relevant sections in the CP and to the questions posed by ESMA in the paper.
- **List of the Questions.** We include in dot point form a summary of our current perspectives on the questions, with cross references to the Policy Summary and CP.

We urge readers to:

1. Strongly consider responding to the CP, with a particular focus on information needs.
2. Provide ESMA with information about existing information inefficiencies and the expected impact of fully operational digital disclosure in the EU.
3. Provide ESMA with information – confidentially if necessary – about overall costs associated with report production, together with the costs associated with marking up corporate disclosures.
4. Provide ESMA with information – confidentially if necessary – about users’ relative priorities in relation to digital sustainability disclosures.

XBRL International intends to provide its own response to the CP by the **due date – 31 March 2025**. In addition to the policy considerations discussed here, we will provide a range of technical suggestions in our response. Readers interested in these technical matters or with suggestions in terms of the XBRL architecture and import mechanisms being proposed are encouraged to get in touch.

Finally, we expect to provide a policy paper for the European Commission to consider on the existing cumbersome “Machinery of Government” approval processes that exist for the digitisation of regulation, which are not fit-for-purpose in our digital age.

## SECTION 2 – POLICY CONSIDERATIONS IN RELATION TO THE CP.

**[A] Lacks Vision, Ambition, Urgency.** ESMA needs to move with urgency and focus to enhance the visibility, discoverability and trust associated with public- and private-company corporate disclosures across the EU. Given the current pace of market innovation and technological change, the EU needs to catch up on digital reporting. In practical terms, the EU is now 15 years behind its key international competitors (see the body of this briefing for details). The implementation of digital reporting is a prerequisite for enhancing the attractiveness of EU corporates on both the domestic and the international stage. To this end, the RTS needs to be fundamentally clarified and simplified. One of the ways to do this is to spell out an overall vision and to work to unify efforts around those goals.

See:

CP 3.3.3 p20ff  
 CP 3.3.1 p10  
 CP 3.3.1.2 p13  
 Figs 4 & 5 p24, 25  
 77,78,79 p26,27.  
 28

It's 2025, not 1925. The idea that complex corporate disclosures should be provided in an analogue or unstructured form is completely untenable and we are very glad to see that ESMA's position (ultimately) coincides on this end state. Unfortunately, the CP sets out an extraordinarily complex set of implementation proposals, over an astonishingly extended period. In our view the proposals are wholly unambitious. Europe should be explicitly working towards ensuring that it catches up with, and seeks to exceed, the ambitions of other countries. The USA started down the path of structured digital reporting in 2009; Japan in 2010. Many others have been informing markets and regulators on the basis of digital reports prepared in XBRL for a longer period than that<sup>1</sup>.

In our view, ESMA needs to define a clearer vision for its reporting framework, incorporating as a key building block the near-universal use of structured data in appropriate forms.

### One Idea for a clearer ESAP Vision Statement:

The European Single Access Point (ESAP) will become a cornerstone of EU critical infrastructure by:

- Serving as a **neutral and trusted information source** for the EU's rapidly expanding private sector, fostering transparency and accountability.
- **Accelerating capital formation, secondary investments, lending decisions, and supply chain management**, driving economic growth and resilience.
- **Streamlining and securing the funding** that positions Europe as the global leader in improving the sustainability and adaptability of its society, across member states.
- Expanding its scope to support **new forms of capital formation** across diverse asset classes, funding and empowering innovation and growth across more and more sectors of the economy as emerging technologies redefine markets.
- **Bolstering consumer confidence** in the products and services that underpin the EU economy, fostering trust and stability.
- Embracing a **digital-first approach** to enable breakthrough new information services, rapid discovery, and advanced decision-making by both established and emerging market participants.

By delivering on this vision, ESAP will provide the tools and infrastructure necessary for a thriving, sustainable, and forward-looking European economy.

<sup>1</sup> A range of information about digital reporting mandates is available from our [Project Directory](#).

For all of this to happen, the EU must prioritise a cultural shift. A key part of the social contract for incorporation and for limited liability – and the right to raise funds from the public – has always been honest and transparent disclosure. **That social contract needs to evolve in just one important way – companies now need to provide honest, transparent and structured, accessible digital disclosures.** To achieve a vision of this sort, ESMA needs more ambition than that demonstrated in the CP.

**[B] Shift in Modality Required.** ESMA needs to move from a paper to a digital mindset, leading the way to ensure that digital representations of EU corporate disclosures are the primary form in which information is disseminated and analysed. Further, ESMA needs to apply continuous attention to the quality and comparability of corporate digital disclosures, to accelerate the required cultural shift from paper to structured data.

In the 21<sup>st</sup> Century, digital reporting requirements must be thought about as an essential foundation for corporate disclosure – not a separate task that can be measured or considered in isolation. Market structures are evolving, and the primary information consumed by users is now in digital form. *Especially for companies in smaller jurisdictions, together with smaller and private companies, digital disclosure is the absolute baseline requirement for visibility and discoverability.*

*In developing this RTS, ESMA needs to take into account all of the learnings from its initial foray into digital disclosures with structured data, since the introduction of the ESEF format.*

See:  
3.1 p8

ESMA has been working towards the digitisation of financial reporting since 2019. It has obliged listed, IFRS-reporting, public companies to provide a digital report that is both human- and machine-readable. The process of moving from a paper paradigm to a structured-data reporting paradigm requires feedback, continuous improvement and an ongoing focus on data quality. Until users trust the scope, timeliness and quality of digital information being published by corporates, they can't rely on it. This is a process that has been carried out in many countries (at varying paces) around the world.

Unfortunately, the EU's existing efforts continue at a relatively sedate speed. Their merit is clear: it is already possible to discover huge amounts of value from this data. See [here](#), [here](#) and [here](#) for some of the analytic demonstrations that we have been involved in using EU data. But better and faster feedback loops are needed to ensure that companies understand that their data is valuable, and can be improved.

*(continues on next page)*



## AI

Some stakeholders, typically issuers that have not yet truly embraced the opportunities that digital reporting offers, tend to suggest that the existence of AI means that structured data is not going to be needed going forward.

On the contrary: digital reporting fuels high-quality AI insights, while at the same time AI is accelerating and improving digital markup. AI models are essentially sophisticated statistical engines – seeking the most probable answer. In practical terms, significant chunks of disclosures can be tagged by AI tools, but they will reliably and consistently provide incorrect answers for significant portions of company reports.

The options are:

- A. Embrace digital reporting and the use of AI in the tagging process, ensuring human oversight and control over the at least 10%-20% of a company's report where the tags will not be easy to predict. This will result in a single digital version of the truth that management has signed off on and is accountable for.

OR

- B. Rely on competing AI models to consume unstructured data and produce their own interpretations. Each will come up with a slightly different answer. There will not be a single version of the truth, and the EU will not be able to create the necessary levels of trust needed to inject the necessary level of competitiveness in its markets.

What is unarguable is that when you do have a definitive digital version of the truth, structured data combined with structured metadata (the sophisticated data dictionary or XBRL taxonomy) provides the building blocks for vastly enhanced and more accurate AI-driven analytics.

## Access and Visibility

There is one more issue that needs to be surfaced. The concentration of investment and liquidity into well known, highly capitalised securities is an unarguable feature of today's financial markets. Because of this, the focus of information and service providers is understandably on these same issuers. To open up markets, ESMA needs to maximise the discoverability and utility of European corporate disclosures. Moving forward, structured digital disclosure will be more and more important in this goal.

There is a very real risk that unless *digital sustainability reporting* is universal, a significant proportion of the disclosures provided by a large proportion of the market will simply not be accessible. In practical terms this means that their data cannot be compared with peers, cannot be analysed over time and cannot be sensibly aggregated. Information providers will prioritise numeric disclosures over trying to create high-quality, granular narrative data for their customers. The narrative disclosures of smaller companies and those in smaller member states run the real risk of being entirely overlooked.

## A Cultural Change

There is no getting away from the fact that the work associated with the digitisation of the historically analogue process of corporate reporting falls primarily on the external reporting teams of reporting companies. Unless and until companies can clearly understand the concrete benefits of digital disclosures, the process will continue to be perceived as burden, or indeed (incorrectly) something that can be replaced by AI. These include helping their performance get noticed by investors,

facilitating benchmarking with competitors and peers, and getting their data used by institutional financial and sustainability/stewardship analysts.

ESMA needs, therefore, to foster breadth, timeliness and quality in all of the digital data that it asks for. It is never the case that these changes happen perfectly overnight. We think that the CP should have emphasised this goal, and that the RTS should:

- Identify ways that ESMA and NCAs will test and review digital filings on an ongoing basis.
- Suggest approaches for continuous improvement.
- Ensure that the suitability of the relevant XBRL taxonomy is reviewed in the light of the digital disclosures received on an ongoing basis.

Outside of the RTS, ESMA should consider information sessions for internal and external stakeholders that hold digital disclosures up to the light, and make sure that the resultant data is being used within its own internal regulatory and NCA supervisory processes.

**[C] Reconsider Approach to Burden.** In our view, the approach to considering burden in the CP is “the tail wagging the dog”. We recognise that the effort associated with marking up, or tagging, a corporate report is real, especially in the first year of implementation. The manner in which companies carry out this work and the assurance obligations that are complied with both impact the effort involved.

That said, the process of tagging is changing and becoming simpler for disclosing entities quite quickly, largely thanks to AI. At the same time, it remains the imperative that all users can access a single version of digital truth, for which management is accountable.

Digital tagging requirements should not be considered in isolation. The approach taken in the ESMA paper is “*reductio ad absurdum*”. While the tagging process involves work, it is a tiny fraction of the overall effort associated with the sourcing, aggregation and review of information contained in the sustainability and financial reporting requirements themselves, an endeavour with clear benefits. In our view, the effort involved is between 0.05% and 0.5% of the overall burden associated with EU financial and sustainability reporting (depending on the size of the reporting entity). The draft RTS treats digital tagging as an entirely separate and isolated burden consideration, leading to policy proposals which will harm the EU’s efforts towards a full Capital Markets Union.

We also note that the burdens on users generated by failing to pursue digital reporting with sufficient vigour. The cost and expense associated with the acquisition of *unstructured* data, including the exceptional costs that information providers need to expend, create severe limitations on the availability and utility of the disclosures themselves. These issues do not seem to be accounted for in the CP.

There is a basic assertion – an assumption – in the CP that burden needs to be considered purely in the context of the preparation of a digitally formatted (“ESEF” formatted) corporate report. In our view this is a fundamentally flawed approach. ESMA should, instead, be looking at the marginal add-on burden associated with digitisation, with the benefit that all users can derive from consuming a structured digital, instead of an analogue disclosure.

We are living in a digital age and the idea that companies can ignore that fact for an extremely extended period (the timeframes set out in draft extend out to 5 years) simply doesn’t stand up to scrutiny.

The work involved in preparing a digital report is appreciable (and measurable). However, the alternative to introducing digital reports is:

See:  
11 p8  
27. 28 p11  
62 p21  
64, 65 p22  
4.2 p34  
6.2.1 p44ff  
(etc)



- A bifurcated set of users: those that can afford the significant costs associated with information provider feeds, and those that cannot (unfortunately this typically includes policy makers, regulators and supervisors).
- A bifurcated information set: information providers economic interests are inevitably (this is not a criticism) prioritised towards the large and more liquid end of the market. Smaller member states and smaller companies will not get prioritised. It seems clear that sustainability disclosures accessible to subscribers to an information provider's services (converted into a proprietary format by those information providers) will not contain, in particular, granular narrative data. Machine learning and AI (as well as plain old original human beings) are vastly more analytically capable when they can compare short, directly comparable, "snippets" from multiple disclosures.

The CP asserts that the burden associated with digital disclosure must be considered in isolation to the work (several orders of magnitude larger) that the Commission accepts is required to source, aggregate, review and control all of the information needed to produce a sustainability or financial report. This, even though the only way that a wide variety of users can discover, screen (filter), and assess those reports is if they are structured digital disclosures. The proposed approach is absurd. In an increasingly digital age, analogue reports are rapidly becoming irrelevant.

We are in the process of developing a range of data to support our alternative suggestions in this field, but bear in mind that for a large company, the process of constructing the full annual report each year (prior to CSRD) involves in excess of 1000 person days of effort. In contrast, the work involved in converting that disclosure into a digital disclosure (by way of a so-called "bolt on" or "add on" process) will be somewhere between 5 and 10 days person effort. Smaller, simpler entities should, of course, be much faster on both counts. Equally, the "bolt on" approach is typically getting gradually replaced with more sophisticated disclosure management tools that speed up both processes, and substantially enhance the controls involved in the preparation of each report.

We are in discussion with a range of stakeholders on this question, for incorporation into our comment letter and will have more to discuss in the next few weeks.

**[D] Shorten and Simplify Phasing for Sustainability.** The draft RTS provides an extremely complex set of proposals for phasing in digital reporting in this area. Issuers and undertakings will need to take exceptional care, and incur significant costs, just to clarify when each of the arrangements apply to them. For sustainability, far better, in our view to *either*:

- Follow the timing provided by the CSRD framework itself. At the time of writing we have a working assumption that the EU will delay or further stagger these reporting obligations, meaning that issuers and undertakings will have an *extended* preparation period. There is no need for an add-on digital delay; OR
- Provide a simple one-year grace period from the CSRD framework implementation dates. If ESMA takes a view that issuers and undertakings must be provided with a pause, then simply provide a one-year grace period (indicating that voluntary filings are welcome) as a mechanism to permit digital disclosures to be phased in without any additional complexity.

See:

CP 3.3.3.2 pp  
26-29  
Q2  
Q3

EU policy on the timing and phasing of corporate sustainability disclosures is separate from ESMA's role in digitising these reports. However, in our view, ESMA should view digital reporting taxonomies as a "digital twin" of the reporting standards, implementing digital-first disclosure rules by default. Digital disclosures should be treated as the primary obligation, as outlined in the ESEF amendments to the Transparency Directive. The digital component should not be delayed relative to CSRD as a whole. ESMA should prioritise the needs of the users of digital reports,

including regulators and policy makers themselves. It should work to instantiate the timetables promulgated in the primary legislation in its digital implementation and not add an artificial additional framework that delays the relevance of corporate reporting in the EU, impairing competitiveness.

Specifically, for the reasons outlined in Items A, B, and C, we believe ESMA should reconsider its complex approach to implementing digital CSRD disclosures. The ESRS taxonomy has been available for some time, and is not being amended by ESMA. Companies will have a lengthy period to prepare. The expected delays in implementing CSRD and Article 8 reporting requirements, via the EU's "Omnibus" amendments, further support this argument. We argue that additional digital delays will severely impair Europe's efforts to use corporate sustainability disclosure as a tool to enhance measurement and enhance sustainable behaviour.

ESMA should, instead, take the view that it is purposefully moving EU disclosure onto a digital footing and that this will enhance the attractiveness and competitiveness of EU investments and assist the creation of the CMU. It should use any extended pause or phase-in determined by the EU to educate issuers, PIEs and undertakings about the need to incorporate digital reporting into their disclosure processes and plans.

Section 3.3.3.2 of the CP sets out an extremely complex set of phasing proposals, covering differing components of the disclosures to be introduced across three phases over 5 years. The proposed initiation point for each phase is dependent on the type of reporting entity and (apparently) the date when relevant RTS amendments are published in the Official Journal (OJ) each year. There are additional constraints imposed by proposals in Figure 6 to phase in some of the most useful markup – the semi-narrative or categorical use of Booleans and enumerated answers, which we believe should be given greater priority.

In our view:

- The complexity will overwhelm reporters. This alone should create concern in the minds of policy makers. The cost of understanding and complying with the proposed phase-in rules would be substantial for any company. Pity the reporting entities that might have merged with a competitor, suddenly grown, suddenly shrunk, commenced to operate in an additional field or just had a substantial change in management – they will expend huge amounts of time trying to determine their obligations.
- The very significant lead-in times that the EU's Omnibus amendments are likely to bring about should provide more than enough time for *any* reporting entity to prepare not just for disclosure, but for digital disclosure.
- As market changes accelerate as a result of geopolitical and technological change, without digital disclosure it will be increasingly difficult for companies to gain the attention of investors, lenders, potential suppliers and customers. Equally, regulators will struggle to uncover trends and emerging risks, and to understand compliance levels. Those companies without digital disclosures will be less and less visible. Delaying digital disclosures will harm EU markets, EU market participants and EU private companies.
- The proposals will, in our view, disproportionately disadvantage smaller member states and smaller companies across Europe. Their visibility will be impaired because they come later in the suggested phase-ins, and, further, their analogue (PDF) disclosures will be a lower priority for information providers to consume.

This all seems vastly over-complicated.

We suggest that instead, ESEF reporting should either:

- (I) **Align with CSRD.** An issuer or undertaking that is obliged to report under CSRD must primarily provide an ESEF-compliant report at the time that CSRD requires that disclosure. All aspects of the ESRS standards that CSRD obliges that entity to report against must be reported on in Inline XBRL (ie: in XHTML with XBRL markup of all those aspects of the report that the taxonomy incorporates).

OR

- (II) **Apply a simple one-year grace period.** An issuer or undertaking that is obliged to report under CSRD must commence filing ESEF-compliant reports one year after the time that CSRD requires their first disclosure. Only in the first year can a reporting entity provide an analogue report. After that year, all aspects of the ESRS standards that CSRD obliges that entity to report against must be reported on in Inline XBRL (ie: in XHTML with XBRL markup of all those aspects of the report that the taxonomy incorporates).

To the extent that CSRD itself phases in or omits the different aspects of the ESRS disclosure requirements, digital disclosures will merely provide a human- and machine-consumable representation of those requirements. It is important that corporates remember the numerous clarifications from EFRAG, ESMA, regulators and the EC, pointing out that materiality decisions need to be taken seriously, but pragmatically.

We would propose that the CSRD phasing changes themselves should take account of this requirement, rather than binding up ESMA in a set of obligations to make decisions in this regard.

**[E] Shorten and Simplify the Digitisation Requirements and Phasing for Detailed Tagging in the Financial Statements.** The IFRS financial disclosure proposals are too complex and lack a clear requirement to prioritise the tagging of key numeric data from the notes to accounts, limiting their utility. ESMA should at present prioritise tagging critical figures over additional narrative disclosures. Simplifying the requirements, bringing forward numeric tagging and clarifying narrative tagging obligations, would improve usability and implementation.

See:  
3.3.3 p20  
6.2.2 p44  
9.2.3.2.1 p67

For IFRS financial disclosures, the proposals in the CP also seem overly complex. For EU public company issuers, digital disclosures need primarily to incorporate the key figures in the notes to the accounts that ordinary analysis relies on. Until these gaps are resolved, the IFRS-based digital disclosures have limited utility. These key figures include (but should not be limited to) disclosures on depreciation and amortisation, goodwill recognition, unrealised gains and losses, impairment expenses, stock-based compensation, deferred income taxes, asset write downs and pension information.

The draft RTS has a significant focus on narrative disclosures. We agree with the “Problem Definition” section in 9.2.5.1. We therefore question why the draft RTS prioritises additional narrative disclosure ahead of the key missing data: numeric disclosures in the notes to the accounts.

In our view, ESMA should prioritise numeric disclosures and could simplify the proposals in one of the following two ways:

- Requiring tagging of all the figures contained in all or selected notes to the accounts. Oblige the provision of an entity-specific calculation extension, but don't require anchoring for any numeric concept that participates in a calculation framework.

- Adding requirements for all the figures contained in all or selected notes to the accounts to be tagged after a one-year delay. Oblige the provision of an entity-specific calculation extension, but don't require anchoring for any numeric concept that participates in a calculation framework.

In addition, ESMA should strongly consider revising and simplifying the text block tagging arrangements in the manner proposed, one year after the financial tagging requirements for the notes to the accounts are made mandatory.

**[F] Simplify Language.** Significant components of the draft RTS are over-complicated because it seeks to cover digital filing obligations for both public- and private-companies using one set of language.

We think that ESMA should work to simplify the drafting in this area, clarifying the processes that different kinds of companies will need to use in order to file their reports.

See:

CP62 & 63 ff p21  
CP71-75 p23  
CP106-107 p35

The schedule for different reporting obligations under CSRD (as they stand) is reasonably clear today. What is not clear is the mechanism by which non-public companies will file or otherwise publish their information in a *digital format*. The term “undertaking” is used to cover a wide range of legal entities, and it is not always clear which private entities are covered by the RTS, and how they will provide data to ESAP. We understand – and wholeheartedly agree – that this is a key goal of the EC and of ESMA.

At this point:

- We understand the mechanism that issuers will use to publish their digital filings. They submit them to their local OAM. The OAM will pass the filings on to ESAP together with relevant necessary metadata, by way of an API. OAMs *should* validate the filings prior to this occurring. Equally, it is clear that listed SMEs are exempted for now.
- We don't understand how Public Interest Entities (PIEs) that are not listed will submit their digital (or analogue) reports to ESAP. Are they obliged to provide relevant metadata to ESAP, pointing back to their own websites? Will the (regulated) PIEs submit the information to their NCAs and on to the EBA or EIOPA? What about unregulated, nationally designated PIEs? PIEs do not, as far as we understand it, have a designated national “collection point” or OAM. Similarly, we don't actually understand from the CP the mechanics by which Article 8 disclosures will be filed for unlisted financial institutions.
- *More fundamentally*, we don't understand how private “undertakings” – that is, certain kinds of private company, including “parents of large groups” and third-country private companies, are expected to publish and/or file their sustainability disclosures. Will they go to their business registrar? Will the business registrar validate these digital reports? Are the business registrars obliged under the amended ESAP legislation to provide copies of these reports to ESAP? Or just metadata that points back to these reports?

At present the CP and the draft RTS is firm about the fact that these large private undertakings must provide their sustainability disclosures in digital form. These mechanisms and processes need to be substantially clarified and clearly communicated.

It is *more* than possible that our analysis of the relevant legislation, directives and regulations is inaccurate. But if the time that we have spent trying to understand these questions is any indication, we can be fairly confident that the vast majority of stakeholders will be confused by the proposals.



We would therefore recommend that ESMA substantially simplify the language and the extent to which introductory staging is planned out by:

- A. Producing a *communications document* about its plans for digital disclosure by large private undertakings that clarifies its expectations in broad terms – including the steps that still need to be taken to finalise relevant legislation, and/or the work that business registrars will need to carry out to prepare to receive and validate digital disclosures<sup>2</sup> for the first time. This document should include an indicative timeline for the production of a later revision to the RTS that will give effect to these plans.
- B. Revise the draft RTS to clarify the arrangements. We urge ESMA to focus on issuers and PIEs and clarify their arrangements this year.

**[G] Rethink “Notice Periods”.** The RTS incorporates several complex timing contingencies that should be simplified. The draft RTS gives legislative effect to the digital reporting requirements that are largely set out in the ESRS Taxonomy and EFRAG Article 8 Taxonomy, which have been available in final form for several months. The draft RTS makes no material changes and both the underlying standards and the relevant XBRL taxonomies have been separately and extensively consulted on. Contingencies such as “6-12 months notice if OJ publication is prior to 1 July” and “12-18 months notice if post 1 July” and similar “N+1 | N+2” arrangements substantially add to the complexity of the rules, impact the utility of the disclosures (creating a further, unnecessary delay to the availability of digital data), and do not appear to be connected to other legislative obligations. They add unnecessary delay and should be removed.

See:  
CP68, 69 p22  
CP71 p23  
CP106 p35

It is common for regulators to set themselves an internal policy that obliges them, in normal circumstances, to provide companies with a six-month, or longer, period in which to prepare changes to their internal operations so as to get ready for a new set of reporting or compliance requirements.

The CP sets a complex mechanism that pushes digital disclosures out by an extended period depending on when the RTS is finalised in the EU’s Official Journal (OJ).

We think that in this case, this arrangement is completely unnecessary, since:

- The ESRS taxonomy and the Article 8 taxonomy have been final for some time and the RTS does not seek to alter them.
- The draft RTS will be available, it would appear, for at least 12 and in all likelihood 24 months prior to digital reporting going live.
- There is a strong likelihood that CSRD (and possibly SFDR) will be delayed and further staged by way of the Omnibus amendments – *in order to let companies prepare for the introduction of the disclosure obligations*. Therefore, in our view, preparers of all kinds will have more than enough time to prepare their people, systems, processes and controls, not just to source, collate and manage all of the information required to produce their disclosures, but also to prepare their digital reports.

We appreciate that ESMA may seek to provide a significant lead time in the case of *future substantive changes to the RTS* but that is most certainly not the case for now.

Once again, we reiterate that ESMA’s existing proposals to stretch the introduction of digital reporting out over five years or more will substantially harm the EU’s efforts to

<sup>2</sup> We would strongly recommend that ESMA works with business registrars and OAMs to explore the potential to develop shared technical capabilities in this regard.

enhance capital formation and debt provision. These delays seem entirely unnecessary and should be struck from the draft RTS.

**[H] Don't add unnecessary project dependencies.** ESMA's coming ESAP platform is a key part of the process of supplying users with sustainability and financial disclosures, but it is not the only part. ESMA should decouple the timing of its digital agenda from ESAP, except in relation to requirements for non-listed disclosures – which we think should be clarified. Before ESAP becomes available a wide range of users can take advantage of digital disclosures made directly to OAMs, and indeed are already doing so. Today (without advertising or promotion) several thousand unique users download an average of 17,000 specific xBRL-JSON formatted ESEF filings every month from [filings.xbrl.org](https://filings.xbrl.org), which is not the only such repository. There is every reason to believe that there is very strong demand for climate change disclosures in particular.

See

CP 63 – p21

CP 64 – p22

Q4

Q5

Paragraph 64 of the CP suggests that it is vital for the phase-in for digital disclosures to be synchronised with ESAP. ESAP is the upcoming “European Single Access Point”, a landmark piece of market infrastructure that will hold copies of corporate disclosures and a wide range of other market-useful information for the whole of the EU. It is not yet in operation.

Discoverability of, and accessibility to, corporate disclosures is central not only to developing trust in public markets, but also in building trust and managing risks across the private sector. Europe's disclosure framework is currently exceptionally fragmented, contributing in a very significant manner to barriers for investors. Today the disclosure rules may be more or less consistent, but the process of filing, publishing and making accessible those reports is nationally focussed, with the result that the data remains within silos. A would-be domestic or international shareholder using a telescope to look across Europe for opportunities for their capital must feel rather shocked to discover that they have picked up a kaleidoscope instead.

ESAP can't come fast enough. It is already 24 years behind the Japanese EDINET system and 30 years behind the US SEC's EDGAR system. These core pieces of public-interest infrastructure have provided the foundations<sup>3</sup> for trust, integration and investability in public companies in both the Japanese and US markets.

Nevertheless, it is axiomatic that projects must never incorporate unnecessary dependencies. ESMA can, and in our view should, accelerate digital disclosure by removing this linkage with ESAP and simply incorporating the CSRD reporting obligations for issuers into ESEF. This will have the effect of requiring issuers to continue to file their digital disclosures with OAMs.

As soon as ESAP comes online these materials should be accessible in a centralised manner, but until that happens, there are a range of unofficial and interim collation mechanisms in place.

For example, at XBRL International we hold some 9,500 ESEF filings in [filings.xbrl.org](https://filings.xbrl.org) (or FXO), an experimental pre-ESAP repository set up to help regulators, issuers and software vendors both to explore these digital disclosures analytically and to focus on data-quality issues. As a standards development organisation, XBRL International operates quietly and behind the scenes, and we have done almost no promotion of FXO.

<sup>3</sup> E.g.: Goldstein, Yang, Zuo. Journal of Accounting Research, Vol 61 Issue 5 pp 1699-1733 “The Real Effects of Modern Information Technologies: Evidence from the EDGAR Implementation”. DOI: doi/10.1111/1475-679X.12496

Over the last two years there have been just over 500,000 unique visitors to the site, and (excluding spiders and search-engine crawlers) on average there are just over 17,000 downloads of the analytically focussed xBRL-JSON formatted versions of ESEF filings from the site every month.

Demand for high-quality, digital and comparable sustainability disclosures from financial institutions, information providers, asset managers and other professional users of this information is unprecedented. We therefore can't quite understand why the CP would suggest delaying the availability of this information from issuers in order to align with the related but separate ESAP project track.

Having said that, we appreciate that ESMA does not yet seem to have a legislative mechanism to oblige the provision of digital disclosures by non-issuer undertakings to their business registrars and from there on to ESAP. For these undertakings, this dependency makes sense.

**[I] Don't Create an Uneven Playing Field.** The draft RTS appears to exempt private non-EU entities from digital reporting. It should not tilt the competitive landscape in this manner. It should seek to make sure that third-country undertakings provide their CSRD reports in the form of ESEF-compliant digital disclosures from the outset of the CSRD reporting obligations.

See:  
CP74 p23

Paragraph 74 of the CP exempts third-country undertakings from providing their mandated CSRD-compliant sustainability disclosures in digital format under ESEF, without explanation. These are entities that must prepare CSRD-compliant disclosures, operate within the EU, and are either large subsidiaries (>EUR150M) or significant branches (>EUR50M).

The AD obliges them to prepare a report and further appears to require this report to be subject to assurance and to be prepared in accordance with ESEF (once the RTS has been published). While there are some issues surrounding the potential for the EC to recognise equivalent disclosure in the future, and some complexity around organisational units that are making disclosures, the CP seems to seek to entirely exempt them from digital disclosure. This appears to be contrary to the views of the Commission<sup>4</sup>.

In our view, this exemption is inappropriate for several reasons:

- *Creating a Level Playing Field:* Exempting non-EU companies tilts the competitive landscape unfairly. Digital disclosures generate minimal costs, and are essential for comparability, benchmarking, and optimising investment and lending, as well as a wide range of supply-chain decision making. Exempting these third-country entities undermines the EU's drive for leadership on transparency and sustainability, as a significant number of economic actors' data will be only available in analogue form.
- *Practical Solutions for Collection:* Perhaps there is a concern about logistics. The absence of a designated ESAP collection body for third-country entities of this nature is not a valid reason for exemption. Alternatives exist, including:
  - Allow OAMs to act as ESAP gateways on a fee-for-service basis (even if L1 changes are needed).
  - Expand European Supervisory Authority powers to designate collection bodies.

<sup>4</sup> See Q25 in the DG FISMA [FAQ](#) on the interpretation of certain provisions on sustainability disclosure, 7 August 2024 (p26).

- Require direct transmission to ESAP using secure mechanisms such as the vLEI authentication mechanism developed by the EBA. (Third-country entities will often not have EU-IDs).
- *Encouraging Transparency:* ESMA should promote equal expectations for all significant companies operating in the EU, regardless of origin. An initiative like a “Good Corporate Citizen” recognition – which might use some form of controlled certification logo linking to companies’ CSRD disclosures available on ESAP, and encourage companies to display this prominently on their websites – could enhance accountability while levelling the playing field. Perhaps the EC could consider some carrots of this nature.



### SECTION 3 – EXTREMELY DRAFT, OUTLINE SUMMARIES OF ANSWERS TO CP QUESTIONS.

We are working through the CP in order to develop our own answers to the Questions posed by ESMA. We have more work to do! Hopefully it is clear that, in our view, ESMA has taken an approach to the draft RTS that will not help Europe's goals to develop the CMU. The points set out in the policy section (including some – like Item C, above – that we are still working to flesh out) are what will guide our answers. The following is only intended to provide some initial perspectives and links in this regard.

*It is included as a reference of points to consider when deciding your own responses. We would be happy to have discussions on any points.*

| Questions and answers   | CP Refs   | Item Refs in this paper |
|---|---|-------------------------|
| <b>1.2. Marking up sustainability reporting (ESRS)</b>  |   |                         |
| <p><b>Question 1:</b> 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.</p> <ul style="list-style-type: none"> <li>Framework has three pillars: <ul style="list-style-type: none"> <li>ESRS architecture</li> <li>Data types in ESRS taxonomy</li> <li>Interoperability with other sustainability frameworks</li> </ul> </li> <li>The ESRS architecture is just what it is, the consultation does not assess it as such, more notes it.</li> <li>The “data types in ESRS taxonomy” is used as a mechanism for phasing in tagging based on the type of data being tagged but otherwise do not seem to be assessed in terms of applicability, consistency or specificity. We strongly disagree with this approach.</li> <li>Interoperability is considered / noted but not really assessed as there's no choice in which taxonomy should be used.</li> <li>The framework does not consider which of the undertakings required to report under CSRD must publish reports on their own websites versus submit to an OAM and on to ESMA.</li> <li>The question assumes that there is a need to phase in digital beyond the phasing in already specified in CSRD. We strongly disagree with this approach see D, generally. The framework could have set out to prove/disprove this rather than assuming it is required.</li> </ul> | <p>Question: page 20</p> <p>Paras 28, 30 - 60</p> | C, D                    |

|   |   |                        |
|---|---|------------------------|
| <p><b>Question 2:</b> Do you agree with the phased approach and the proposed timeline?</p> <p>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.</p> <ul style="list-style-type: none"> <li>• The phased approach should not add delays to existing CSRD timeline; i.e. no need for digital delay, in fact you add burden by delaying digital.</li> <li>• First phase should be implemented for the same financial year as the year the amendments are published in OJ. See D specifically and E.</li> </ul>   | <p>Question:<br/>page 26<br/>Paras 61-75</p>                                      | <p>A B C D<br/>E G</p> |
| <p><b>Question 3:</b> 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.</p> <ul style="list-style-type: none"> <li>• No</li> <li>• If you are required to prepare a sustainability report in CSRD, ESMA should just be enforcing that those reports are both machine and human-readable from day one.</li> <li>• Requiring an analogue report for one or more reporting periods before requiring the digital report greatly impairs the utility of these disclosures for users and markets. It also creates rework for issuers as they will need to re-design suitable systems, procedures and controls. <ul style="list-style-type: none"> <li>○ Also penalises preparers, auditors as digital gives them confidence, as the digital disclosures help with completeness checking as well as a wide range of other controls. This is an example of analogue thinking in a digital age.</li> </ul> </li> </ul> | <p>Question:<br/>page 26<br/><br/>Paras 61-75<br/>Para 74<br/>(last sentence)</p> | <p>A B C D F<br/>I</p> |

|   |   |                        |
|---|---|------------------------|
| <p><b>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.</b></p> <ul style="list-style-type: none"> <li>• Phasing is far too complicated to understand for undertakings and software providers alike.</li> <li>• Knowing what phase an entity is in in terms of obligations and tags is error-prone and complicated. <ul style="list-style-type: none"> <li>○ It is also hard for ESMA and OAMs to check whether a particular undertaking has performed the correct level of tagging for its phase or an unacceptable amount.</li> </ul> </li> <li>• Consider alternate approaches: first preference is full tagging from day one. Second preference is full tagging from day one but with a grace year. <ul style="list-style-type: none"> <li>○ The first alternative is really simple for everyone (undertakings, software, OAMs, ESMA) to understand and requires no more content to be written, but does require all content to be tagged.</li> <li>○ The second alternative is still fairly simple to understand and requires no more content to be written.</li> </ul> </li> </ul> | <p>Question:<br/>page 29</p> <p>Paras 76-82</p> | <p>A B C D</p>         |
| <p><b>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.</b></p> <ul style="list-style-type: none"> <li>• We don't agree with this approach at all.</li> <li>• The phases are hard to understand, hard to reason about and a burden in themselves <ul style="list-style-type: none"> <li>○ For example, in 2029, what is required of undertaking ABC123 in terms of reporting under CSRD, reporting digital CSRD and what amount of tagging will it be doing in digital CSRD?</li> </ul> </li> <li>• Questions an undertaking would need to consider <ul style="list-style-type: none"> <li>○ What sort of undertaking are you?</li> <li>○ When do you need to start being digital?</li> <li>○ What sort of content is required?</li> <li>○ Now we're in year 2, what's changed?</li> <li>○ Now we're in year 3, what's changed?</li> <li>○ Now we're in year 4, what's changed?</li> <li>○ Did I change category of undertaking this year?</li> </ul> </li> </ul>  | <p>Question:<br/>page 29</p> <p>Paras 76-82</p> | <p>A B C D F<br/>I</p> |

|   |  |         |
|---|--|---------|
| <p><b>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.</b></p> <ul style="list-style-type: none"> <li>• We support a focus on high quality tagging of non-extension elements <ul style="list-style-type: none"> <li>◦ While recognising those undertakings that are required to extend, should extend.</li> </ul> </li> <li>• Difference of approach between ESRS extension (via typed domain), IFRS AT extension (extension concepts and anchoring) and Article 8 (no extension)</li> <li>• Extension elements are not comparable between entities, which makes them less useful than base taxonomy elements, but are very helpful longitudinally and in terms of completeness. <ul style="list-style-type: none"> <li>◦ However, the presence of extension concepts means standard setters (EFRAG, IASB) can see where there might be opportunities to enhance the base taxonomies.</li> </ul> </li> </ul> | <p>Question:<br/>page 30</p> <p>Paras 83-86</p>  |         |
| <p><b>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.</b></p> <ul style="list-style-type: none"> <li>• Review is a power ESMA already has so what is different about this clause?</li> <li>• Need to avoid review being high-jacked as further delay</li> <li>• Review should include talking to users.</li> <li>• Review needs to consider issues from the whole market's perspective, not just, for example, those issuers who have technology or data preparation issues that they would like ESMA to help mitigate for them.</li> </ul>  | <p>Question:<br/>page 31</p> <p>Paras 87-89</p>  | A B C D |
| <p><b>1.3. Marking up Article 8 sustainability disclosures</b></p>  |  |         |
| <p><b>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.</b></p> <ul style="list-style-type: none"> <li>• Yes</li> <li>• Closed taxonomy means preparer effort can go in to the ESRS report (including any necessary entity extensions)</li> <li>• Closed (no taxonomy extension elements) should be simpler for preparers to create and also simpler for auditors to audit.</li> </ul>   | <p>Question:<br/>page 34</p> <p>Paras 90-103</p> | C       |



|  |   |              |
|--|---|--------------|
| <p><a href="#">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?</a></p> <p><a href="#">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.</a></p> <ul style="list-style-type: none"> <li>• Yes. Fully marked up from day one with no phase is preferred</li> <li>• No to staggering: everyone to follow underlying phase in, no additional digital phase in</li> </ul>   | <p>Question:<br/>page 35</p> <p>Paras 104-107</p> | <p>D I</p>   |
| <p><a href="#">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.</a></p> <ul style="list-style-type: none"> <li>• Same year</li> <li>• These are not new disclosures</li> <li>• Undertakings are doing digital markup of very familiar tables already completed for a number of years in analogue form</li> </ul>   | <p>Question:<br/>page 35</p> <p>Paras 104-107</p> | <p>G I</p>   |
| <p><a href="#">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.</a></p> <ul style="list-style-type: none"> <li>• Review is a power ESMA already has so what is different about this clause?</li> <li>• Need to avoid review being high-jacked as further delay</li> <li>• Review should include talking to users.</li> <li>• Review needs to consider issues from the whole market's perspective, not just, for example, those issuers who have technology or data preparation issues that they would like ESMA to help mitigate for them.</li> </ul> | <p>Question:<br/>page 36</p> <p>Paras 108-110</p> | <p>C G I</p> |
| <p><b>1.4. Common technical aspects: incorporating the ESRS and Article 8 digital taxonomies into the ESEF taxonomy framework</b></p>  |   |              |
| <p><a href="#">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?</a></p> <ul style="list-style-type: none"> <li>• Not addressed in this briefing paper.</li> <li>• We're producing a technical addendum in due course</li> <li>• We will also be responding to the consultation in March on this topic</li> </ul>  | <p>Question:<br/>page 42</p> <p>Paras 111-139</p> |              |

|  |   |                  |
|--|---|------------------|
| <p>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?</p> <ul style="list-style-type: none"> <li>• Not addressed in this briefing paper.</li> <li>• We’re producing a technical addendum in due course</li> <li>• We will also be responding to the consultation in March on this topic</li> </ul>  | <p>Question:<br/>page 42</p> <p>Paras 111-139</p> |                  |
| <p>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?</p> <ul style="list-style-type: none"> <li>• Not addressed in this briefing paper.</li> <li>• We’re producing a technical addendum in due course</li> <li>• We will also be responding to the consultation in March on this topic</li> </ul>  | <p>Question:<br/>page 42</p> <p>Paras 111-139</p> |                  |
| <p><b>1.5. Marking up the Notes to the IFRS consolidated financial statements</b></p>  |   |                  |
| <p>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.</p> <ul style="list-style-type: none"> <li>• The market will benefit from the notes being tagged and substantially enhance the utility of the ESEF mandate – as long as the focus is on tagging the key financial measures in the notes to the accounts.</li> <li>• Block tags provide minimal benefit compared to no tags, but some benefit nonetheless <ul style="list-style-type: none"> <li>○ reliable navigation to a note</li> <li>○ highlighting / easy selection in analysis of note content</li> </ul> </li> <li>• Detailed tags facilitate drill down from the financial statements and this is key to analysis.</li> </ul> | <p>Question:<br/>page 46</p> <p>Paras 140-156</p> | <p>A B C E F</p> |

|  |   |                        |
|--|---|------------------------|
| <p><b>Question 16: Do you agree with the phased-in approach and the proposed timeline?</b></p> <p>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.</p> <ul style="list-style-type: none"> <li>• No.</li> <li>• The notes are established not new, so it's not clear the digital tagging needs phasing in</li> <li>• The detailed tags from the base taxonomy match up to the underlying IFRS standards</li> <li>• Change should take effect for the financial year the RTS is issued in (with the report being created and tagged the following year)</li> </ul>  | <p>Question: page 46</p> <p>Paras 140-156</p> | <p>A B C E F<br/>G</p> |
| <p><b>Question 17: Do you agree with the content outlined for phase one?</b></p> <p>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.</p> <ul style="list-style-type: none"> <li>• No.</li> <li>• Start with detailed tagging of financial concepts. <ul style="list-style-type: none"> <li>◦ Certainly clarify text block tagging.</li> </ul> </li> <li>• Tagging of “Tables of Figures” is not supported in the IFRS taxonomy.</li> <li>• Marking up tables without table concepts seems odd</li> </ul>   | <p>Question: page 49</p> <p>Paras 157-160</p> | <p>A B C E F</p>       |
| <p><b>Question 18: Do you agree with the content outlined in phase two?</b></p> <p>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?</p> <p>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.</p> <ul style="list-style-type: none"> <li>• Don't support the drawn out phasing, better to move quicker in a single new phase.</li> <li>• Yes: support detailed marking up</li> <li>• Detailed tagging using entity specific extension concepts if required by issuers should be supported <ul style="list-style-type: none"> <li>◦ Also reasonable to discourage extensive extension concept creation</li> </ul> </li> </ul> | <p>Question: page 49</p> <p>Paras 157-160</p> | <p>A B C E F</p>       |

|   |   |           |
|---|---|-----------|
| <p><b>Question 19:</b> 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.</p> <ul style="list-style-type: none"> <li>• Yes</li> <li>• Especially support the year-end tag, auditor, software name and version.</li> </ul>  | <p>Question: page 50</p> <p>Paras 161-165</p>                               | A B C E F |
| <p><b>Question 20:</b> 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.</p> <ul style="list-style-type: none"> <li>• Yes</li> <li>• Is there a simplified amendment process for the list?</li> <li>• Is it clear what to do if something is mandatory but a given entity does not have the data?</li> </ul>   | <p>Question: page 50</p> <p>Paras 161-165</p>                               | C E G     |
| <p><b>Question 21:</b> 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.</p> <ul style="list-style-type: none"> <li>• Some entities will want or feel legally obliged to create extension taxonomy elements. <ul style="list-style-type: none"> <li>○ Will help standards setters determine common practice elements / gaps.</li> <li>○ Will help companies and software with completeness checking, and time series.</li> </ul> </li> <li>• Market will most benefit from high-quality, detailed tagging using base taxonomy elements.</li> <li>• Approach needs clearer language and a stronger preference given</li> </ul> | <p>Question: page 51</p> <p>Paras 166-167</p>                               | E         |
| <p><b>Question 22:</b> 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.</p> <p>Yes</p>  | <p>Question: page 51</p> <p>See questions 7 and 11</p> <p>Paras 168-169</p> | B C E     |
| <b>1.6. Targeted improvements to the existing drafting of the RTS on ESEF</b>   |   |           |
| <p><b>Question 23:</b> 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.</p> <p>No comments yet on the amendments (Still to come)</p>  | <p>Question: page 56</p> <p>See also question 35</p> <p>Para 170</p>        | F         |



|  |  |           |
|--|--|-----------|
| <p>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.</p> <p>No comments yet on the amendments (Still to come)</p>  | <p>Question:<br/>page 56<br/>See also<br/>question 36<br/>Para 170</p>                       | F         |
| <b>1.7. Amendments to the RTS on the European Electronic Access Point (Delegated Regulation 2016/1437)</b>   |  |           |
| <p>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.</p> <ul style="list-style-type: none"> <li>• Yes</li> <li>• Seems to be just a tidy up of old EEAP to planned ESAP</li> </ul>   | <p>Question:<br/>page 57<br/>Para 171-175</p>  | A F H     |
| <p>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.</p> <ul style="list-style-type: none"> <li>• Yes</li> <li>• Seems to be just a tidy up of old EEAP to planned ESAP</li> </ul>  | <p>Question:<br/>page 57<br/>Para 171-175</p>  | A F H     |
| <b>1.8. Annex II. Draft Cost/Benefit Analysis on the RTS on ESEF</b>   |  |           |
| <p>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.</p> <p>See "C" above.</p>   | <p>Question:<br/>page 64<br/>Pages 61-64<br/>Paras 1-7</p>                                   | B C E F I |
| <p>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.</p> <ul style="list-style-type: none"> <li>• Not all markup is equal <ul style="list-style-type: none"> <li>◦ Table based tags are often done in bulk.</li> </ul> </li> <li>• Sustainability reports might be taxonomy driven where financial reports are not, so the markup approaches will be different</li> <li>• Cost of M&amp;A transaction administration or corporate loan paperwork is a lot more than digital markup costs ... all costs of doing business / functioning market</li> <li>• Not clear why markup cost is singled out</li> <li>• Markup cost makes more sense when considered within the context of the whole cost of compliance.</li> </ul> | <p>Question:<br/>page 66</p> <p>Para 67 (p. 22) is important<br/>Pages 65-66, paras 8-11</p> | B C D F I |

|  |  |                  |
|--|--|------------------|
| <p>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?</p> <p>Which other types of costs or benefits (qualitative and/or quantitative) would you consider in that context?</p> <ul style="list-style-type: none"> <li>• Yes these are valid costs/benefits</li> <li>• Other types to consider: <ul style="list-style-type: none"> <li>○ Cost of treating everyone differently (phasing in)</li> <li>○ Cost to the world of inaccessible data</li> <li>○ Cost to the EU of capital picking easier (more digital) markets to invest</li> <li>○ Cost of capital given not possible to build a dashboard using analogue reports</li> </ul> </li> </ul> | <p>Question: page 72<br/>Pages 67-72, paras 12-13 and tables</p> | <p>B C D F I</p> |
| <p>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?</p> <p>Which other types of costs or benefits (qualitative and/or quantitative) would you consider in that context?</p> <ul style="list-style-type: none"> <li>• Yes these are valid costs/benefits</li> <li>• Other types to consider: <ul style="list-style-type: none"> <li>○ Mandatory is about facilitating report selection for detailed analysis</li> <li>○ Consider the cost of inadequate reports being available on ESAP: reputational risk for ESMA</li> </ul> </li> </ul>  | <p>Question: page 74<br/>Pages 73-74</p>                         | <p>B C D F I</p> |
| <p>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?</p> <p>Which other types of costs or benefits (qualitative and/or quantitative) would you consider in that context?</p> <ul style="list-style-type: none"> <li>• Yes these are valid costs/benefits</li> <li>• Other types to consider: <ul style="list-style-type: none"> <li>○ Burden of Article 8 disclosure versus increased access to investment due to the disclosure</li> <li>○ Cross-EU analysis of undertakings enhanced by having detailed notes tagging (despite reports being in different languages)</li> </ul> </li> </ul>        | <p>Question: page 77<br/>Pages 75-77</p>                         | <p>B C D F I</p> |

|  |   |                  |
|--|---|------------------|
| <p>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?</p> <p>Which other types of costs or benefits (qualitative and/or quantitative) would you consider in that context?</p> <ul style="list-style-type: none"> <li>• Yes these are valid costs/benefits</li> <li>• Other types to consider <ul style="list-style-type: none"> <li>◦ Detailed tagging of notes makes analysis of undertakings with reports in different languages significantly easier than the analogue world</li> </ul> </li> </ul>      | <p>Question: page 81</p> <p>Pages 78-81</p>                                   | <p>B C E F I</p> |
| <p>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?</p> <p>Which other types of costs or benefits (qualitative and/or quantitative) would you consider in that context?</p> <ul style="list-style-type: none"> <li>• Yes these are valid costs/benefits</li> <li>• Other types to consider <ul style="list-style-type: none"> <li>◦ Mandatory is about facilitating report selection for detailed analysis</li> <li>◦ Consider the cost of inadequate reports being available on ESAP: reputational risk for ESMA</li> </ul> </li> </ul> | <p>Question: page 84</p> <p>Related question: 30</p> <p>Pages 82-84</p>       | <p>B C E F I</p> |
| <p><b>1.9. Annex III. Draft Cost/Benefit Analysis relating to the amendment to the RTS on the EEAP</b></p>   |   |                  |
| <p>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?</p> <ul style="list-style-type: none"> <li>• EEAP becomes ESAP</li> <li>• This just looks like a tidy up</li> </ul>  | <p>Question: page 85</p> <p>Pages 85</p>                                      | <p>B F I</p>     |
| <p><b>1.10. Annex IV. Legal text RTS on ESEF</b></p>   |   |                  |
| <p>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).</p> <ul style="list-style-type: none"> <li>• Some of the simplifications (for example reference to a list of XBRL standards) are welcome</li> <li>• A lot of the amendments are about adding complexity either to who needs to file, when they should file, or what of their report they need to digitally tag and how that changes every year</li> </ul>   | <p>Question: page 110</p> <p>See also questions 23-26</p> <p>Pages 86-110</p> | <p>F G H I</p>   |

|  |  |                          |
|--|--|--------------------------|
| <p>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.</p> <ul style="list-style-type: none"> <li>• Make clearer the difference of obligations facing issuers, PIEs, undertakings</li> <li>• Make clearer what happens to companies whose status changes part-way through a phasing in</li> </ul> | <p>Question:<br/>page 110<br/>Pages 86-110</p> | <p>A B C F G<br/>H I</p> |
|--|--|--------------------------|

---

## More information.

This is a briefing note prepared by the XBRL International staff. The purpose of XBRL International, Inc a global standards development organisation, is to improve the accountability and transparency of business performance globally, by providing the open data exchange standard for business reporting. We are the standards development organisation behind the freely licensed XBRL specifications. We operate in the public interest as a not-for-profit global consortium.

<https://www.xbrl.org>

<https://filings.xbrl.org>

<https://www.xbrl.org/the-consortium/get-involved/subscribe-to-the-newsletter/>

[info@xbrl.org](mailto:info@xbrl.org)

On this paper, speak with:

John Turner, CEO

Stuart Rowan, Senior Sustainability Executive

V11 20050127