

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 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.

Data protection

Information on data protection can be found at www.esma.europa.eu under the headings 'Legal notice' and heading '[Data protection](#)'.

1. General information about respondent

Name of the company / organisation	Austrian Financial Reporting Advisory Committee (AFRAC)			
Are you representing an association?	☒			
Country/Region	Austria			
Activity	☐	Information provider (issuer, undertaking or preparer) of corporate reports subject to digitalisation requirements in the EU	☐	Public interest entity (entities governed by the law of an European Union Member State whose transferable securities are admitted to trading on a regulated market of any Member State; (ii) credit institutions; (iii) insurance undertakings, or (iv) entities designated by Member States as public-interest entities)
			☐	Non-public interest entity (large non-listed EU company, including large EU company with securities only listed outside EU regulated markets)
			☐	Non-public interest entity (large non-EU company with securities listed in EU regulated markets)
			☐	Non-public interest entity (SME listed in EU regulated markets)
			☐	Other (provide comment): Click here to enter text.
	☐	User of digitalised corporate reporting from EU companies	☐	Investor
			☐	Data analyst
			☐	Data aggregator
			☐	Asset manager
			☐	Other (provide comment): Click here to enter text.
☐	Software provider			
☐	Auditor of corporate reporting subject to digitalisation requirements in the EU			
☒	Other (provide comments)	National standard setter (association of auditors, preparers and academics)		

2. Questions

1.1. Marking up sustainability reporting

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

<ESMA_QUESTION_ESEFEEAP_01>

[The comparability and usability of digitalized information depend on consistent disclosures by all entities. If the interpretation of definitions for individual data points and the structure of disclosures are not aligned, comparability will fail. Therefore, we strongly encourage improving the available FAQs and providing more detailed guidance on how data points should be presented. Additionally, we recommend indicating in the EFRAG IG 3 data point list which data points relate to the respective phases (1, 2, or 3).

The yes/no boolean variable type might not be able to convey the same nuanced meaning conveyed by a qualitative/text based disclosure. Thus, the principle that the human readable and the machine-readable parts of the report must always contain the same/comparable information might be jeopardised. As an alternative approach, the human-readable report might require a clear disclosure of "requirement met? - yes/no" (comparable to the boolean variable in the machine-readable part of the report). The qualitative explanation could then in addition be tagged as a string or block-text.

Even, if the use of boolean and enumeration tags can lead to difficulties in practical implementation, we are of the opinion that the benefits of faster data accessibility and analysability outweigh those disadvantages.

Some of our respondents stated that not all taxonomy elements should be mandatory to being marked up (Level 3 elements for narrative information are very labour-intensive to mark up). Multiple tagging of the same information should be avoided.]

<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 appreciate the "2-year" time-frames for each implementation phase, but would also find a "2-step implementation process" (only 2 steps in 4 years instead of 3 steps in 6 years) equally adequate.

By considering the proposed mark-up requirements from one phase to the other, the incremental effort for the next phase is potentially limited in the current proposal [see example to Question 4].

However, the cut-off date 30 June seems to be way too ambitious, as preparations for the year end (test-tagging) usually start already in Q3 or Q4. However the IT-tools clearly will not be ready at that time, as this would require IT-tools to be fixed within a period of 6 to 8 weeks, being illusory. It appears that at least 1 full year lead-time must be foreseen (this would result in less than 9 months for IT-firms to adapt and update their tools in order to be ready for trial tagging as of 30 Sept at the latest for business years ending as of 31 December).

We suggest a fixed first-time application date for PIEs (and +500/+1.000 employees) for the financial year 2026 and an early publication of the delegated act in the Official Journal of the European Union before the 31st March 2026.]

<ESMA_QUESTION_ESEFEEAP_02>

Question 3: Do you agree with only considering an additional staggered approach based on the type of large undertakings? If not, please explain your reasons and suggest alternatives or other factors that should be considered and why.

<ESMA_QUESTION_ESEFEEAP_03>

[We agree. (However, there may be an automatic staggered approach for large undertakings, due to the amendments to CSRD from the Omnibus directive, which is currently in draft.)]

<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>

[A phased approach of 3 phases may be too much of a phase-in, as it creates complexity and the additional effort by the preparers to include the requirements for the next phase may be limited in some cases

.
For instance, Phase 1 lit e) states that all E2, E3, E4, E5, S1, S2, S3, S4 and G1 numerical data points shall be marked up. Then, Phase 2 lit a), two years later, adds all semi-narrative disclosures (Boolean, enumeration or enumerationSet) to be marked up. Both phases require in-depth analysis on ESRS 2 and the topical standards, whereby the additional effort between analyzing all numbers and analyzing all semi-narrative disclosures seems to be only marginal, compared to the overall implementation effort.

Other respondents of our group added that irrespective of the question of whether 2 or 3 phases are ultimately pursued, a different approach to differentiating the phases could be taken. In our opinion it would be more intuitive to have a first phase in which all standards are covered with a less granular approach and, once this has "stabilised", to "dig deeper" and mark up the detailed numerical data-points.

We believe that tagging the full granularity of the ESRS 2 and E1 standards during first-time application would cause significant work for the companies. We therefore recommend for the first-time application to mark up all numerical values and level 1 text block tags for all ESRS Standards. However, we consider the Article 8 tagging in full granularity to be reasonable in the first year of application, as the additional effort of tagging the narrative information apart from tagging numerical values is acceptable.

In the second phase, we recommend to extend the mark up for narrative disclosures to level 3 (full granularity), including entity-specific disclosures.]

<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.]

<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>

[In general, we agree that extensions, if they are allowed, should be held to a minimum and clear instructions on how and when they have to be created need to be established.

Some of us even expressed their opinion that no extensions should be allowed at all, as the ESRS taxonomy is already well structured.]

<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.]

<ESMA_QUESTION_ESEFEEAP_07>

1.2. 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.]

<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.]

<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>

[Generally, we agree with the mark-up requirement of Article 8 sustainability disclosures for the same financial year, if the RTS is published in the European official journal (OJ) before 30th June, or for the next financial year, if the OJ is published after that date.

Within our group there are some concerns that marking-up ESRS disclosures and Article 8 disclosures for the same financial year could be a great effort and might need a longer implementation period by the undertaking and also a longer alignment period with the auditor.

This is especially true for credit institutions which are already facing enormous reporting burdens given the amount and content of the reporting templates required by Annexes VI and XII of the Disclosures Delegated Act and their required multiplication for several KPIs. For this sector we have a different proposal for the phasing in process: Credit institutions should apply the above-mentioned timeline only for the summary template 0 from Annex VI and should be allowed an additional year for the marking-up of the remaining templates.

Apart from this, we agree with the proposed approach to Article 8 sustainability disclosures by ESMA for all other industries and no further timing/phasing-in considerations need to be applied here.]

<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.]

<ESMA_QUESTION_ESEFEEAP_11>

1.3. 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.]

<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>

[No, considering there is no experience (yet) with the EFRAG taxonomy (contrary to the IFRS taxonomy which was and is already widely used and issues are being addressed), ESMA should take ownership of this taxonomy in order to ensure that it matches the goals and that it is technological sound before taking it over into the ESEF taxonomy.]

<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>

[A Q&A process is suggested to post questions regarding the correct application of tags or tagging principles. This would demonstrate to EFRAG or ESMA the practical questions experienced, and help to draw conclusions for future adaptations and developments.

Additionally, there should be a conformance suite available including the 'new elements' to test the validation software as well as testing the underlying checks, including sets for 'part' of the taxonomy (such as only the ESRS or only IFRS).

We welcome ongoing revisions and adaptations (assessing the usefulness of current approaches and potentially reducing current requirements), digitalization and electronic tagging are viewed as the future. The challenge will be to find the right balance between extensive tagging that may only increase workload for preparers with limited use for investors (such as the current "multi-block-tagging") and overly simplistic tagging that may also have limited utility.]

<ESMA_QUESTION_ESEFEEAP_14>

1.4. Marking up the Notes to the IFRS consolidated financial statements

Question 15: Do you agree that it is necessary to revise the marking up rules for the Notes to the IFRS consolidated financial statements? If not, please explain your reasons.

<ESMA_QUESTION_ESEFEEAP_15>

[Yes, we agree that it is necessary to revise the marking up rules for the Notes to the IFRS consolidated financial statements. There are many issues with TextBlock tagging and multi-tagging and the benefit of this sort of tagging to the users of financial statements seems to be very limited.

However, the proposed way of "tagging every numeric element in the notes" also seems too excessive. This will only create a huge increase in workload for the preparers, and will again lead to incomparable tagging outcomes, as we expect a lot of extensions will be necessary (We estimate that between 30% to 70% of notes tags will be extensions, depending on the individual statement and the industry). As ESRS reporting and Article 8 reporting is generally more standardized, we believe that the more detailed mark-up makes sense for those kind of reportings. IFRS reporting is more principle-based, resulting in a much higher degree of freedom of how information is presented, therefore most likely requiring a higher amount of extensions which in return negatively impacts comparability.

If ESMA sticks to the current proposal, we ask to provide evidence or well argued expectations, that this is actually increases the benefit for users of the digital financial statements and that such incremental benefit outweighs the incremental costs for the preparers.

An alternative could be: We suggest to limit the tagging requirements to certain "important" tags (a list of a limited amount of mandatory notes-tables) that most entities are expected to disclose in their notes (e.g. a fixed asset grid, a provision-development grid, etc.). However, since IFRS disclosure requirements currently give ample scope, uniform tagging will still be impossible, as long as the underlying table-format is not uniform. This is even more problematic for areas in the notes, where even less strict disclosure requirements exist (e.g. ECL disclosures). One way to overcome this would be an EU-uniform disclosure template for certain (important) notes disclosures that (if applicable) would have to be displayed in the same comparable structure and could thus be tagged in the same comparable way. (One example for this is the DECL-initiative for ECL-disclosures in UK-credit institutions).]

<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>

[No, we do not agree with the phased-in approach and the proposed timeline. Although we understand the motivation to first reduce multi-tagging in phase 1, we believe that the transition from the current state of TextBlock Tagging to phase 1 is an additional effort for preparers and does not improve the marked-up data for the users of the financial statements. So we don't see an improvement for preparers who already apply notes tagging.

Alternatively phase 1 can be removed all together, made optional and/or only mandatory for first time adopters of ESEF tagging.

Additionally, we do not agree with the 30 September cut-off date based on the arguments made in Question 2 and propose an earlier cut-off date (6 months or longer lead-time to year-end).]

<ESMA_QUESTION_ESEFEEAP_16>

Question 17: Do you agree with the content outlined for phase one? Specifically, do you support the proposed approach to text block mark up the Notes to the IFRS consolidated financial

statements? If not, please provide your reasons and suggest alternatives to marking up text blocks in the Notes to the IFRS consolidated financial statements.

<ESMA_QUESTION_ESEFEEAP_17>

[No, we do not agree with the content outlined for phase one. Please see comment to Question 16 for details.]

<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 do not agree with the content outlined in Phase 2 (based on the arguments in Question 15).

Alternative 1: One possibility could be to create a limited amount of mandatory (widespread) disclosures that would be standardized (and thus comparable) for EU-entities (similar to the DECL initiative in UK).

Alternative 2: To not require tagging of the numbers in a declared currency in a table but instead require it to be a (specific) text block (as in phase 1). The table should be a HTML native table, so it is directly digitally readable without additional tagging effort. The additional complexities of additional dimensions (i.e. fixed assets overview) and even typed dimensions, e.g. if a different split is made in the table, should be considered in such an alternative approach..]

<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 do not agree with the proposal to remove the current list of mandatory core taxonomy elements as described in the consultation. On the contrary – and as has been laid out in our answer to question 15 - we propose an alternative approach to adjust the list of mandatory elements to certain "important" tags.]

<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>

[Whatever the ultimate list of mandatory elements will be, current practice (and confusion) has shown that a simple list of elements is not enough, as many elements are not self-explanatory. Thus, whatever the ultimate list of mandatory elements will be, a precise, understandable and unambiguous explanation will be required, under which circumstances and by which entity the respective element is expected to be applied. (current problems "Name of parent entity", "Name of ultimate parent of the group"; "Borrowings", "dividends" (obtained? distributed?) and other terms that do not have a clear reference to an IFRS standard. The reference to "common practice" leaves many questions unanswered and a lack of clarity creates many interpretation issues.)

In addition, we believe that there is a benefit to have the Boolean 'Unqualified audit opinion with no emphasis of matter'. It makes sense for the understanding of the audit opinion to include mark ups for an emphasis of matter or description of the key-audit-matters (KAMs).

A single Boolean, however, might not be sufficient, as both a qualified and an unqualified opinion can have an emphasis of matter paragraph.

A proposal would be to have the following elements:

- Boolean for qualified opinion (mandatory)
- Boolean for adverse opinion (mandatory)
- Boolean for disclaimer of opinion (mandatory)
- Boolean for emphasis of matter paragraph (mandatory)
- TextBlock emphasis of matter (can be left blank, so non-mandatory)
- TextBlock for qualification paragraph (can be left blank, so non-mandatory or only mandatory, if qualification Boolean is "Y")

TextBlock Key-Audit-Matter (mandatory for PIEs)]

<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>

[Although the revised approach is a consequence of a (very) detailed IFRS notes tagging, we do not agree with the proposed approach, as the precise expectations or implications remain unclear. The currently proposed approach will inevitably lead to a huge number of additional extensions (already today there are problems, when extensions are used when they are in fact not required or when they are used correctly, but are insufficiently anchored etc.). Extensions not only need a lot of effort from the preparer and auditor, they are also of little use to the analyst, as they impede comparability. Thus, the use of extensions should be limited to the utmost minimum. We believe that the currently suggested approach for "total notes tagging" will lead to a flood of new extensions.

We've proposed alternatives to this approach in Question 18.]

<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.]

<ESMA_QUESTION_ESEFEEAP_22>

1.5. 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>

[Generally, we agree with the proposals for the targeted amendments to the RTS, except for:

Proposal 11 and 13: We do not agree, the reference to a website raises all kinds of concerns when an entity has a non-calendar year-end and when in between updates were made to the website in preparation for the next year. The ESEF-RTS should contain all requirements with only further guidance (not requirements) on additional websites.

This is also relevant for new recommendations from XBRL.org that are not yet (correctly) included in the applicable taxonomy. Or that are published shortly before publication of the annual report (and then based on this proposed change to the RTS, would have to be followed right away).

Proposal 18: We have the same concerns as with proposal 11 and 13. Any reference to another document (that might be subject to change) means that there is growing uncertainty for undertakings and auditors which set of specifications they need to include/audit.]

<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 propose the following additional targeted amendments to the RTS:

1. Addition of a clear definition of what is considered a text block (for tagging purposes). Please also revisit what is a string-tag and what is a text-block tag. (There are some string-tags that should potentially be rather a text-block tag, especially the tag "Explanation of sources of estimation uncertainty with significant risk of causing material adjustment" should be a text-block not a string-tag.)
2. Additional requirements around the tagging of tables and the use of HTML native tables in the HTML document, when tagging is required.
3. The introduction of a Q&A process (see question 14).]

<ESMA_QUESTION_ESEFEEAP_24>

1.6. 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 see this as a topic between the OAMs and the European Supervisory Authorities (ESAs) and have only two remarks:

- further specifications or requirements stemming from the transmission from the OAMs to ESAs should be avoided and thereby should not further increase the administrative burden for undertakings (and auditors).
- Local bodies should be well included in the process, as there were issues in the past with problems concerning submissions (potentially not so much with the OAMs but with other national bodies such as Chambers of Commerce or Commercial Registers to which also ESEF filings have to be provided)]

<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>

[No further comments, see question 25.]

<ESMA_QUESTION_ESEFEEAP_26>

1.7. 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>

[The average costs are not very informative as they depend significantly on the chosen approach, the extent of changes in the core taxonomy, and other additional factors. Lower recurring costs would only be possible when there are no (or very limited) changes in the core taxonomy and the reporting manual/other requirements. Additionally, the estimate does not seem to account for the extra costs from an auditor, including the man-hours required to provide the information (as well as external support by a service provider).

As auditors, we have not seen any issuers using scenario 1 (in-house ESEF solution), so only scenarios 2 and 3 (soft externalization and full externalization) are relevant based on our experience. The average cost per tag can be misleading and depends on various factors. Other relevant cost-factors can be quite time-consuming, such as conversion issues from the source file to XHTML, formatting issues, package settings, back-and-forth communication with the auditor and an external service provider, and so on. So, while the number of tags is relevant, it is just one of many factors.

Generally, for an issuer, not only the license costs and man-days invested should be considered, but also other costs such as increased audit fees (the auditor also has to buy or develop ESEF software and spend time on the audit). For scenario 3, estimated rates for a service provider for the first XBRL filing are 7,790 EUR, and subsequent filings are only 2,715 EUR. We recommend also factoring in consultancy fees from professional service firms. Our experience with ESEF service providers shows that while they create files with a solid baseline quality, quite a few technical and content-wise errors remain that need to be fixed. However, issuers often are not aware of these errors when solely using the service provider. These errors could lead to remarks for correction or even rejection of the reporting by the competent authority. Often, only the additional involvement of professional audit firms and service providers can detect and correct these issues, but this causes additional costs.]

<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>

[For listed PIE's this might be accurate especially if they follow closely the structure laid out in the ESRS taxonomy in their reporting 2024. However for non-listed companies this is not correct as the latter will also have to 'change' their entire financial statements to XHTML (the ESEF format), while this is currently not required of them. The additional costs associated with this are not included here.

Also as noted above the approximate average monetary cost per markup does not seem to take into account the additional costs associated with a required audit (both in terms of internal and external costs) and thus severely underestimates the actual costs incurred.]

<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 are missing the impact of the audit costs (hours and fee) for each of the three scenarios.]

<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>

[In the current proposal, the disclosure requirements are included (1 on 1) in the Taxonomy. We therefore expect, that undertakings are likely to follow the ESRS structure more closely when tagging, which makes tagging simpler when compared to the tagging of IFRS financial statements. We therefore concur with the conclusion that have a mandatory list of tags is not required.]

<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 are missing the impact of the audit costs (for both internal and external hours including the support by external service providers and the audit fee itself) for each of the two scenarios.]

<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>

[No, we do not agree with the mentioned possible costs. For us, the costs of a "detailed mark-up" are disproportionate to the expected benefits (many extensions, limited comparability). Furthermore, we expect a significant increase in audit costs, as all tags need to be discussed in detail with the auditor and reviewed and confirmed annually as part of the audit. Due to the high volume of elements to be audited, publication dates could also be delayed, which would not be in the interest of investors and analysts, nor the companies themselves. Fast close financial statements could be delayed due to detailed audit procedures. Therefore, we clearly oppose detailed tagging of the IFRS notes.]

<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>

[Please consider our general remarks on the review of the list of mandatory elements under the previous questions.

To consider for option 1: We suggest to consider additional costs due to more discussions between the preparer and the auditor or an oversight body as more judgement is needed what mark-up needs to be applied etc.

For both options we are missing the impact on the audit costs.]

<ESMA_QUESTION_ESEFEEAP_33>

1.8. 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>

[For us it is difficult to assess whether these changes will have any costs or benefits. We suggest that the OAMs should give their view on this.]

<ESMA_QUESTION_ESEFEEAP_34>

1.9. 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 have no comment on the proposed drafting amendments to the RTS at this time.]

<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>

[We have no comment on the proposed drafting amendments to the RTS at this time.]

<ESMA_QUESTION_ESEFEEAP_36>