



# Consultation Paper on the European Single Electronic Format (ESEF) defining marking up rules for sustainability and financial statements & amending the European Electronic Access Point (EEAP)

**Eduardo Moral-Prieto**

Senior Policy officer

ESMA32-2009130576-3549  
ESMA REGULAR USE

# Content of the public consultation



- 1. Defining ESEF** digital rules for:
- a) ESRS sustainability statements
  - b) Article 8 Taxonomy Regulation disclosures

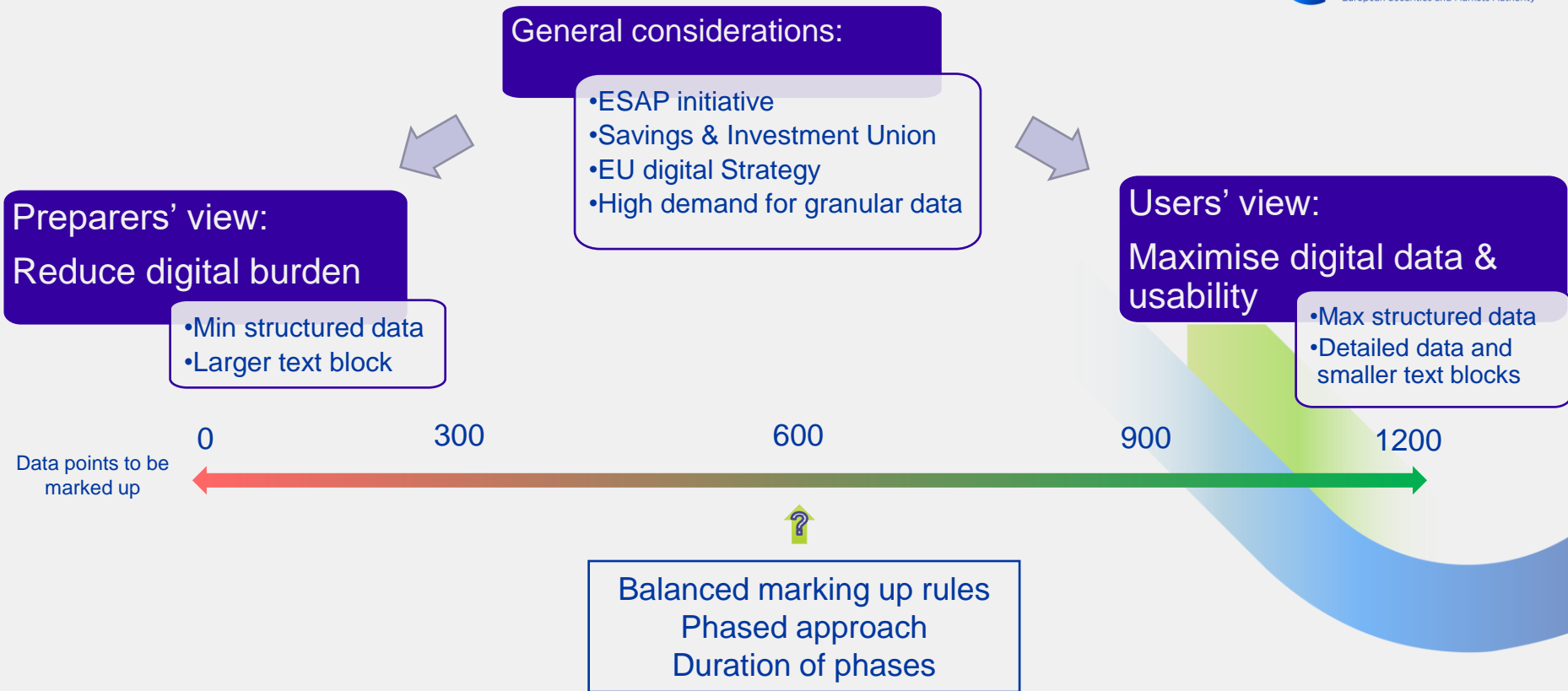


- 2. Revising ESEF** text-block digital rules for the Notes to IFRS consolidated Financial Statements



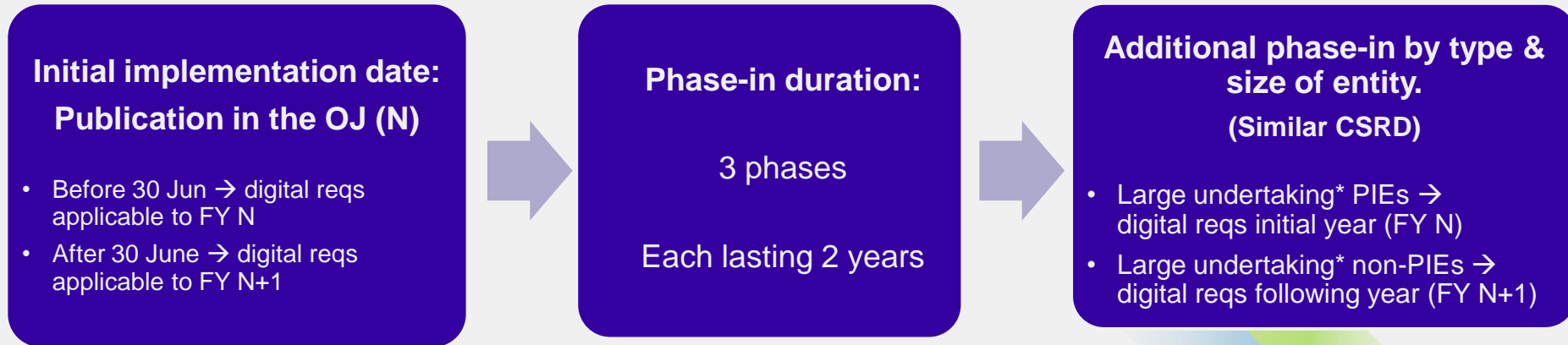
- 3. Amending the EEAP**  
(European Electronic Access Point)  
RTS

# Defining digital rules: striking a balance



# 1.a) Defining ESEF digital rules for ESRS sustainability statements

# Tagging rules: entry into force & phase-in approach



**Early application of digital requirements/ phases allowed**

\*Article 3(4) AD. **“Large undertakings”** on their balance sheet exceed at least two of the three following criteria:

- a balance sheet total of EUR 25.000.000
- net turnover of EUR 50.000.000
- an average number of employees during the financial year of **250** (FTE)

\**Exception*: subsidiaries when included in the consolidated management report of a parent undertaking 9 Article 19a(9))  
No applicable to listed entities

# CSRD phase-in: reflected for digital requirements

	Financial year 2024 (reporting in 2025)	Financial year 2025 (reporting in 2026)	Financial year 2026 (reporting in 2027)	Financial year 2027 (reporting in 2028)	Financial year 2028 (reporting in 2029)
Large undertakings which are <b>PIEs</b> (including third-country issuers) > 500 employees on average during the financial year	Individual sustainability statement (ESRS)	Individual sustainability statement (ESRS)	Individual sustainability statement (ESRS)	Individual sustainability statement (ESRS)	Individual sustainability statement (ESRS)
PIEs (including third-country issuers) that are parent undertakings of a large group > 500 employees on average on a consolidated basis during the financial year	Consolidated sustainability statement (ESRS)	Consolidated sustainability statement (ESRS)	Consolidated sustainability statement (ESRS)	Consolidated sustainability statement (ESRS)	Consolidated sustainability statement (ESRS)
Large undertakings (including third-country issuers) that are <b>not "PIEs &gt; 500 employees on average during the financial year"</b>	N/A	Individual sustainability statement (ESRS)	Individual sustainability statement (ESRS)	Individual sustainability statement (ESRS)	Individual sustainability statement (ESRS)
Parent undertakings of a large group (including third-country issuers) that are not "PIEs > 500 employees on average on a consolidated basis during the financial year"	N/A	Consolidated sustainability statement (ESRS)	Consolidated sustainability statement (ESRS)	Consolidated sustainability statement (ESRS)	Consolidated sustainability statement (ESRS)
Listed SMEs, SNCIs, captive (re)insurance undertakings (including third-country issuers)	N/A	N/A	Individual sustainability statement (ESRS or LSME ESRS)*	Individual sustainability statement (ESRS or LSME ESRS)*	Individual sustainability statement (ESRS or LSME ESRS)
CSRD subsidiaries (or, in the absence, EU branches with net turnover in the Union > EUR 40 million) of third-country non-listed undertakings with net turnover in the Union > EUR 150 million	N/A	N/A	N/A	N/A	Sustainability report (ESRS for certain third-country undertakings or ESRS)

\* may opt out

## Other existing phase-in approaches: not reflected



### ESRS phase-in by disclosure requirements (ESRS 1, appendix C or ESRS2, BP p17)

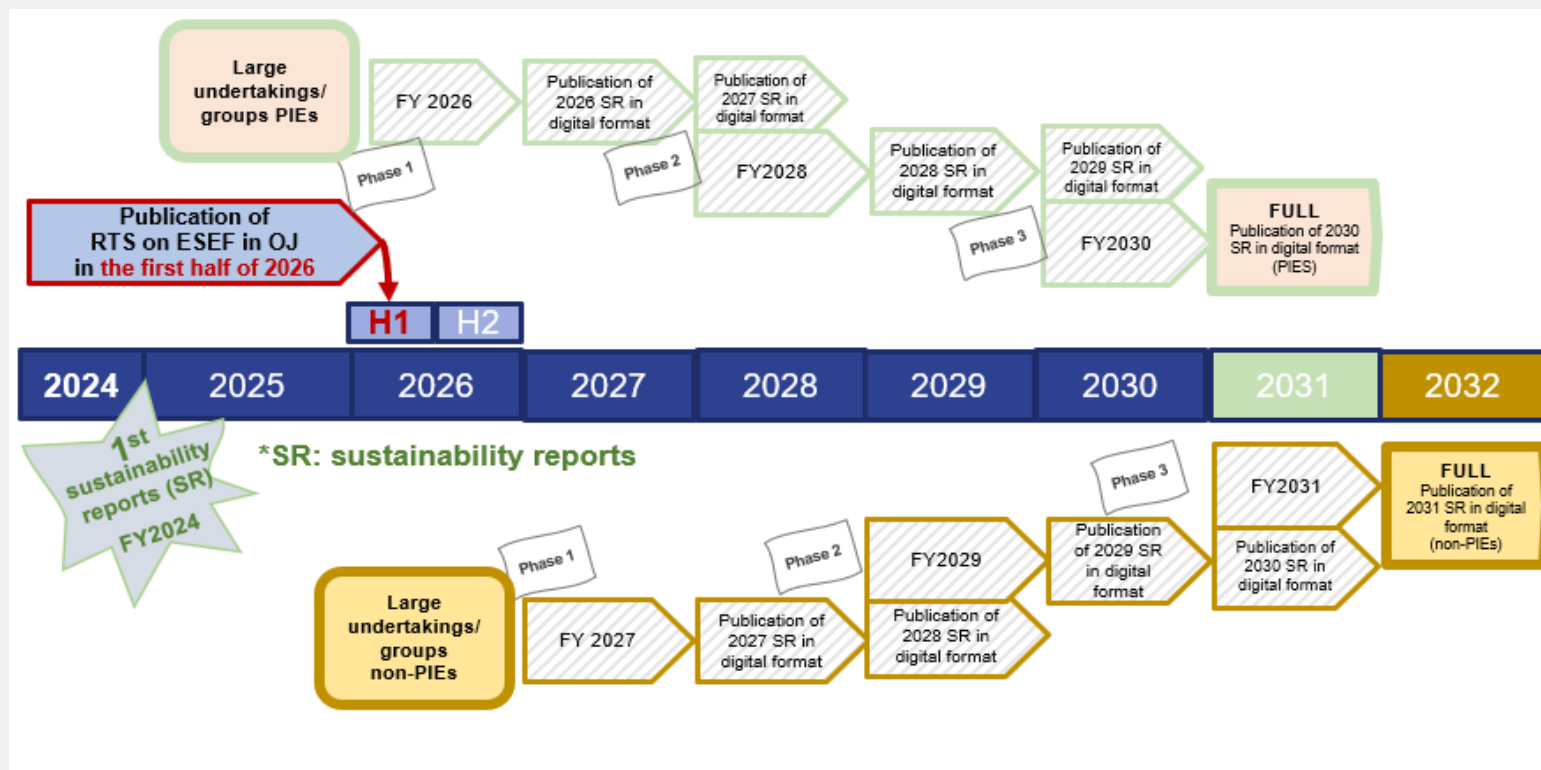
- Not considered in ESEF phase-in implementation of digital requirements
- Additional complexity with limited benefits: divergence with human readable reports, reducing usability & comparability



### Further additional phase-in approaches by type of entity (listed vs non-listed), size of entity (> or < 750 employees) or length (3 – 4 years): **not advisable**

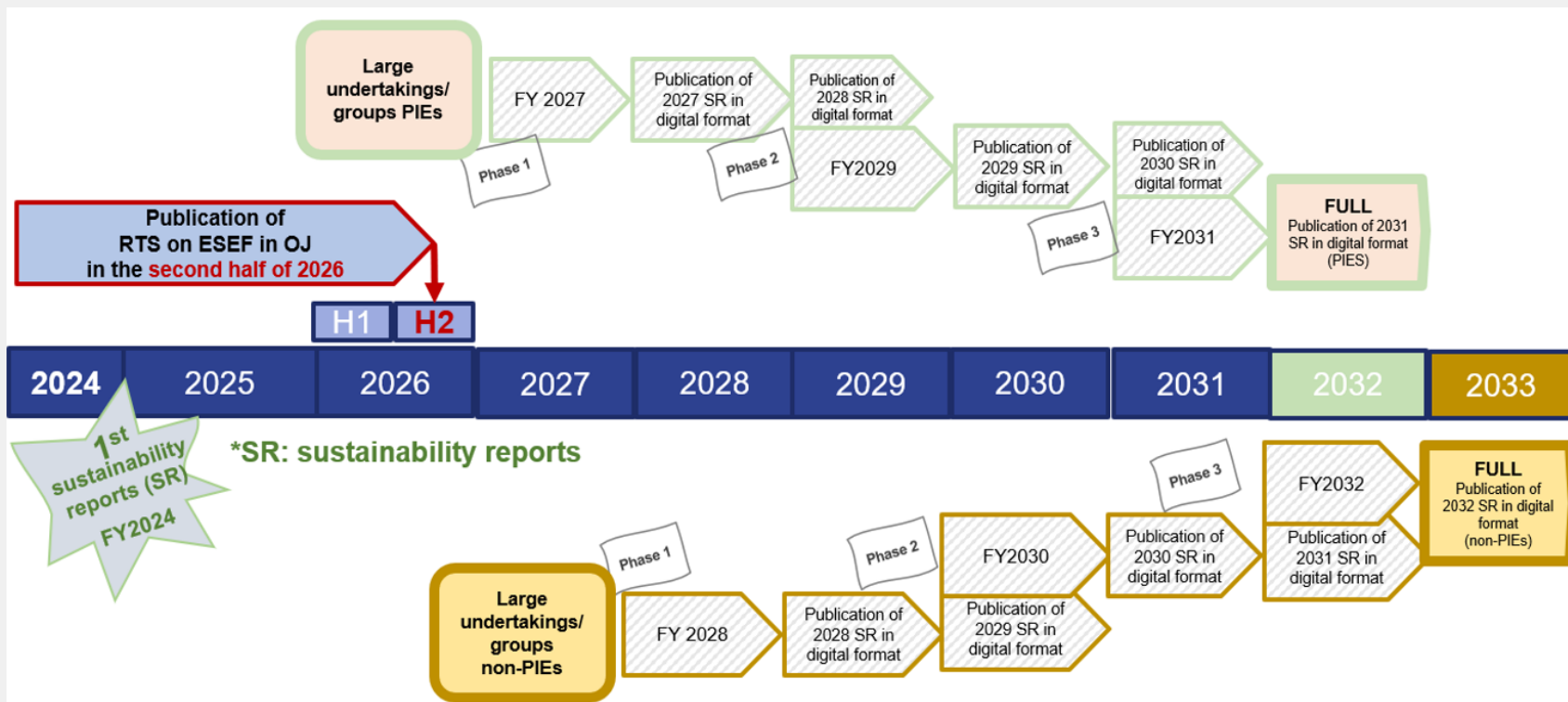
- Additional complexity and extension of the implementation timeline to 2035 and beyond
- PIEs, comprises listed companies, banks and insurance undertakings, which have already exposure to XHTML and most of them XBRL.

# Phase-in digital requirements: timeline (case 1)





# Phase-in digital requirements: timeline (case 2)



## 1. Relevance of the standard (information) & interoperability

## 2. Structure and nature of the ESRS disclosure & interconnectivity

- Mandatory disclosure (“shall” DPs) no subject to MA
- Mandatory disclosure (“shall” Data Points - DPs) subject to MA
- Voluntary disclosure (“may” DPs)

## 3. Type of data point, usability and comparability

- Numerical
- Seminarrative (Booleans and enumerations)
- Narrative L1 – L2 – L3

## Prioritisation to:

Standards re sector-agnostic and cross-cutting information: ESRS 2

Standards interoperable with other frameworks (ISSB, GRI...): E1, S1

DP nature: information commonly reported supporting comparability and usability of the information:

↑ “Shall” DPs always to be reported

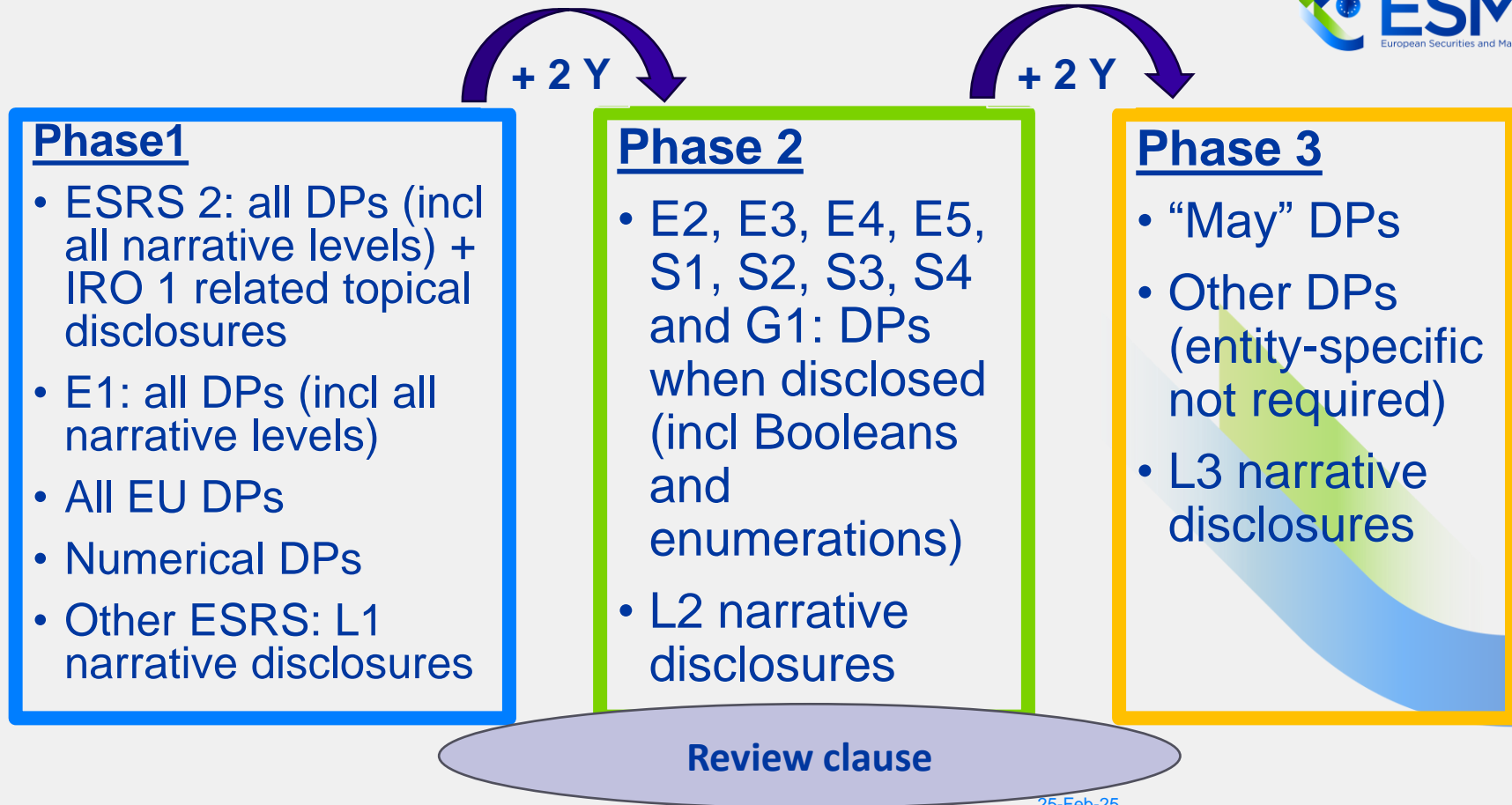
↑ “EU data points” (SFDR, Pillar 3, Bench...) always to be reported

↑ Interconnectivity of “Shall” DPs with other standards (e.g. IRO 1 + related topical standards)

↔ “Shall” DPs subject to MA

↓ “Voluntary” DPs

# Phases' scope for marking up disclosures



# Phases' scope – IG3\* perspective

Phase 1	
Phase 2	+ 2y
Phase 3	+ 2y

	Irrespective of MA	Subject to MA	Total	"May" DP
ESRS 2	127*		127	12
E1	16	171	187	15
E2	3	41	44	20
E3	2	25	27	18
E4	11	43	54	65
E5	2	40	42	19
S1		127	127	55
S2		47	47	18
S3		45	45	18
S4		44	44	19
G1		39	39	10
<b>Total</b>	<b>161</b>	<b>622</b>	<b>783</b>	<b>269</b>

ESRS - DELEGATED ACT (31 JULY 2023) MINIMUM DISCLOSURE REQUIREMENTS (MDR-PAT&M) PER SUSTAINABILITY MATTER AND PER PAT*	
	DPs
MDR-P	6
MDR-A	12
MDR-T	13
MDR-M	3

This table illustrates the datapoints in relation with Minimum Disclosure Requirements (MDR) on Policies, Actions, Targets and Metrics (PAT&M) according to ESRS 2 Chapter 4.2. These are considered for the disclosures when the undertaking has adopted PAT related to material sustainability matters.

\*Excluded DPs to be reported if the undertaking has not adopted policies and/or actions or set any measurable outcome-oriented targets (ESRS 2 chapter 4.2 MDR)

"SHALL" DPs				
	Numerical	Semi-Narrative	Narrative	Total
ESRS 2	24	14	89	127
E1	111	25	51	187
E2	24	2	18	44
E3	8	2	17	27
E4	4	14	36	54
E5	15	3	24	42
S1	44	22	61	127
S2	-	7	40	47
S3	-	5	40	45
S4	-	5	39	44
G1	8	6	25	39
<b>Total</b>	<b>238</b>	<b>105</b>	<b>440</b>	<b>783</b>

"MAY" DPs				
	Numerical	Semi-Narrative	Narrative	Total
ESRS 2	-	1	11	12
E1	10	1	4	15
E2	4	4	12	20
E3	6	7	5	18
E4	7	9	49	65
E5	0	-	19	19
S1	15	13	27	55
S2	-	5	13	18
S3	-	4	14	18
S4	1	4	14	19
G1	5	2	3	10
<b>Total</b>	<b>48</b>	<b>50</b>	<b>171</b>	<b>269</b>

## **1.b) Defining ESEF digital rules for Article 8 taxonomy disclosures**

# Article 8 taxonomy disclosures: an overview

Annex 1  
KPIs of non-financial  
undertakings

Annex 2  
Templates for the KPIs  
of non-financial  
undertakings

Annex 4  
Template for the KPI  
of asset managers

Annex 6  
Template for the KPIs  
of credit institutions

Annex 8  
Template for KPIs  
of investment firms

Annex 10  
Template for KPIs  
of insurance and  
reinsurance undertakings

Annex 11  
Qualitative disclosures  
for asset managers, credit  
institutions, investment  
firms and insurance and  
reinsurance undertakings

Annex 12  
Standard templates  
for the disclosure referred  
to in Article 8(6) and (7)

# Differences between ESRS and Art 8 XBRL taxonomy

Different disclosure requirements → where ESRS is a principle and standard-based disclosure, most of Art 8 disclosure requirements are **template-based disclosures**

Most Article 8 disclosures are **quantitative** (except for Annex I) → qualitative disclosures are mainly contextual information to be reported along with the quantitative requirements

Draft Article 8 XBRL taxonomy is a **closed taxonomy** → so, no entity specific disclosures are expected but typed dimensions are used for a few sections

The “**EU Taxonomy**” **activities** play an important role in order to disclose information under Article 8 → Those are maintained and updated regularly by the EC.

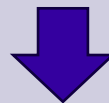


- Full mark-up

- No phase-in  
by content

- Phase-in  
by entity type

- Template-based disclosure → vs rule-based disclosure
- Existing experience → disclosure annexes/ templates
- Undertakings' burden → templates and annexes are applicable per type of entity
- Marking up effort → mostly numerical/quantitative and template-based
- Comprehensive disclosure → to be used in its entirety



➤ **No phased approach by content** → to not undermine understandability, comparability and usability of the template

## **2. Revising ESEF digital rules for the Notes to financial statements**

# Tagging the Notes: revised approach – Phase 1

Phase 1



Accounting policies text-block tagging



Table tagging

- **General principle:** requirement for “completeness of tagging all accounting policies and other explanatory notes”. All accounting policies and notes are considered material and to be tagged.
  - **Follow structure and presentation logic of the notes:** Each “separately and individually identifiable” acc. policy and note (e.g. section, subsections..) should be tagged with a core taxonomy element that best represents the closest/narrowest accounting meaning and/or scope
  - **Avoid over-tagging:** acc. policies and notes to be tagged only once, with a single core taxonomy element that is most appropriate and close in its accounting/business meaning to the disclosure
  - **Exception:** several acc. policies in one “individually identifiable” acc. policy or note but avoiding nested-/multi- tagging as much as possible
- 
- Each table with structured, granular info to be tagged as a separate element (e.g. dter-type: table) respecting the underlying XHTML format (proper style attributes)
  - Create the necessary links with the information in the primary financial statements (using suitable mechanisms XBRL standard)

# Tagging the Notes: revised approach – Phase 2

Phase 2



Detailed tagging notes and acc policies



Detailed Table tagging

- To tag non-narrative information: all disclosures corresponding to numerical data type including but not limited to monetary values, dates and percentages as well as disclosures corresponding to Booleans and enumerations.
- Cast-off: establish sub-phases based on prioritisation of accounting policies and notes → No “one-size-fits-all”

- Where tables are present in the Notes → to tag all numbers in a declared currency.

# Illustration of individually identifiable & completeness

## MOCK-UP EXAMPLE

(all content is fictitious)

### > 5: Summary of Significant Accounting Policies

#### >> 5.1: Fair value measurement

Fair value measurement is an essential aspect of financial reporting under IFRS. It ensures that assets and liabilities are reported at their appropriate fair values, reflecting current market conditions.

The entity is disclosing information that helps users of financial statements assess both:

- 1.The valuation techniques and inputs used to develop those measurements.
- 2.The effect of fair value measurements on profit or loss or other comprehensive income.

#### >> 5.2: Revenue from Contracts with Customers

Revenue recognition under IFRS is governed by IFRS 15, which provides a comprehensive framework for recognizing revenue from contracts with customers. The entity provides disclosures about revenue recognized from contracts with customers.

#### >>> Disaggregation of revenue

Disaggregating revenue into these categories provides valuable insights into:

- 1.How various economic factors affect revenue streams.
- 2.The variability and predictability of revenue and cash flows.
- 3.The risks and opportunities associated with different revenue sources.

#### >>> Information about performance obligations

The entity provides detailed disclosures regarding performance obligations, including:

- 1.A description of the nature of the goods or services promised.
- 2.When the entity typically satisfies its performance obligations (e.g., upon shipment, as services are rendered).
- 3.Significant payment terms.
- 4.The transaction price allocated to the remaining performance obligations, indicating the amount expected to be recognized as revenue in future periods.

#### >> 5.3: Post-employment benefits

Post-employment benefits are employee benefits that are payable after the completion of employment. This note provides details on the types, recognition, and measurement of post-employment benefits under IFRS. The entity maintains both defined contribution plans and defined benefit plans.

Page 1

## MOCK-UP EXAMPLE

(all content is fictitious)

Contributions are recognized as an expense when employees have rendered service entitling them to the contributions. For the financial year ending [Year-End Date], the entity contributed \$X,XXX to the defined contribution plans. This amount has been recognized as an employee benefit expense in the profit or loss for the year.

The entity uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The discount rate is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds. Actuarial gains and losses are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods

#### >> 5.4: Income Taxes

Income taxes are accounted for under IAS 12, which outlines the accounting treatment for current and deferred tax. This note provides detailed information on the recognition, measurement, and disclosure of income taxes of the entity.

#### >>> Current income tax

Current tax liabilities or assets for the current and prior periods are recognized to the extent that they are unpaid or refundable. The current tax is measured using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

#### >>> Deferred income tax

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits, and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

#### >> 5.5 Other Taxes

VAT is a type of indirect tax that is levied on the value added to goods and services at each stage of production or distribution. Output VAT is recognized at the point of sale when the goods or services are delivered to the customer. Input VAT is recognized when the purchase occurs and can be recovered from the tax authorities to the extent it relates to taxable supplies. [...]

Page 2

Disclosure of material accounting policy information [text block]

Description of accounting policy for fair value measurement [text block]

Description of accounting policy for recognition of revenue [text block]

Disclosure of disaggregation of revenue from contracts with customers [text block]

Disclosure of performance obligations [text block]

Description of accounting policy for employee benefits [text block]

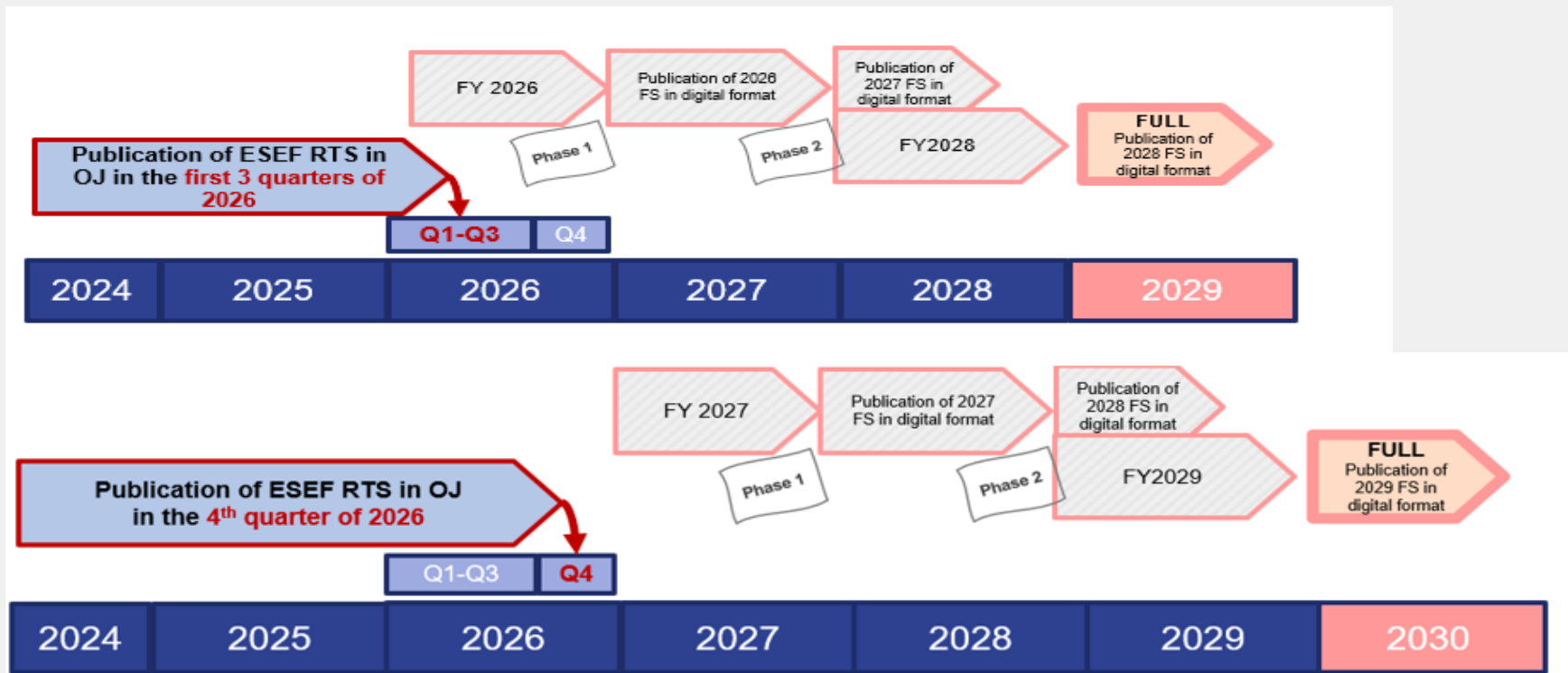
Description of accounting policy for income tax [text block]

Description of accounting policy for income tax [text block]

Description of accounting policy for deferred income tax [text block]

Description of accounting policy for taxes other than income tax [text block]

# Phase-in digital requirements for block tagging the notes to IFRS consolidated financial statements



## List of mandatory elements: Identification of the entity & other relevant information

- Name of the reporting entity or other means of identification
- Domicile of entity
- Legal form of entity
- Country of incorporation
- Address of entity's registered office
- Description of nature of entity's operations and principal activities
- Name of parent entity
- Name of ultimate parent of group
- Number of employees
- Average number of employees
- Number of shares issued
- *End date of the reporting period*
- Description of the presentation currency
- Name of the audit firm
- Unqualified audit opinion with no emphasis of matter
- Name of the software used



***Keep a concise and targeted list of mandatory taxonomy elements***

# Extension elements



NOT TO BE LEGALLY  
REQUIRED



VOLUNTARY BUT LIMITED TO  
ONLY RELEVANT &  
NECESSARY INFORMATION  
(PRIORITY TO CORE TAXONOMY  
ELEMENTS)



IF CREATED, TO BE ANCHORED  
TO IMPROVE USABILITY AND  
COMPARABILITY OF THE  
INFORMATION



## Next steps:

- Feedback to the public consultation
- COM's proposal on reducing burden
- Cost / Benefit analysis (quantitative data)
- AI interaction with XBRL & impact on digitalisation



**Final Report**

**Questions ?**



## CFR - ESEF team

Eduardo Moral Prieto

Eduardo-Javier.Moral-Prieto@esma.europa.eu

[www.esma.europa.eu](http://www.esma.europa.eu)



@ESMAComms



European Securities and Markets Authority (ESMA)