13 December 2024
ESMA32-2009130576-3024

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 this paper and in particular on the specific questions summarised in **Annex I**. 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.**

All contributions should be submitted online under the relevant consultation.

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 heading 'Data protection'.

Who should read this paper?

All interested stakeholders are invited to respond to this Consultation Paper. ESMA specially seeks feedback from undertakings, auditors, investors, other users of financial information and other electronic reporting stakeholders at large impacted by the Regulation specifying the European single electronic reporting format (Regulation (EU) 2019/815). This includes, among others, issuers whose securities are admitted to trading on a regulated market under the Transparency Directive (Directive 2004/109/EC). Additionally, following the amendment by the Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464) to the Accounting Directive (Directive 2013/34/EU) the consultation extends to all those undertakings subject to sustainability reporting obligations under articles 19a and 29a in particular, large undertakings and undertakings of large groups.

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1 Executive Summary

Reasons for publication

The Accounting Directive (Directive 2013/34/EU), amended by the Corporate Sustainability Directive, requires certain undertakings to prepare their manage report in the electronic reporting format specified by the Regulatory Technical Standard providing the European Single Electronic Format (RTS on ESEF 2019/815) and mark up their sustainability reports, including the disclosures provided for in Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852), in accordance with that electronic reporting format. The European Securities and Markets Authorities (ESMA) is publishing this Consultation Paper to comply with the requirements set out in the Transparency Directive (Directive 2004/109/EC) whereby ESMA is required to develop and submit the draft RTSs for the development of the European Single Electronic Format (ESEF) to the European Commission (EC).

According to Articles 10 and 15 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council establishing ESMA (ESMA Regulation), ESMA must conduct a public consultation before submitting a draft RTS to the Commission. Therefore, this Consultation Paper seeks stakeholders' views on proposals for such RTS. The input from stakeholders will help ESMA finalise the draft RTS. Respondents to this Consultation Paper are encouraged to consider the costs and benefits that the draft RTS would imply and provide the relevant data to support their arguments or proposals.

Contents

This Consultation Paper includes an assessment of the policy objectives for defining the way forward with regards to the establishment of an ESEF for sustainability reporting by taking into account the acquired experience on the digitalisation of financial reporting and the structure of the sustainability taxonomies developed by EFRAG. It also presents ESMA's proposal to revise the approach to the marking up of the Notes to the IFRS consolidated financial statements, based on the experience developed to date in this area. The Consultation Paper is structured in the following sections, all of which include questions for consideration:

- Sections 3 and 4 present the background to our proposal with respect to sustainability reporting.
- Section 5 outlines the technical considerations for incorporating the sustainability reporting taxonomies into the ESEF taxonomy framework.
- Section 6 presents the background to our proposal with respect to the revision of the marking approach of the Notes to the IFRS consolidated financial statements.
- Section 7 presents a focused list of targeted amendments to the existing drafting of the RTS on ESEF in response to stakeholder feedback since the implementation of ESEF.
- Section 8 presents the background to our proposal with respect to the amendment of the RTS on the European Electronic Access Point ('EEAP')
- The Annexes include the draft RTS on ESEF and on the EEAP, together with the corresponding draft Cost-Benefit Analyses.

For ease of reference, the questions on the Consultation Paper and on the draft Cost-Benefit Analyses are compiled in **Annex I**.

Next Steps

ESMA will consider the feedback it received to this consultation in Q2 2025 and expects to publish a final report and submission of the draft technical standards to the European Commission for endorsement in Q3 2025.

2 Introduction

1. The Corporate Sustainability Reporting Directive ('CSRD')[1] has introduced new sustainability reporting requirements for certain undertakings through amendments to the Accounting Directive[2] ('AD') and Transparency Directive[3] ('TD'). Overall, these sustainability reporting requirements oblige certain undertakings to disclose sustainability information, which must be prepared in line with defined sustainability reporting standards and, where applicable, provide this information in a digital format.

2. According to the AD, large undertakings, small- and medium-sized undertakings (excluding micro undertakings) with securities admitted to trading on EU regulated markets and undertakings of large groups shall include in a dedicated section of their management report or consolidated management report the information necessary to understand the undertaking's material impacts on sustainability matters (impact materiality) and the information necessary to understand how material sustainability matters affect the undertaking's development, performance and position (financial materiality). These requirements also apply to undertakings governed by the law of a third country that have either transferable securities admitted to trading on an EU regulated market (excluding micro undertakings) or that have business in the territory of the Union above certain thresholds.

3. The rules to determine the size[4] of an undertaking and the scope of consolidation for sustainability reporting purposes rely on the existing rules for financial reporting purposes as contained in the AD. The date of application[5] of these sustainability reporting requirements varies depending on the category of undertaking and on the specific reporting requirement.

4. The legal basis for the digitalisation of this sustainability information and for developing a digital framework for sustainability reporting is provided by:

    a) recital 55 of the CSRD stating that "*Digitalisation creates opportunities to exploit information more efficiently and holds the potential for significant cost savings for both users and undertakings. Digitalisation also enables the centralisation at Union and Member State level of data in an open and accessible format that facilitates reading and allows for the comparison of data*."

    b) amended Art. 29d of the AD stating that "*Undertakings subject to the requirements of Article 19a of this Directive shall prepare their management report in the electronic reporting format specified in Article 3 of Commission Delegated Regulation (EU) 2019/815 and shall mark up their sustainability reporting, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, in accordance with the electronic reporting format specified in that Delegated Regulation*" and,

    c) "*Parent undertakings subject to the requirements of Article 29a shall prepare their consolidated management report in the electronic reporting format specified in*

[1] Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

[2] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC

[3] Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC

[4] Article 3 of the Accounting Directive applies thresholds to distinguish between micro, small, medium and large undertakings.

[5] Article 5(2), first subparagraph of Directive (EU) 2022/2464 states the application dates.

Article 3 of Delegated Regulation (EU) 2019/815 and shall mark up their sustainability reporting, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, in accordance with the electronic reporting format specified in that Delegated Regulation".

5. The European Single Electronic Format ('ESEF') Regulation[6] ('RTS on ESEF') defines the single electronic reporting format, requiring issuers to prepare their entire annual financial reports in the Extensible Hypertext Markup Language ('XHTML') format. XHTML is freely accessible and can be viewed in a human-readable format without the need for special tools. When these annual financial reports include consolidated financial statements prepared under International Financial Reporting Standards[7] ('IFRS'), the RTS on ESEF mandates issuers to mark up those consolidated financial statements using eXtensible Business Reporting Language ('XBRL'). XBRL is machine-readable and facilitates the automated processing of large volumes of data. It is an open standard, widely recognised and already implemented in several jurisdictions. Inline XBRL ('iXBRL') enables both human and machine readability which allows for the embedding of XBRL markups in XHTML documents. The use of XBRL markup language involves the application of a taxonomy to convert human-readable information into machine-readable information. The use of a taxonomy improves the usability and comparability of the marked up information.
6. This means that, under the RTS on ESEF, sustainability reporting prepared according to the relevant European Sustainability Reporting Standards ('ESRS') and disclosures required by Article 8 of the EU Taxonomy Regulation have to make public in XHTML format and mark up using the relevant taxonomy in the iXBRL standard.
7. In November 2022, EFRAG, as technical advisor to the European Commission ('EC'), delivered the first set of draft ESRS[8] ('ESRS Set 1'). These standards were adopted (including some amendments) by the EC on 31 July 2023 and published in the Official Journal of the European Union ('OJ') on 22 December 2023.
8. EFRAG also received the mandate from the EC to develop the Sustainability Reporting Digital Taxonomy for the ESRS Set 1 as part of the technical process for the adoption of the taxonomy at EU level. EFRAG published the ESRS set 1 XBRL taxonomy on 30 August 2024.
9. As part of this mandate from the EC to develop the Sustainability Reporting Digital Taxonomy, EFRAG has also developed the Article 8 XBRL Taxonomy in relation to the information disclosed under Article 8 of the Regulation[9] (EU) 2020/852 (EU Taxonomy Regulation). This Regulation requires undertakings that are to publish sustainability information pursuant to Article 19a or Article 29a of the AD to include in their sustainability statement or consolidated sustainability statement information on how and to what extent the undertaking's activities are associated with economic activities that qualify as

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[6] Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (Regulation (EU) 2019/815)

[7] Consolidated financial statements are prepared either in accordance with International Accounting Standards, which are commonly referred to as International Financial Reporting Standards ('IFRSs'), adopted pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council , or in accordance with IFRSs as issued by the International Accounting Standards Board ('IASB') which, based on Commission Decision 2008/961/EC , are considered as equivalent to IFRSs adopted pursuant to Regulation (EC) No 1606/2002

[8] Commission Delegated Regulation (EU) 2023/2772 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards.

[9] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

environmentally sustainable under Articles 3 and 9 of that Regulation. As this information will be provided within the sustainability statement, there must be accordingly marked up.

10. The ESEF Regulation is the legal instrument to adopt the sustainability reporting digital taxonomy (ESRS and Article 8 XBRL taxonomies) and define the rules for marking up the sustainability statement within the management report or the consolidated management report. The TD[10] provides that the European Securities and Markets Authority ('ESMA') is the competent authority responsible to prepare the ESEF draft regulatory technical standards ('draft RTS') to be submitted to the EC for adoption.

11. Building on the experience of implementing the ESEF RTS for IFRS consolidated financial statements, ESMA is using this opportunity to revise the markup rules for the Notes to the IFRS consolidated financial statements. Feedback gathered over the past two years on the use of mandatory elements and the text block markup rules has been less favourable than anticipated, both from issuers and users. In response, ESMA proposes a revised approach to text block marking up to reduce the burden on issuers while enhancing the usability and comparability of the marked up information for users.

12. Finally, with the adoption of the European Single Access Point ('ESAP') Regulation and the publication of the European Supervisory Authorities' ('ESAs') Final Report on the Joint Committee Implementing Technical Standards ('JC ITS') on the ESAP, ESMA is also seizing this opportunity to amend the RTS on the EEAP.

13. These technical standards are to be submitted by ESMA to the EC as an amendment to the ESEF Regulation.

3 Marking up sustainability reporting

3.1 Introduction

14. The ESRS Set 1 XBRL Taxonomy ('ESRS XBRL taxonomy') is a tool designed to support the creation and consumption of sustainability statements in iXBRL format, which is both human- and machine- readable.

15. When developing the ESRS XBRL taxonomy, EFRAG applied the following methodology[11] based on three principles:

    a) It should be possible to mark up an ESRS sustainability statement and provide in machine-readable format data carrying the same qualitative characteristics of information as in a human-readable format. To this end, EFRAG has developed XBRL elements for each dedicated numerical and narrative disclosure.

    b) The elements created in the taxonomy must only be those necessary for the disclosure of the datapoints described in the ESRS (including both information that is phrased with the words 'shall' and 'may' in the standards), with no more or no less granularity than in the human-readable ESRS Set 1. This principle results in a one-to-one correspondence between elements in the taxonomy and the paragraphs, subparagraphs and sub-subparagraphs in the standards. There are, however, a few exceptions where such a one-to-one correspondence would have resulted in either excessive or insufficient granularity.

[10] Article 4.7 of the Transparency Directive.
[11] Draft ESRS XBRL Taxonomy Methodology and Architecture, as approved by the SRB on the 26 April 2023

c) Where there was a choice between several technical solutions compatible with the requirements above, EFRAG selected the choice that was most practical for preparers, considering aspects such as (technical) simplicity, readiness of marking up tools, marking up effort, etc.

16. EFRAG considers that the developed ESRS Set 1 taxonomy represents the correct digital transposition of the human-readable ESRS Set 1 which is composed of 12 standards, two cross-cutting ESRS and ten topical standards that cover sustainability matters in the area of Environment, Social and Governance. The XBRL taxonomy has been developed on the assumption of a "hypothetical" sustainability statement whose design is consistent with the structure of the ESRS and their corresponding disclosures requirements.

17. EFRAG has chosen the XBRL format, the open international standard for digital business reporting, as the appropriate machine-readable format that is compliant with the CSRD provision. EFRAG has selected this format as it is globally accepted and used by other EU and international organisations to develop digital taxonomies for financial and sustainability-related disclosures[12]. This format is also compliant with the ESEF, which specifies the technical language to mark up information in the annual financial statement using iXBRL.

3.2 ESRS Set 1 and XBRL General Structure

18. In ESRS Set 1, the core of the Disclosure Requirements ('DRs') is located in the main body of the standard in paragraphs easily identifiable by the expressions 'shall disclose' and 'shall include' placed after the paragraph on the objective of the DR. Usually, individual datapoints are easily identifiable by separate items reported in a list of letters: (a), (b), (c). These can be further disaggregated in a sub-list of items, identified by small roman numbers: (i), (ii), (iii).

19. Application Requirements ('ARs') support the information to be reported according to the main text of the DRs. They also contain datapoints mainly derived from the wording 'may disclose', which are complementary to the datapoints in the main text. As an exception, for some topical standards (e.g., ESRS E1[13]) ARs provide an additional level of disclosures to be reported or integrated in the DRs provided in the main body of the standard. Whenever the standard provides options to report additional breakdowns or additional datapoints by using 'may', those have also been implemented in the XBRL taxonomy as well as separate elements.

20. The ESRS XBRL taxonomy consists of a set of XBRL elements (also called concepts, markups or colloquially known as tags), which are used to mark up a human-readable Inline XBRL sustainability report. Each reportable XBRL element (in XBRL terms: non-abstract) is equipped with corresponding attributes such as a period type (instant/duration) and a data type (e.g., monetary, percentage, volume, GHG emissions, text block, etc.). The marking up allows to identify, navigate and extract the digital disclosures (also called, facts).

21. Besides the definitions of quantitative (numerical) and qualitative (narrative) XBRL elements reflecting the ESRS datapoints, the ESRS XBRL taxonomy contains dimensions (also called axis) that can be used to disaggregate digital disclosures with dimension

[12] European Banking Authority, European Insurance and Occupational Pensions Authority, IFRS Foundation, Global Reporting Initiative, Carbon Disclosure Project.

[13] There are mandatory datapoints (always-to-be-disclosed) for E1 in the ARs linked to IRO. The exhaustive list is as follows, AR 9, 11, 12, 13 and 15.

members. The ESRS XBRL taxonomy uses explicit dimensions (e.g., country, gender, GHG type, etc.), which are pre-defined lists of elements (members) as part of the XBRL taxonomy, and typed dimensions (e.g., geographical areas, policies, targets, operating segments, etc.), which are entity-specific and must be defined when preparing the digital reports.

22. The ESRS XBRL taxonomy also contains ‘boolean’ item types (true/false) and ‘enumeration’ item types (drop-down values) are called semi-narrative (also called ‘categorical’). These item types enrich the unstructured narrative disclosures and make them more comparable and usable.

23. Reflecting the structure of the ESRS, all XBRL elements are grouped in the XBRL taxonomy into DRs in the ‘*presentation linkbase*’, as a tree structure. This enables easy navigation through the XBRL taxonomy and illustrates related and nested elements. Additionally, a reference to the ESRS, DR and paragraph number and, if applicable, to other standards or EU legislation is included in the ‘*reference linkbase*’ for each element. Each XBRL element is identified by its technical name and equipped with a short description of its content (XBRL term: labels). The ESRS XBRL taxonomy labels are in English only and will be translated at a later stage before publication in the OJ.

24. To facilitate the understanding of the ESRS XBRL taxonomy, EFRAG has also released the ‘Implementation Guidance 3’[14] (‘IG 3’) which presents in a human-readable Excel format the complete list of all disclosure requirements in sector agnostic standards (cross cutting and topical standards). The content of IG 3 is consistent with the structure of datapoints in the XBRL taxonomy. All datapoints are implemented as XBRL elements, but the XBRL taxonomy contains more technical elements and attributes (e.g. for disaggregation). The IG 3 datapoint list is also a tool that can also be used in the preparation of human-readable ESRS sustainability statements, to structure these statements in such a manner that will be easier to digitise.

3.3 Marking up rules

3.3.1 Assessment framework

25. In developing the marking up rules, ESMA has carefully balanced **two key considerations**: on the one hand, the burden for undertakings to mark up their sustainability disclosures and on the other hand, the overarching goal of digitalisation which is to enhance the extraction, usability and comparability of the marked up information. This approach aims to maximise opportunities for European and international users to effectively leverage the disclosed data.

26. It is important to note that, in the initial years of implementing the ESRS and Article 8 disclosure requirements, the majority of the burden will fall on undertakings to collect and disclose the necessary information for their sustainability reports. While marking up the disclosures may represent an additional workload for issuers, it should not be viewed as an overly burdensome task, particularly if the way the structure of the disclosure closely adheres to the structure of the standards. The objective of this CP is to consider solely the most effective and efficient way to implement the digitalisation of sustainability reporting, by developing markup rules with a phase-in approach taking into account the implicit transitional period following the entry into force of the disclosure requirements (starting for

[14] EFRAG IG 3 List of ESRS Data Points - Explanatory Note.pdf

financial years 2024). All other considerations for the preparations of the actual disclosures are outside the scope of this CP. Hereafter, all references to "burden" are in association with the actual marking up of the sustainability reporting and not the preparation of the disclosures itself.

27. The burden on undertakings is shaped by factors such as their prior experience with marking up information (e.g. listed companies preparing consolidated financial statements), the volume of information to be marked up (which might vary by economic sector and required disclosures including materiality assessment) and the complexity of the taxonomy to be applied (e.g. the inclusion of hypercubes). On the other hand, the usability and comparability of the digitalised information depend on factors such as the common disclosure of information by all undertakings (e.g. mandatory disclosures), the type and characteristics of the datapoints (e.g. metrics) and the interoperability with other international legal frameworks (such as the International Sustainability Standards Board, ISSB) to prevent double reporting.

28. In light of these considerations, ESMA has established a framework to assess which disclosures requirements and datapoints would maximise the highest levels of comparability and usability, while minimising the burden on undertakings. This assessment framework is built on **three pillars**:

    i. ESRS architecture: The ESRS distinguish between different levels of obligations, including mandatory disclosures, disclosures that are either subject to or not subject to materiality assessment and voluntary disclosures;

    ii. Datapoint types: ESRS datapoints are categorised into numerical, semi-narrative and narrative; and,

    iii. Interoperability with other sustainability reporting frameworks: ensuring alignment with other frameworks such as the ISSB's IFRS Sustainability Disclosure and the Global Reporting Initiative (GRI).

29. It is worth noting that structuring the sustainability statement consistently with the structure of ESRS will facilitate[15] the marking up of the information reported irrespective of the final marking up requirements. When preparing the human-readable sustainability statement, the adoption of the data modelling of the taxonomy as a structure (i.e. taxonomy-centric preparation) will facilitate the marking up. The XBRL taxonomy is considered to be useful for preparers (and software vendors) to structure their ESRS sustainability statement according to the data modelling adopted by the taxonomy. This process will bring benefit to (i) preparers for marking up the human-readable sustainability statement and enabling its conversion into the machine-readable format and to (ii) users of sustainability information (in the value chain, analysts, data providers, etc.) who will be able to access data through the taxonomy and prepare their corresponding reports and analyses or set up databases.

3.3.1.1 ESRS architecture: structure and nature of the disclosures

30. The **ESRS are structured into three categories**: (a) cross-cutting standards; (b) topical standards (Environmental, Social and Governance standards); and (c) sector-specific standards. Both cross-cutting standards and topical standards are sector-agnostic, meaning that they apply to all undertakings regardless of the sectors in which they operate.

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[15] ESMA public statement on the first-year application of the ESRS, paragraphs 45 and 46 (https://www.esma.europa.eu/sites/default/files/2024-07/ESMA32-992851010-1597_-_ESRS_Statement.pdf)

31. The cross-cutting standards ESRS 1 “General requirements” and ESRS 2 “General disclosures” apply to the sustainability matters covered by topical standards and sector-specific standards. ESRS 1 outlines the structure of the ESRS, explains drafting conventions and key concepts, and sets general requirements for preparing and presenting sustainability-related information. ESRS 1 does not per se contain reporting obligations for undertakings. ESRS 2 sets forth disclosure requirements for information that the undertaking must provide at a general level across all material sustainability matters covering governance, strategy, impact, risk and opportunity management, as well as metrics and targets. ESRS 2 also includes Minimum Disclosures Requirements (MDR) regarding policies, actions, metrics and targets.

32. Topical ESRS cover a sustainability topic and are structured into topics, sub-topics, and, where necessary, sub-sub-topics[16] (collectively ‘sustainability matters’). Topical ESRS comprise: E1 “Climate change”, E2 “Pollution”, E3 “Water and marine resources”, E4 “Biodiversity and ecosystems”, E5 “Circular economy”, S1 “Own workforce”, S2 “Workers in the value chain”, S3 “Affected communities”, S4 “Consumers and end users” and G1 “Business conduct”.

33. Topical ESRS include specific requirements that complement the general disclosure requirements of ESRS 2. ESRS 2 Appendix C “Disclosure/Application Requirements in topical ESRS that are applicable jointly with ESRS 2 “General Disclosures” provides a list of the additional requirements in topical ESRS that the undertaking must apply in conjunction with the general disclosure of ESRS 2.

34. Sector-specific standards apply to all undertakings within a particular sector. These standards would address impacts, risks and opportunities that are likely to be material for all undertakings in a specific sector and that are not covered, or not adequately covered, by topical standards. Sector-specific standards are multi-topical and focus on the topics that are most relevant to the sector in question. While these standards will provide a high level of comparability, the European Commission has not adopted any sector-specific standards at this time.

35. Finally, in addition to the disclosure requirements set out in the three categories of topical ESRS, if an undertaking determines that an impact, risk or opportunity is not covered or not covered in sufficient detail by an ESRS, but is material due to the specific facts and circumstances of the undertaking, it must provide additional entity-specific disclosures[17] to enable users to understand the undertaking’s sustainability-related impacts, risks or opportunities.

36. With respect to **the nature or type of disclosures** required under the aforementioned standards, the ESRS use the following terms to differentiate between varying levels of obligation for undertakings to disclose information:

- “Shall disclose” – indicates a mandatory disclosure requirement or datapoint;
- “May disclose” – indicates a voluntary disclosure, encouraging best practices;
- Additionally, the ESRS use the term “shall consider” when referring to issues, resources or methodologies that undertakings are expected to take into account or use, where applicable, in the preparation of a specific disclosure.

[16] The table in Application Requirement 16 (AR 16) of ESRS 1 provides an overview of the sustainability topics, sub-topics and sub-sub-topics.
[17] ESRS 1 paragraph 11 and Application requirements AR 1 to AR 5 of ESRS 1 provide further guidance regarding entity-specific disclosures.

37. It is important to emphasise that mandatory sustainability reporting under the ESRS begins with a “Materiality assessment” (MA). The ESRS specify the information that undertakings must disclose regarding their “material” impacts, risks and opportunities concerning environmental, social, and governance sustainability matters. Conversely, the ESRS do not require undertakings to disclose any information on environmental, social and governance topics if they have assessed those topics as non-material[18] (except for the information related to the materiality assessment of the topic itself – IRO-1 sections). In such cases, the undertaking may provide a brief explanation of the conclusions of the materiality assessment for that topic. A detailed explanation is only required in the case of ESRS E1 climate change.

3.3.1.2 Type of disclosures and data points: narratives, semi-narratives and numerical

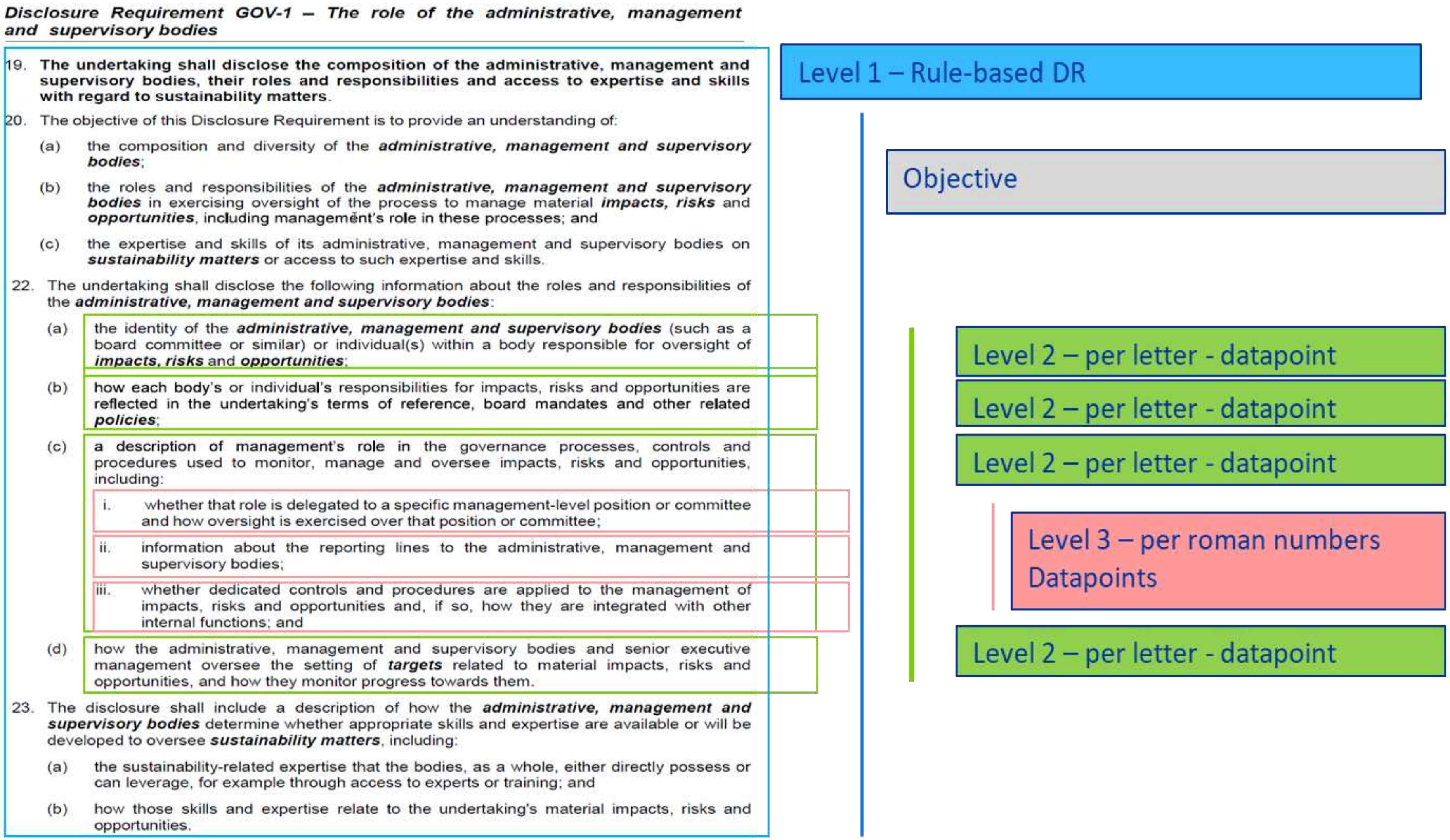
38. A datapoint refers to a distinct, clearly separable and specific piece of information required by the ESRS disclosure requirements. ESRS 1, paragraph 16, states[19] that “each DR consists of one or more distinct datapoints” and that the term “datapoint” can also refer to a narrative sub-element of the DR.

39. Datapoints can generally be categorised into three types: a) narrative b) semi-narrative (or categorical) and c) numerical.

40. **Narrative data types** are used for qualitative, unstructured, narrative-formatted disclosures (text blocks) that are not restricted in terms of format, length, or content. These datapoints may include images or tables and can range from a single sentence to several pages. Narrative datapoints primarily represent statements made by the undertaking regarding compliance according to the ESRS or the inclusion of voluntary, entity-specific information.

41. The ESRS are designed to systematically structure the ESRS sustainability statement into a list of detailed disclosure requirements corresponding to a given disclosure objective. The core of a DR is easily identifiable in the first paragraph, by using the expressions ‘shall disclose’ or ‘shall include’ followed by a paragraph outlining the objective of the DR (**Level 1 ESRS Disclosures**). Additional paragraphs in the standard identify individual datapoints to be reported as separate items in a list of letters: (a), (b), (c), etc (**Level 2 ESRS Disclosures**). These can be further disaggregated in a sub-list of datapoints identified by small roman numerals: (i), (ii), (iii), etc (**Level 3 ESRS Disclosures**).

[18] See Appendix E of ESRS 1 “Flowchart for determining disclosures to be included”.
[19] ESRS 1 paragraph 16 “*ESRS structure the information to be disclosed under Disclosure Requirements. Each Disclosure Requirement consists of one or more distinct datapoints. The term “datapoint” can also refer to a narrative sub-element of a Disclosure Requirement*.”



Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies

19. **The undertaking shall disclose the composition of the administrative, management and supervisory bodies, their roles and responsibilities and access to expertise and skills with regard to sustainability matters.**

20. The objective of this Disclosure Requirement is to provide an understanding of:

(a) the composition and diversity of the ***administrative, management and supervisory bodies***;

(b) the roles and responsibilities of the ***administrative, management and supervisory bodies*** in exercising oversight of the process to manage material ***impacts, risks*** and ***opportunities***, including management's role in these processes; and

(c) the expertise and skills of its administrative, management and supervisory bodies on ***sustainability matters*** or access to such expertise and skills.

22. The undertaking shall disclose the following information about the roles and responsibilities of the ***administrative, management and supervisory bodies***:

(a) the identity of the ***administrative, management and supervisory bodies*** (such as a board committee or similar) or individual(s) within a body responsible for oversight of ***impacts, risks*** and ***opportunities***;

(b) how each body's or individual's responsibilities for impacts, risks and opportunities are reflected in the undertaking's terms of reference, board mandates and other related ***policies***;

(c) a description of management's role in the governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities, including:

i. whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee;

ii. information about the reporting lines to the administrative, management and supervisory bodies;

iii. whether dedicated controls and procedures are applied to the management of impacts, risks and opportunities and, if so, how they are integrated with other internal functions; and

(d) how the administrative, management and supervisory bodies and senior executive management oversee the setting of ***targets*** related to material impacts, risks and opportunities, and how they monitor progress towards them.

23. The disclosure shall include a description of how the ***administrative, management and supervisory bodies*** determine whether appropriate skills and expertise are available or will be developed to oversee ***sustainability matters***, including:

(a) the sustainability-related expertise that the bodies, as a whole, either directly possess or can leverage, for example through access to experts or training; and

(b) how those skills and expertise relate to the undertaking's material impacts, risks and opportunities.

FIGURE 1: EXAMPLE OF DETERMINING NARRATIVE LEVELS IN THE ESRS

42. The XBRL taxonomy mirrors the ESRS structure and consequently, implements a hierarchical system of nested elements (known as the parent-children relationship) for each DR. The structure is as follows:

    i. the Level 1 ESRS XBRL element (known as parent) can be used to capture the full content of a DR;

    ii. the Level 2 ESRS XBRL element (known as children) has dedicated elements corresponding to each datapoint listed in the subparagraph of a DR (i.e., (a), (b), (c)); and,

    iii. where applicable, additional Level 3 ESRS XBRL elements have been implemented to capture the Roman-numbered datapoints required by a specific DR (i.e., a(i), a(ii), a(iii)).

43. This hierarchical system enables the design of a flexible taxonomy through the creation of elements placed at different levels of the hierarchy (Levels 1, 2 and 3). If the taxonomy were fully implemented, users could extract data from the parent level or from the levels below, depending on what is marked up. In terms of the human-readable ESRS taxonomy hierarchy; levels can be determined using the “reference linkbase” and the corresponding paragraphs for each reportable element. The hierarchy of the “presentation linkbase” of the ESRS XBRL taxonomy might be less reliable for determining the hierarchy levels, as it includes abstract elements (non-reportable elements used solely to group elements and headlines). Additionally, the IG3 “List of ESRS datapoints[20]” could also be used to determine the levels as, for each datapoint, it provides further information on the corresponding Standard (column B), Disclosure Requirement (column C), and paragraphs under each Disclosure Requirement (column D) from a human readable perspective.

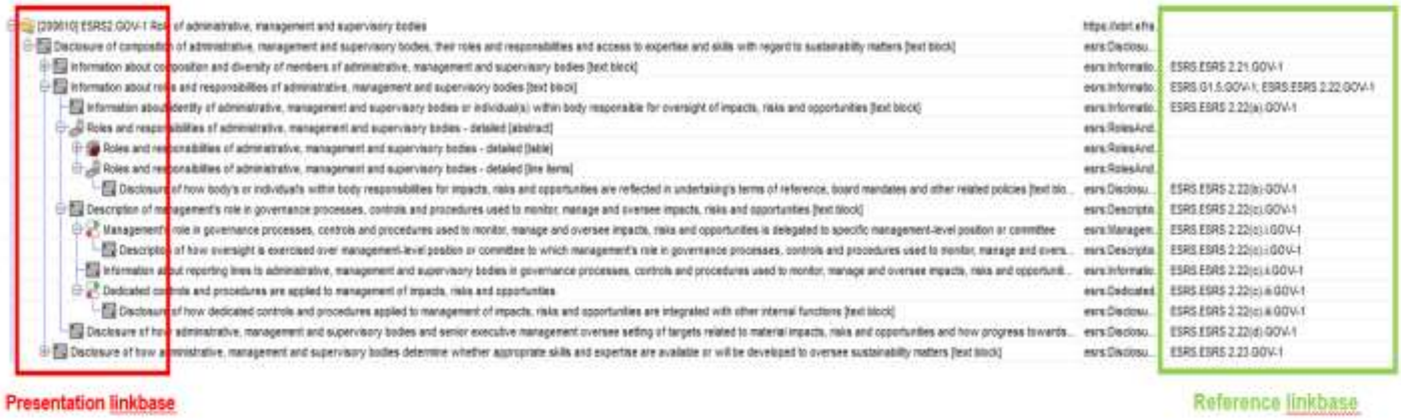


FIGURE 2: EXAMPLE OF HOW TO LOOK AT NARRATIVE LEVELS IN THE TAXONOMY

44. Despite efforts made to clearly identify levels across all the ESRS, this exercise might not always yield complete accuracy, particularly for Level 2 ESRS disclosures, as the standard setter might not have consistently applied the paragraph numbering or formatting of the disclosure in every instance throughout the ESRS. In such cases, undertakings should exercise their judgement to adhere as closely as possible to the paragraph numbering methodology.

[20] EFRAG IG 3 List of ESRS Data Points - Explanatory Note.pdf

45. **Semi-narrative (or categorical) data types** are divided into a) Boolean item types, which correspond to “true or false” (yes/no) disclosures, and b) enumeration item types, which involve a predefined list of items (drop-down values) from which the undertaking can select the most appropriate element (singe choice) or more elements (multiple choices). Semi-narrative data types enhance unstructured narrative disclosures by improving the usability and comparability of the disclosed information.

46. **Numerical data types** encompass all quantitative measures including gas emissions, percentages or monetary values, that are required to be disclosed in the ESRS.

3.3.1.3 Interoperability

47. As companies around the world face increasing requirements to disclose sustainability-related information under various sustainability reporting frameworks such as the ESRS, the ISSB's Sustainability Disclosure Standards and the GRI, ensuring interoperability between these frameworks has become a critical concern for undertakings. Misalignment in disclosures may force undertakings to report similar information in different ways, leading to duplication and an unnecessary compliance burden. This interoperability encompasses not only disclosure requirements but also subsequent digital requirements. To avoid this duplication several initiatives are taking place.

48. On 2 May 2024, the IFRS Foundation and EFRAG published guidance material [21] demonstrating the significant alignment achieved between the **ISSB standards** and the ESRS, along with guidance on how undertakings can apply both sets of standards. This document includes a detailed analysis of alignment in climate-related disclosures illustrating how ESRS preparers can report on climate while complying with ISSB standards with only a limited number of considerations required. Additionally, on 23 August 2024, EFRAG published an interoperability assessment between ESRS 2 “General Disclosures” and ESRS E1 “Climate” and IFRS S1 & S2 “Climate-related disclosures”, accompanied by a supporting mapping table[22]. Current efforts are underway to also establish interoperability in the digital domain between the ISSB taxonomy and the ESRS taxonomy.

49. EFRAG is also engaged in a project to evaluate the interoperability between the ESRS and the **Global Reporting Initiative (GRI)**. The GRI-ESRS interoperability index[23] outlines how the disclosure requirements and datapoints in each set of standards relate to one another, emphasising the high degree of commonality already achieved and laying down solid foundations for a reciprocal digital taxonomy. Undertakings reporting under ESRS will be recognised as reporting 'with reference' to the GRI standards and existing GRI reporters will be able to leverage their current reporting efforts in preparing their ESRS "Sustainability statement".

50. Furthermore, EFRAG has been collaborating closely with the **Taskforce on Nature-related Financial Disclosures (TNFD)** to enhance the consistency between the ESRS environmental standards and the TNFD recommendations developed in parallel. The two organisations have jointly published a mapping[24] of the correspondence between the ESRS and the TNFD's recommended disclosures and metrics, highlighting the high level of commonality achieved. This assessment confirms that all 14 TNFD recommended disclosures are reflected in the ESRS.

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[21] ESRS-ISSB Standards Interoperability Guidance.pdf (efrag.org)
[22] Interoperability between ESRS and ISSB standards and mapping table
[23] 04-02 draft ESRS-GRI Interoperability Index SR TEG meeting 5 December.pdf (efrag.org)
[24] draft ESRS-TNFD Interoperability (efrag.org)

51. All these initiatives are accompanied by efforts to ensure the interoperability of the digital representation of the disclosures. On 30 April 2024, the ISSB published its digital XBRL sustainability taxonomy and on 30 August 2024, EFRAG published the ESRS Set 1 XBRL taxonomy. The digital interoperability is currently being developed between the ISSB XBRL taxonomy and the ESRS XBRL taxonomy, with support from XBRL International through the "Concordance Project" for mapping sustainability data from one taxonomy against similar data in another taxonomy.

3.3.2 Implementation of the assessment framework

52. ESMA considers that the key factors in establishing marking up rules and a phased approach for digital marking up include the architecture of the ESRS, the nature of the disclosures, the materiality assessment (MA), as well as the interconnection between the various ESRS and the interoperability with other EU legislations. These elements are essential to facilitate the digital marking up process, helping to ease the workload during the initial implementation years. Simultaneously, the use of such elements is expected to enhance the extraction, usability and comparability of the information.

3.3.2.1 ESRS architecture: structure, nature of the disclosures and interconnectivity between the various ESRS

53. In developing the marking up rules and a phased implementation, ESMA has considered the specific ESRS characteristics related to the structure, nature and interconnection of the various ESRS and the required disclosures. Disclosures that are mandatory, not subject to a materiality assessment – regardless of the topic or sector – enhance the usability and comparability of information as they provide foundational insights into an undertaking's sustainability statements. Moreover, these common disclosures will be consistently present across all sustainability reports, contributing to a uniform baseline of information and cross-analysis.

    a) **ESRS 1, Appendix C** contains the "List of phased-in disclosure requirements" outlining provisions for the Disclosure Requirements or datapoints that may be omitted or deemed inapplicable during the initial years of preparing the sustainability statement under the ESRS (specifically, the 1st, 2nd or 3rd year).

    b) **ESRS 2 "General disclosures"** sets out the disclosure requirements applicable to all undertakings, regardless of their sector of activity (i.e., sector agnostic) and across sustainability topics (i.e., cross-cutting). This ESRS encompasses the reporting areas defined in ESRS 1 "General requirements", section 1.2 "Cross-Cutting Standards and reporting areas". These disclosures are mandatory[25] and not subject to materiality assessment (MA), including meta-information for the topical standards (e.g. Basis for Preparation, Material Impact, Risks and Opportunities (IROs), Minimum Disclosures Requirements, Policies, Actions, Targets, Information on Metrics).

    c) **ESRS 2, Disclosure Requirement IRO-1** "Description of the processes to identify and assess material impacts, risks and opportunities" mandates that the

[25] ESRS 1 paragraph 29 "*Irrespective of the outcome of its materiality assessment, the undertaking shall always disclose the information required by: ESRS 2 General Disclosures (i.e. all the Disclosure Requirements and data points specified in ESRS 2) and the Disclosure Requirements (including their datapoints) in topical ESRS related to the Disclosure Requirement IRO-1 Description of the process to identify and assess material impacts, risks and opportunities, as listed in ESRS 2 Appendix C Disclosure/Application Requirements in topical ESRS that are applicable jointly with ESRS 2 General Disclosures*."

undertaking discloses its process for identifying its impacts, risks and opportunities and assesses which ones are material. The objective of this DR is to provide an understanding of the process through which the undertaking identifies its impacts, risks and opportunities and assesses their materiality. This information serves as the foundation for determining the disclosures in its sustainability statement. The disclosure requirements in topical standards related IRO-1 must also be disclosed in all instances and are not subject to MA [26].

d) **ESRS 2** also includes[27]: (a) in section 4.2 **Minimum Disclosure Requirements** regarding policies (MDR-P) and actions (MDR-A); (b) in section 5 Minimum Disclosure Requirements regarding metrics (MDR-M) and targets (MDR-T). The MDRs play a pivotal role (like a centralised table) for the disclosure of the information provided in topical ESRS. When the undertaking identifies a sustainability matter as material, the undertaking shall apply the MDR regarding the adopted policies, actions, targets and metrics together with the corresponding Disclosure Requirements in topical and sector specific ESRS. MDRs also apply when the undertaking prepares entity-specific disclosures.

e) **ESRS 2, Appendix B** contains the "List of data points in cross-cutting and topical standards that derive from other EU legislation" (i.e. Sustainability Finance Disclosure Regulation[28] (SFDR), Pillar 3 Regulation[29], Benchmark Regulation[30] and EU climate law[31]), referred to as "EU Datapoints". Undertakings are required to provide a table listing all data points that derive from other EU legislation, indicating where they can be found in the sustainability statement, and including those EU data points that the undertaking has assessed as "not material"[32]. As a result, these EU datapoints are considered "super mandatory" since undertakings have to disclose their "non-material" nature in the sustainability statement.

f) **ESRS E1** (topical ESRS on climate change) only contains a limited number of mandatory, not subject to a materiality assessment, disclosures (related to IRO-1). However, it is likely to be material for most companies from both impact and financial perspectives, nearly every business contributes to climate change through greenhouse gas emissions. Given this dual relevance, ESRS E1 disclosures are crucial to provide a comprehensive view of a company's climate change impacts and vulnerabilities. In addition, ESRS E1's standardisation of reported metrics

[26] ESRS 2 paragraph 2 (or p. 29 of ESRS 1) "*The undertaking shall apply the requirements listed in Appendix C: a) in all instances for the requirements in topical standards related to Disclosures Requirement IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities; and b) for all other requirements listed in appendix C, only if the sustainability topic is material based on the undertaking's materiality assessment (see ESRS 1 chapter 3 Double materiality as the basis for sustainability disclosures)*."

[27] ESRS 1 paragraph 13 "*ESRS 2 includes: (a) in section 4.2 Minimum Disclosure Requirements regarding policies (MDR-P) and actions (MDR-A); (b) in section 5 Minimum Disclosure Requirements regarding metrics (MDR-M) and targets (MDR-T). The undertaking shall apply the MDRs regarding policies, actions, metrics and targets together with the corresponding DRs in topical and sector specific ESRS*."

[28] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).

[29] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).

[30] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

[31] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1)

[32] ESRS 1 paragraph 35 "*If the undertaking omits the information prescribed by a datapoint that derives from other EU legislation listed in Appendix B of ESRS 2, it shall explicitly state that the information in question is "not material*".

enables better comparability of climate-related data and strategies, not just across the EU market but potentially worldwide.

g) The majority[33] of the datapoints in the remaining topical standards are subject to MA meaning they are only to be disclosed when the undertaking has determined that the environmental, social and/or governance information is material.

3.3.2.2 Type of disclosures and datapoints: narratives, semi-narratives and numerical

54. In developing the marking up rules and a phased implementation, ESMA has also taken into account how different types of disclosure and datapoints contribute to the usability and comparability of the information. Narratives (text block markups) are, by nature, inherently less suited for an automated analysis compared to individually marked up numerical data (monetary, percent, etc.), Boolean values or enumeration values.

55. In relation to **narrative data types**, the usability and comparability of text block markups are often linked to the size and formatting of the marked up content. When large sections of narrative text span multiple pages or contain highly formatted, unstructured content, marking them up with a single markup reduces the usability for analysts and makes comparability more difficult when rendered in isolation (e.g., extract to an Excel table or database). Conversely, more specific and narrower text block markups are easier for automated text analysis and allow for more effective isolated rendering. Section 6.1.2 provides more details on the issuers' and users' experience with text block markups in the Notes to the IFRS consolidated financial statements and section 6.1.3 provides an analysis of the potential use cases for text block markups form the usability and comparability perspective

56. With this in mind, ESRS Level 1 disclosures might be the ones with the least information value as they could potentially encompass several pages of content. As a result, they would primarily serve to identify whether a DR exists and where it can be found in the sustainability statement. Additionally, numeric values embedded within a text block markup lack the structured metadata (such as unit, scale, labels or references) that individual numerical XBRL markups provide, reducing their utility for detailed analysis.

57. The more granular Levels 1+n disclosures, containing smaller narrative elements for dedicated ESRS datapoints, are generally the most usable and comparable for analysts, as they provide more specific, focused disclosures.

58. Regarding **semi-narrative data types**, Boolean and enumeration item types enhance the usability and comparability of unstructured narrative disclosures by restricting responding to true/false options or predefined list of items.

59. Finally, **numerical data types** offer the highest levels of comparability and usability. In sustainability statements, the following categories of numerical data can be distinguished:

    - ESRS metrics: specific numerical elements required to be disclosed in the standards

[33] The following topical standards must always to be disclosed: ESRS 1-29, ESRS 2 – Appendix C – IRO 1, ESRS E1-20 and 21 (climate change), ESRS E2-11 (pollution), ESRS E3-8 (water and marine resources), ESRS E4-17 and 19 (biodiversity), ESRS E5-11 (circularity), and ESRS G1-6 (business conduct). Additionally, there are mandatory datapoints (always-to-be-disclosed) for E1 in the Application Requirements (AR) linked to IRO : AR 9, 11, 12, 13 and 15.

- Additional entity-specific metrics: include disclosures required by other legislation or Generally Accepted Sustainability Reporting Standards and frameworks (implemented via “Other” MDR-M in the taxonomy)
- ESRS metrics as target: every ESRS metric may also be used as a target implemented using the “Milestone and target” dimension members.

60. The table below provides an assessment of the various data types from a usability and comparability perspective,

Datapoint type	Level of comparability between companies	Usability as a separate information	Data type in the ESRS XBRL taxonomy
Numerical datapoint	High	High	Monetary, percentage, decimal, GHG Emissions, energy, mass, volume, area, integer...
Dates	High	High	gYear, date
Boolean (True/False)	High	High	Boolean
Enumeration elements (drop-down list)	High	High	Enumeration, enumerationSet
Short/Narrow narrative disclosures (level 1 +n)	Medium	Medium	String, textblock
Large narrative disclosures (e.g. Level 1)	Low	Low	textblock

FIGURE 3: DATA POINTS - USABILITY & COMPARABILITY ASSESSMENT

Questions

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.*

3.3.3 Proposed marking up rules and phase-in approach

61. In developing the digital marking up approach for sustainability statements, ESMA has considered the assessment framework and focused on the following **key criteria**:

    a) The architecture of the ESRS Set 1 and interrelationships among the standards to provide a comprehensive and meaningful view of an undertaking’s sustainability performance.

    b) Interoperability with other sustainability disclosures frameworks particularly, the ISSB’s S1 and S2 standards.

c) The nature of the disclosure – whether mandatory, subject to a materiality assessment, or voluntary. It is important to emphasise that only disclosures being made in line with the ESRS need to be marked up. When disclosures are made by reference to other documents, these disclosures shall also meet the same technical digitalisation requirements as the sustainability statement[34].

d) The type of data, prioritising those that enhance comparability and usability of the marked up facts, with a preference for more structured and comparable data types over large blocks of text with limited analytical value.

e) The burden on undertakings to identify and mark up a disclosure, noting that marking up numerical and semi-narrative data types generally requires less effort than marking up large narrative disclosures, particularly when these disclosures are scattered throughout the report.

f) An evolving narrative markup approach that minimises multi-marking up the same disclosed information. Ideally, Level 1 ESRS disclosures narrative markups used for the initial phase should be phased out after a specific period and replaced with more detailed Level 2 ESRS disclosures narrative markups when the complete content of the narrative disclosure is marked up with greater granularity. However, this approach should not prevent from multi-marking up those disclosures that are in different levels and should be read as a whole.

g) The rapid advancements in technology, such as artificial intelligence, natural language processing, and machine learning. In the medium to long term, these innovations are expected to ease the marking up process for preparers and improve data extraction and usability for users. However, to reach this point, accurate and comprehensive marking up of information is necessary to support these technological developments in the short to medium term.

62. Given the high-demand for sustainability-related data, failing to implement digital marking up from the outset may lead users to seek alternative methods for accessing data, investing in separate infrastructure to extract this data, and ultimately moving away from adopting the digital taxonomy later. If users do not engage with digital sustainability reports, the burden on undertakings will increase while the benefits decrease.

63. Delays in implementing the digital mandate risk undermining the EU Digital Strategy[35] and the European Single Access Point[36] (ESAP) initiative. Phase 1 of ESAP is scheduled to start information collection in July 2026, with publication starting no later than July 2027. This phase covers information required to be disclosed under the Transparency Directive, Prospectus Regulation, and Short Selling Regulation. Accordingly, issuers should ensure that their 2026 annual financial reports, including sustainability statements, are provided to the ESAP which will be made publicly accessible, at the latest, by July 2027. Phase 2 of ESAP will incorporate additional legal acts, including the Accounting Directive, with information collected and published in 2028. Undertakings subject to the Accounting Directive, such as large non-PIEs, will be required to provide their 2027 annual reports, including sustainability statements, to the ESAP for publication in 2028.

[34] Incorporation by reference, ESRS 1, paragraph 120e: "*The undertaking may incorporate information by reference to the documents, or part of the documents, listed in paragraph 119, provided that the disclosures incorporated by reference: e) meet the same technical digitalisation requirements as the sustainability statement*."
[35] Commission communications of 19 February 2020 and of 24 September 2020 on a European strategy for data and digital finance.
[36] Regulation (EU) 2023/2859 of the European Parliament and of the Council of 13 December 2023 establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability.

64. In this context, the proposals aim to synchronise the implementation of digital reporting requirements with the ESAP's implementation timelines. Misalignment between these timelines could jeopardise the success of the ESAP initiative, as well as key EU priorities like the Savings and Investment Union which positions ESAP as a cornerstone.

65. Taking all of the above into account, the proposed marking up approach aims to strike a balance between minimising the burden for issuers when marking up sustainability statements and maximising the usability and comparability of the marked up information. To this end, ESMA recommends a phased implementation over three phases, each lasting two years, differentiating between large undertakings that are Public Interest Entities (PIEs) and those that are not. This gradual phased process will allow time for adaptation, contributes to the usability of the information, and ensures a more manageable transition to full compliance.

66. Although a phased approach will be in place, undertakings may choose to voluntarily implement subsequent phases ahead of schedule or may elect to mark up additional information, provided that they adhere to the following principles: the voluntary marking up must not conflict with existing rules, impede the extraction of information, or obscure any required disclosures.

67. The ultimate objective is to ensure that fully marked up sustainability reports make the human-readable version of sustainability statements identical to the machine-readable version of the statements. Establishing digital marking up rules should not be treated as a standard-setting process. If certain disclosures are excluded from being marked up, there is a risk of discrepancies between the human-readable and machine-readable versions, which could lead to information being obscured or misrepresented—such as through cherry-picking or overly broad marking up. This would contradict the principle of preventing greenwashing.

3.3.3.1 Initial implementation date: entry into force of digital requirements

68. The first phase will take effect based on the **publication date** of the amendment to the ESEF RTS in the Official Journal (OJ), applying to the same if it is published before 30 June or to the subsequent financial year if it is published after 30 June. In practice[37], if the amendment is published in the OJ before 30 June of year N, the digital marking up rules will apply to financial years (FY) starting on or after 1 January of the same year N, with the marked up reports being published in year N+1. If the amendment is published in the OJ after 30 June of year N, the digital marking up rules will apply to financial years (FY) starting on or after 1 January of year N+1, with the marked up reports being published in year N+2.

69. Each phase will span two years, beginning from the first year the digital requirements are applied. In practice, if the digital requirements start to apply for FY N+1, the second phase will cover FY N+3, and the third phase will cover FY N+5. ESMA does not find it necessary to introduce additional phases, as doing so would unduly delay the availability of fully marked up sustainability reports for digital use, potentially pushing full digital implementation to nine or ten years after the first publication of the sustainability reports.

70. For the initial years of sustainability reporting, ESRS 1, Appendix C includes a list of phased-in mandatory disclosure requirements for all companies and ERS 2, BP 2, paragraph 17 contains a list of phased-in mandatory disclosure requirements for

[37] Example: if the delegated regulation is published in May 2026 in the OJ, companies will have to mark up their 2026 sustainability statement report (published in 2027). If the delegated regulation is published in September 2026 in the OJ, companies will have to mark up their 2027 sustainability statements (published in 2028).

undertakings or groups with less than 750 employees that may be omitted. These phased-in disclosures requirements are not considered in the phased-in markup requirements, as the markup is based exclusively on the information and data disclosed in the sustainability statements as they are published. Reintroducing them at a later stage could create unnecessary complexity with limited benefits, potentially leading to discrepancies between human-readable and machine-readable reports.

71. However, ESMA sees merits in adopting a similar phased-in approach as outlined in the CSRD, by **considering the type of large undertakings** and whether they qualify as public interest entities (PIEs). Large non-PIEs undertakings and non-PIEs that are parent undertakings of a large group will be required to comply with digital requirements, for the first time and for successive phases, one year later than large PIEs undertakings as they have not so far been exposed to XHTML or XBRL requirements. Consequently, the first year of digital markup requirements will apply only to large PIEs undertakings or PIEs that are parent undertakings of a large group (including third-country issuers) for either year N or N+1, depending on the OJ publication date. For large non-PIEs undertakings or non-PIEs that are parent undertakings of a large group (including third-country issuers), digital markup requirements will take effect one year later, i.e. either for year N+1 or N+2, based on the OJ publication date.

72. Large undertakings are defined in article 3(4) of the Accounting Directive as those that exceed at least two of the three following criteria: a) a balance sheet total of EUR 25.000.000, b) net turnover of EUR 50.000.000, and c) an average number of 250 full time employees during the financial year.

73. It is important to note that listed SMEs are not included in this phase-in approach. The application of digital requirements is optional for listed SMEs from FY 2026 to 2028, for which they may also opt to apply LSME standards and their own digital taxonomy. The specifications and marking up rules for the LSME taxonomy will be determined at a later stage. Consequently, if listed SMEs chose to apply the ESRS they should also apply the corresponding digital taxonomy following the same rules as large undertakings.

74. Based on Article 40a of the Accounting Directive, where a third-country undertaking that generates a net turnover of more than EUR 150 million in the Union (for each of the last two consecutive financial years) has a subsidiary in the Union that is subject to Articles 19a/29a Accounting Directive, or, in the absence of such subsidiary, a branch in the Union that generated a net turnover of more than EUR 40 million (in the preceding financial year), the subsidiary or the branch will have to publish and make accessible sustainability information at the group level of the third-country parent undertaking. This requirement must be complied with for financial years starting on or after 1 January 2028. However, these subsidiaries or branches are exempt from the requirement to digitally markup their sustainability reports.

75. The two figures below illustrate the phased implementation timeline, depending on whether the publication in the OJ will occur before or after 30 June 2026. These examples outline how the application of digital marking up requirements would unfold across different types of undertakings based on the publication date. Considering the necessary due process for the approval of amendments to the RTS on ESEF by both ESMA and the European co-legislators, ESMA considers that publication in the OJ will not occur before 2026.

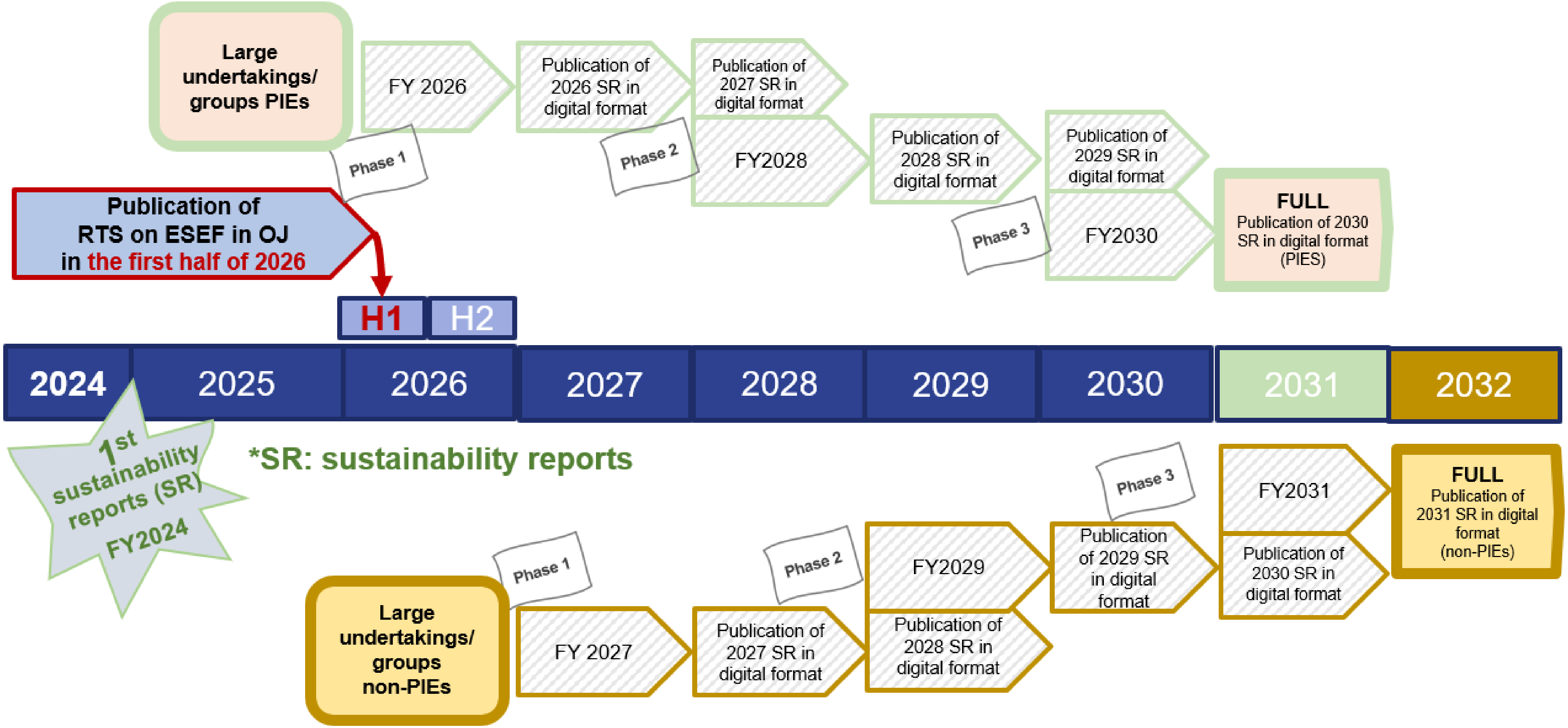

Figure 4: Example publication of the amendment to ESEF RTS in the first Half of 2026

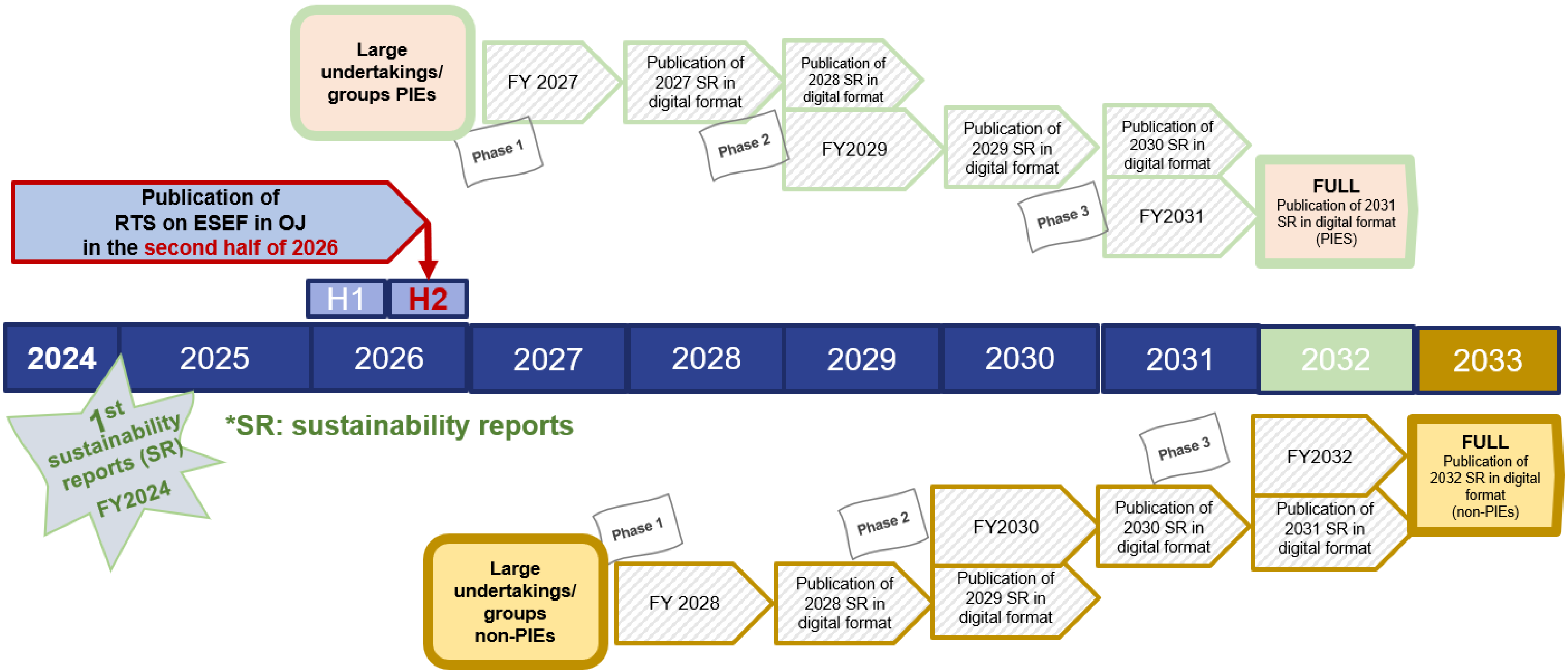

Figure 5: Example publication of the amendment to the ESEF RTS in the Second Half of 2026

Questions

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.*

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.*

3.3.3.2 Information to be marked up in each phase

76. The information required to be marked up in each phase is described below. In addition, application of ESRS XBRL taxonomy validation rules shall be subject to phase-in following the marking up approach.

Phase 1

77. In Phase 1, undertakings should mark up the following information, if disclosed in the sustainability reports (i.e., for those disclosures subject to MA):

    a) All **ESRS 2** datapoints[38] shall always be marked up, regardless of their data type. This includes numerical, semi-narrative and narrative disclosures (*textblockItemType*) at all levels. It also covers the Minimum Disclosure Requirements that applies for the description of any policy, action, target or metric.

    If the entire content of a narrative disclosure is marked up using granular XBRL textblock elements, an additional broader parent markup from the ESRS taxonomy hierarchy additionally (multi-marking up) is not needed. This rule does not prevent from multi-marking up those disclosures that are in different levels and need to be read as an integrated whole but, should be applied only to the necessary minimum.

    b) Considering the interrelation of the ESRS 2 through the disclosure requirement contained in **IRO-1** (which explains how an undertaking identifies impacts, risks and opportunities and assesses their materiality), all IRO-1 related datapoints across all topical standards ((E1, E2, E3, E4, E5 and G1) shall be marked up. However, apart from the topical elements related to IRO-1[39], marking up ESRS 2 does not require marking up related topical disclosure requirements outlined in ESRS 2 Appendix C during phase one. During the initial phase, ESMA recommends establishing digital relationships between IROs, Policies, Actions, Targets and Metrics to be marked up in the corresponding sectoral disclosures using the corresponding fact-to-fact relationship defined in the ESRS XBRL core taxonomy.

    c) All **ESRS 2, Appendix B,** datapoints, referred to as **"EU datapoints**[40]**"** (i.e. having a reference *linkbase* to SFRD, Pillar 3, Benchmark Regulation and EU climate law),

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[38] According to IG3, it is estimated in 127 mandatory data points including 24 Numerical DPs, 14 Semi-narrative DPs and 89 Narrative DPs

[39] ESRS 2 paragraph 2 or ESRS 1 paragraph 29.

[40] According to IG3, it is estimated in 91 DPs.

shall always be marked up. ESMA recommends that if these EU datapoints are considered “not material”, the XBRL fact is to be marked up with *the xsi:nil attribute*.

d) All **ESRS E1** datapoints[41] shall always be marked up, regardless of data type, which include numerical, semi-narrative and narrative disclosures (*textblockItemType*) at all levels. If the entire content of a narrative disclosure is marked up using granular XBRL textblock elements, an additional broader parent markup from the ESRS taxonomy hierarchy additionally (multi-marking up) is not needed. This rule does not prevent from multi-marking up those disclosures that are in different levels and need to be read as an integrated whole but, should be applied only to the necessary minimum.

e) All **E2, E3, E4, E5, S1, S2, S3, S4 and G1** datapoints[42] corresponding to numerical datatype, including but not limited to monetary values, decimals, dates and percentages, provided in the core taxonomy shall be marked up.

f) Narrative disclosures in **E2, E3, E4, E5, S1, S2, S3, S4 and G1** shall be marked up using Level 1 textblock data type [43], applying the taxonomy element with the closest sustainability meaning to the disclosure being marked up.

78. Application of ESRS XBRL **taxonomy validation rules**[44] in phase one will cover: ‘EU Datapoints’, ‘Outside MA’, ‘IRO IDs consistency’, ‘Policy IDs consistency’, ‘Target IDs consistency’, and ‘Action plan IDs consistency’ validation rules shall be applied. To enable application of these validation rules, two ESRS date elements will also be mandatory to be marked up: ‘Reporting period start date’, ESRS 1 Appendix C; and, ‘Reporting period end date’, ESRS 1 Appendix C

Phase 2

79. Two years after the initial implementation of the marking up rules, undertakings should also mark up the following information, if disclosed in the sustainability reports (i.e. for those disclosures subject to MA):

a) All **E2, E3, E4, E5, S1, S2, S3, S4 and G1** data points related to semi-narrative disclosures (Boolean[45], enumeration or enumerationSet datatypes or derived from those types) and narrative disclosures (textblockItemType).

b) Narrative disclosures for **E2, E3, E4, E5, S1, S2, S3, S4 and G1** shall be marked up using a **Level 2 ESRS text block data type.** As the ESRS taxonomy might not have a perfect match with Level 2 ESRS disclosure requirements, undertakings should exercise their judgement to adhere as closely as possible to the letter-numbered subparagraphs methodology, selecting the taxonomy element that most closely corresponds to the closest sustainability context of the disclosure being marked up.

c) Narrative ESRS disclosures shall be marked up with the most appropriate **Level 2** ESRS granular text block elements, in addition to Level 1 ESRS disclosures text

[41] According to IG3, it is estimated in 187 DPs including 16 mandatory DPs and 171 DP subject to materiality assessment. From the nature of the DP perspective, out of 187 DPs, it is estimated 111 to be numerical DPs, 25 to be semi-narrative DPs and 51 to be narrative DPs.
[42] According to IG3, it is estimated in 103 numerical DPs for those standards. These are in addition to those numerical DPs contained in ESRS 2 (24 DPs) and E1 (111 DPs) computing a total number of 238 numerical DPs.
[43] According to IG3, it is estimated in 175 Level 1 ESRS disclosures, 331 Level 2 ESRS disclosures and 40 Level 3 ESRS disclosures.
[44] EFRAG ESRS Set 1 XBRL taxonomy package and ESRS Set 1 XBRL taxonomy explanatory note and basis for conclusion.
[45] According to IG3, it is estimated in 66 booleans item types.

block elements. If the entire content of a narrative disclosure is marked up using granular XBRL text block elements, an additional broader parent markup from the ESRS taxonomy hierarchy additionally (multi-marking up) can be omitted. This rule does not prevent from multi-marking up those disclosures that are in different levels and need to be read as a whole, but should be applied only to the necessary minimum.

80. Application of ESRS XBRL **taxonomy validation rules** in phase two will cover: 'Energy unit', 'Volume unit', 'GHG emissions unit', 'Positive fact values', 'Dimensional breakdowns', 'Dimensional breakdown – sum to 100%', 'Dimensional breakdowns – value chain', 'Estimated values', 'Percentage of employees', 'Number of employees (head count), during period', and 'Number of employees (head count), at end of period' validation rules shall be applied. 'EU Datapoints', 'Outside MA', 'IRO IDs consistency', 'Policy IDs consistency', 'Target IDs consistency', and 'Action plan IDs consistency' validation rules.

Phase 3 and steady-state

81. Four years after the initial implementation of the marking up rules, undertakings should also mark up the following information, if disclosed in the sustainability reports (i.e., for those disclosures subject to MA):

    a) All **ESRS 2, E1, E2, E3, E4, E5, S1, S2, S3, S4 and G1** datapoints[46] related to "may" disclosures requirements.

    b) **Other entity-specific disclosures**[47] shall be marked up using the available taxonomy mechanisms and with their corresponding XBRL elements.

    c) Narrative disclosures of **E2, E3, E4, E5, S1, S2, S3, S4 and G1** shall be marked up using **Level 3 ESRS text block data type.** This markup should align with the roman-numbered sub-subparagraphs of the ESRS disclosure requirement, selecting the taxonomy element that most closely matches the closest sustainability context of the disclosure being marked up.

    d) If the entire content of a narrative disclosure is marked up using granular XBRL textblock elements, an additional broader parent markup from the ESRS taxonomy hierarchy additionally (multi-marking up) can be omitted. This rule does not prevent from multi-marking up those disclosures that are in different levels and need to be read as an integrated whole; however, this practice should be limited as much as possible.

82. In Phase 3, 'Metrics not material' validation rule shall be applied.

[46] According to IG3, it is estimated in 269 "May" disclosure requirements across ESRS Set 1 standards.
[47] Some basic datapoints corresponding to ESRS 2-MDR on policy, actions, targets and metrics, should be tagged in phase 1, even if the target/metric is entity-specific (ex: description of the scope of the metrics, its methodology…).

	Phase 1 (2 years)	Phase 2 (2 years)	Phase 3 (final)
Quantitative (numerical, string, date)	Complete marking up, all ESRS (except entity-specific and "may" datapoints)	As before.	As before, and additional marking up of other entity-specific and "may" datapoints
Semi-narrative (i.e., Boolean)	Only E1 and ESRS 2 (including topical IRO-1)	Complete marking up, all ESRS (except entity-specific and "may" datapoints)	As before, and additional marking up of other entity-specific and "may" datapoints
Narrative	E1 and ESRS 2 (including topical IRO-1): Level 3 Other ESRS: Level 1	E1 and ESRS 2 (including topical IRO-1): Level 3 Other ESRS: Level 2	All narrative: Level 3
Validation rules	'EU Datapoints', 'Outside MA', 'IRO IDs consistency', 'Policy IDs consistency', 'Target IDs consistency' and 'Action plan IDs consistency'	'Energy unit', 'Volume unit', 'GHG emissions unit', 'Positive fact values', 'Dimensional breakdowns', 'Dimensional breakdowns – sum to 100%', 'Dimensional breakdowns – value chain', 'Estimated values', 'Percentage of employees', 'Number of employees (head count), during period', and 'Number of employees (head count), at end of period'	'Metrics not material'

FIGURE 6: SUMMARY OF PHASES AND CONTENT

Questions

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.*

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.*

3.3.4 Entity-specific and additional[48] disclosures: use of taxonomy extensions

83. The XBRL taxonomy developed by EFRAG has been designed to be as comprehensive as possible, supporting both usability and comparability. It is important to emphasise that the inclusion of an element in the taxonomy does not oblige preparers to use it. However, when the information is disclosed in the sustainability statement, the corresponding taxonomy element should be available for undertakings to mark up this information.

84. The ESRS taxonomy includes mechanisms to reduce the need for entity-specific taxonomy extensions to an absolute minimum. Undertakings should **minimise the creation of**

[48] ESRS 1, paragraph 114 "*When the undertaking includes in its sustainability statement additional disclosures stemming from (i) other legislation which requires the undertaking to disclose sustainability information, or (ii) generally accepted sustainability reporting standards and frameworks, including non-mandatory guidance and sector-specific guidance, published by other standard-setting bodies (such as technical material issued by the International Sustainability Standards Board or the Global Reporting Initiative), such disclosures shall: (a) be clearly identified with an appropriate reference to the related legislation, standard or framework (see ESRS 2 BP-2, paragraph 15); and, (b) meet the requirements for qualitative characteristics of information specified in chapter 2 and Appendix B of this standard.*"

taxonomy extensions by utilising, among others, the following taxonomy mechanisms and elements:

i. The "Other disclosure [textblock]" element, used to mark up material information when the standard provides the implementation option of "other" within a pre-defined list of disclosures;

ii. The "Disclosure of other information", including entity-specific material information to enable users to understand the undertaking's sustainability-related impacts, risks or opportunities [text block]' element, to mark up entity-specific narrative disclosures or narrative additions to ESRS datapoints;

iii. The generic "MDR-M element" or "MDR-T element" to mark up entity-specific metrics and targets (utilising a generic decimal or percentage element and a typed dimension); or

iv. The typed dimension for the "identifier of impact, risk and opportunity [typed axis]", used to link additional disclosure to an IRO.

85. Having said this, the absence of a specific taxonomy element or a taxonomy mechanism should not prevent undertakings from marking up relevant entity-specific information or additional disclosures in the sustainability statement. This can be addressed through the creation of extensions. Taxonomy extensions may be necessary when companies wish to provide entity-specific or additional disclosures, including disclosures stemming from other legislation or generally accepted sustainability reporting standards.

86. If taxonomy extensions are created, undertakings should apply the anchoring mechanism for entity-specific disclosures as outlined in the RTS on ESEF and the ESEF Reporting Manual for financial statements, ensuring a connection between the extension element and a wider anchor. Extensions should not replace or re-create the presentation linkbase but rather extend it by adding new elements.

Questions

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.*

3.3.5 Review clause

87. ESMA will closely monitor the implementation of the sustainability taxonomy requirements, evaluating challenges faced by preparers and considering the needs of users. This monitoring is particularly important for the mark up of sustainability statements, as field test could not be conducted in advance due to the unavailability of the first ESRS sustainability statements.

88. ESMA will also follow-up developments in the regulatory landscape, including the adoption of sustainability standards specific to listed SMEs and sector-specific, along with their associated XBRL taxonomies. Additionally, ESMA will keep track of technical developments that may impact the marking up process for undertakings and the data extraction and usability for users.

89. Following the first two implementation phases, ESMA will, if necessary, propose revisions to the marking up rules and phases to adapt to evolving circumstances. Such revisions

could be incorporated into regular updates of the RTS on ESEF and, in particular, when incorporating the XBRL taxonomy for LSME standards.

Questions

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.*

4 Marking up Article 8 sustainability disclosures

4.1 Introduction

4.1.1 Legal background

90. The digital taxonomy for Article 8 sustainability disclosures (Article 8 XBRL Taxonomy[49]) was developed by EFRAG under the mandate of the European Commission (EC), based on the reporting templates provided as part of the Disclosures Delegated Act[50].

91. The EU Taxonomy Regulation[51] establishes a classification system for environmentally sustainable economic activities (EU Taxonomy-aligned activities) within the European Union. This Regulation has introduced disclosure obligations under Article 8 which must be included in the sustainability reporting (formerly the non-financial statement).

92. Undertakings within the scope of the Corporate Sustainability Reporting Directive (CSRD) are required to disclose whether they engage in taxonomy-aligned activities. Specifically, Article 8 of the EU Taxonomy Regulation mandates that '*any undertaking which is subject to an obligation to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU shall include in its non-financial statement or consolidated non-financial statement information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable under Articles 3 [Criteria for environmentally sustainable economic activities] and 9 [Environmental objectives] of this Regulation*'.

93. The disclosure obligations under Article 8 of the EU Taxonomy Regulation are further detailed in Commission Delegated Regulation (EU) 2021/2178 which supplements Regulation (EU) 2020/852 by detailing the content and presentation of information to be disclosed required from undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities. It also outlines the methodology for complying with these disclosure requirements (Disclosures Delegated Act). In June 2023, the Disclosures Delegated Act was amended by the EU Taxonomy

[49] In order to not confuse the terms "taxonomy" which is used for both, the digital taxonomy and the EU Taxonomy, which is a classification system, the term taxonomy in this document is used for the digital XBRL taxonomy, while the EU Taxonomy in general is referred to as "Article 8".
[50] Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.
[51] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

Environmental Delegated Act[52] to ensure consistency between the requirements of the Disclosures Delegated Act and the EU Taxonomy Environmental Delegated Act.

94. The Article 8 XBRL Taxonomy was designed to enable undertakings subject to the Disclosures Delegated Act to mark up their disclosures in a structured, machine-readable format as part of their digital sustainability reporting.

95. The following undertakings are subject to this requirement:

   a) non-financial undertakings subject to the disclosure obligations laid down in Articles 19a and 29a of the Accounting Directive, as amended by the CSRD and

   b) financial undertakings subject to the disclosure obligations laid down in Articles 19a and 29a of the Accounting Directive, as amended by the CSRD, which are

      - asset managers,
      - credit institutions as defined in Article 4(1), point (1) of Regulation (EU) No 575/2013[53],
      - investment firms as defined in Article 4(1), point (2) of Regulation (EU) No 575/2013, and,
      - insurance undertakings as defined in Article 13, point (1) of Directive 2009/138/EC [54], and
      - reinsurance undertakings as defined in Article 13, point (4) of Directive 2009/138/EC.

96. Undertakings subject to the reporting obligation under Article 8 of the EU Taxonomy Regulation and Disclosures Delegated Act must provide these disclosures according to the timeline set forth in the Accounting Directive, based on the type of undertaking (e.g. large undertakings, PIEs, SMEs…). These obligations and phased approach also apply to third country[55] undertakings with securities listed on EU regulated markets, due to the fact that the CSRD has also amended the TD.

4.1.2 Structure of the Article 8 XBRL taxonomy

97. The main body of the Disclosures Delegated Act outlines the disclosure rules applicable to both financial and non-financial undertakings, identifying and defining the categories of undertakings required to comply with these disclosure obligations. The specific information that must be disclosed is detailed in the Annexes to the Disclosures Delegated Act.

98. For each category of undertaking, the Disclosures Delegated Act typically first specifies the required information in a dedicated Annex and then presents this information in a tabular

[52] Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

[53] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012.

[54] Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

[55] C/2023/305 – Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets. FAQ 3.

or template form in another Annex. Accordingly, Annexes 2, 4, 6, 8, 10 and 12 which provide structured disclosure templates, have been digitised by EFRAG. Additionally, some Annexes that require unstructured disclosures, such as Annex 1, – which pertains to accounting policy, assessment of compliance with EU Taxonomy Regulation and contextual information – have also been converted to digital format. Similarly, Annex 11, which specifies qualitative disclosures common to financial undertakings, has been digitised.

99. The digital Article 8 XBRL taxonomy mirrors the structure of the Disclosures Delegated Act, which governs the content and presentation of disclosures in Annexes 1 to 12. These annexes address the reporting requirements for different types of undertakings (Annexes 1 through 11) or for specific activities (Annex 12). The following Annexes and templates of the Disclosures Delegated Act have been converted by EFRAG into digital format in the Article 8 XBRL taxonomy:

- Annex 1 – Key Performance Indicators (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; and
- Annex 12 – Standard templates for the disclosure referred to in Article 8(6) and (7).

4.1.3 Differences between ESRS and Article 8 XBRL Taxonomies

100. The methodologies underlying the construction of ESRS and Article 8 sustainability disclosures diverge significantly. ESRS disclosures are largely standard-based, offering greater flexibility in how information is presented within the sustainability statements. Conversely, Article 8 sustainability disclosures follow a more rigid, **template-based format**, in the presentation of the information, to promote enhanced comparability and standardisation across undertakings. Each Article 8 disclosure template is constructed as an integrated whole.

101. A key distinction lies in the nature of the data disclosed. Article 8 sustainability disclosures are predominantly quantitative, with qualitative (narrative) elements serving as supplementary context to the core quantitative data. In contrast, over 60% of ESRS data points are qualitative, highlighting the importance of narrative information in sustainability reporting. Annex I of the Disclosure Delegated Act primarily comprises qualitative (narrative) disclosures, and its digitisation has focused on identifying disclosure requirements related to accounting policies, compliance assessments with Regulation (EU) 2020/852, and contextual information tied to Key Performance Indicators. The resulting XBRL Taxonomy is closely aligned with the structure of Annex I.

102. As a result of this template-based methodology, the Article 8 XBRL taxonomy is a closed taxonomy, meaning no entity-specific disclosures are anticipated to be disclosed and marked up. Consequently, no entity-specific extensions are allowed. The XBRL taxonomy contains predefined elements that accommodate all the mandatory disclosure requirements outlined in the Disclosures Delegated Act. This approach ensures a high level

of standardisation and comparability, as it limits the potential for variability in how data is reported across entities. The creation of entity-specific extensions would undermine the objective of comparability inherent to the template-based disclosures and is therefore not allowed under this framework. This rigid structure further reinforces the focus on harmonised reporting across all undertakings.

103. Lastly, it is important to highlight the integral role of the "EU taxonomy" within the Article 8 sustainability disclosure framework. This taxonomy, which classifies environmentally sustainable economic activities, is regularly maintained and updated by the European Commission, ensuring it evolves in response to regulatory changes and emerging sustainability challenges. Its continued maintenance is essential to support accurate and up-to-date disclosures that align with the EU's sustainability objectives. Consequently, these updates might trigger revisions of the Article 8 XBRL taxonomy.

Questions

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.*

4.2 Marking up rules

4.2.1 Considerations for developing marking up rules and a phased approach

104. In deciding on a marking up and phased approach, ESMA has taken into consideration the following **key elements**:

a) Existing experience: unlike the sustainability statements based on the first set of ESRS, which will be published in 2025 for the 2024 financial year, the Article 8 XBRL Taxonomy was developed using real reports based on public available disclosures, though primarily focused on Climate Change Adaptation and Mitigation objectives[56]. This has allowed for file testing and evaluating the burden of marking up during the taxonomy development process.

b) Undertakings' burden: It is important to highlight that the requirements and templates in Article 8 are not designed for a single type of undertaking. Instead, they are tailored to various types of undertakings including non-financial institutions, asset managers, credit institutions, investment firms, insurance and reinsurance undertakings.

c) Marking up effort: Since Article 8 sustainability disclosures are predominantly numerical and template-based, marking up these numerical items and semi-narrative data types in a structured template format requires significantly less effort compared to block-marking up large narrative sections, particularly when such disclosures are dispersed throughout the report.

d) Comprehensive disclosure: The information presented in the templates must be assessed. Implementing a cherry-picking marking up or a phased approach by marking up only part of the information would substantially reduce the understandability, comparability, and usability of the disclosures.

[56] It is worth noting that the "taxo4" amendments regarding the other 4 objectives are not reported yet.

4.2.2 Proposed marking up rules and entry into force of digital requirements

105. Unlike the proposed marking up rules for ESRS sustainability disclosures, taking the elements outlined above, ESMA considers that Article 8 sustainability disclosures should be **fully marked up** without a phased-in approach in relation to the content to be digitalised.

106. However, similarly than for ESRS digital tagging obligations, ESMA see merits in adopting a phased-in approach **considering the type of large undertakings** and whether they qualify as public interest entities (PIEs). Large non-PIEs undertakings and non-PIEs that are parent undertakings of a large group will thus be required to comply with digital requirements one year later than large PIEs undertakings as they might have not been exposed to XHTML or XBRL requirements. Consequently, the first year of digital markup requirements will apply only to large PIEs undertakings or PIEs that are parent undertakings of a large group (including third-country issuers) for either year N or N+1, depending on whether the amendment of the RTS on ESEF is published in the OJ before or after 30 June of year N. For large non-PIEs undertakings or non-PIEs that are parent undertakings of a large group (including third-country issuers), digital markup requirements will take effect one year later (i.e., either for year N+1 or N+2, based on the OJ publication date). This approach will also ensure alignment with the implementation timeline for the marking up of ESRS sustainability disclosures.

107. When marking up Article 8 sustainability disclosures, undertakings should note that:

a) Datapoints disclosed in the templates from Annexes 1, 2, 4, 6, 8, 10, 11 and 12 should be marked up with the appropriate XBRL type of element (including but not limited to monetaryItemType, percentItemType, booleanItemType, enumerationItemType, enumerationSetItem Type or integerItemType) and where necessary, apply the relevant XBRL dimensions.

b) Narrative datapoints disclosed in Annexes 1 and 11 should be marked up to the highest granular level possible and where applicable, with the relevant XBRL dimensions (for example, eligibility, alignment or both).

Questions

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.*

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.*

4.2.3 Review clause

108. In a manner similar to the sustainability marking up requirements, ESMA will closely monitor the implementation of the Article 8 taxonomy requirements, assessing the challenges faced by preparers and considering the needs of users. ESMA will also track technical developments that may impact the marking up process for preparers and the data extraction and usability for users.

109. If deemed necessary, ESMA will propose revisions to the marking up rules to adapt to changing circumstances. These revisions may be integrated into regular updates of the RTS on ESEF particularly, when incorporating the XBRL taxonomy for LSME standards into the RTS on ESEF.

110. In this context, ESMA will also consider the development and inclusion of validation rules to ensure compliance with the legal requirements and enhance the accuracy of the information. Additionally, further clarifications will be provided in the ESEF Reporting Manual.

Questions

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.*

5 Common technical aspects: incorporating the ESRS and Article 8 digital taxonomies into the ESEF taxonomy framework

5.1 Current architecture

111. Following an extensive qualitative, quantitative, and technological assessment of the appropriateness of the iXBRL technology for the ESEF, as presented in the original "Final report on RTS on ESEF[57]" for the digitalisation of annual financial reports, ESMA selected an approach to develop a 'technical' extension to the IFRS taxonomy for marking up IFRS consolidated financial statements.

112. A 'technical' extension approach envisages only technically oriented changes and/or updates to the core taxonomy (i.e. IFRS Accounting Taxonomy) and does not focus on extending the business scope of the extended taxonomy. The 'technical' extension, as provided by ESMA, shall not be understood as an entity-specific taxonomy extension, which is created by reporting entities required to submit an ESEF filing.

113. This approach has allowed ESMA to reduce the effort needed to produce annual updates to the ESEF taxonomy when aligning with the annual release cycle of the IFRS Accounting Taxonomy.

114. The ESEF taxonomy developed by ESMA imports the relevant core taxonomy parts of IFRS Accounting Taxonomy (i.e. core schema, label and reference linkbase files), specifically the *Full IFRS* module, and provides limited updates to the overall folder structure and modularisation of files. This is done to simplify the maintenance process. Relationships defined in the presentation, definition and calculation linkbase of the IFRS Accounting Taxonomy are recreated in the ESEF-specific taxonomy files to reduce the number of linkbase files.

[57] Final report on the RTS on ESEF for financial annual reports, published on 18 December 2017. See Annex III of https://www.esma.europa.eu/sites/default/files/library/esma32-60-204_final_report_on_rts_on_esef.pdf

115. Due to the inclusion of all core taxonomy elements in the Annex VI to the RTS on ESEF, ESMA is able to provide an additional set of label linkbase files with an official translation to all EU languages of each element defined in the ESEF taxonomy.

116. ESMA does not incorporate any new accounting/business concepts or modify in any way the structuring and relationships defined by the IFRS Foundation in their original accounting taxonomy.

117. However, ESMA has defined additional guidance elements and modified some of the standard labels of the IFRS taxonomy abstract elements, to facilitate, for issuers, the navigation among different taxonomy concepts.

118. Moreover, ESMA has defined a dedicated extended link role, separately hosting the list of mandatory markups as per the Table in Annex II of RTS on ESEF and has defined a variety of additional validation rules to ensure compliance with the legal requirements.

119. Apart from the IFRS Accounting Taxonomy, the ESEF taxonomy files produced by ESMA rely on the LEI XBRL taxonomy produced by XBRL International and Global LEI Foundation to standardise the reporting of the Legal Entity Identifier by issuers (also imposed by the RTS on ESEF).

120. The diagram below (Figure 7) illustrates the current architecture used in the context of the ESEF taxonomy 2020 (revised; v1.1 as published on 7 December 2023 by ESMA)[58].

[58] See: https://www.esma.europa.eu/press-news/esma-news/esma-publishes-update-esef-xbrl-taxonomy-2022-files-and-esef-conformance-suite

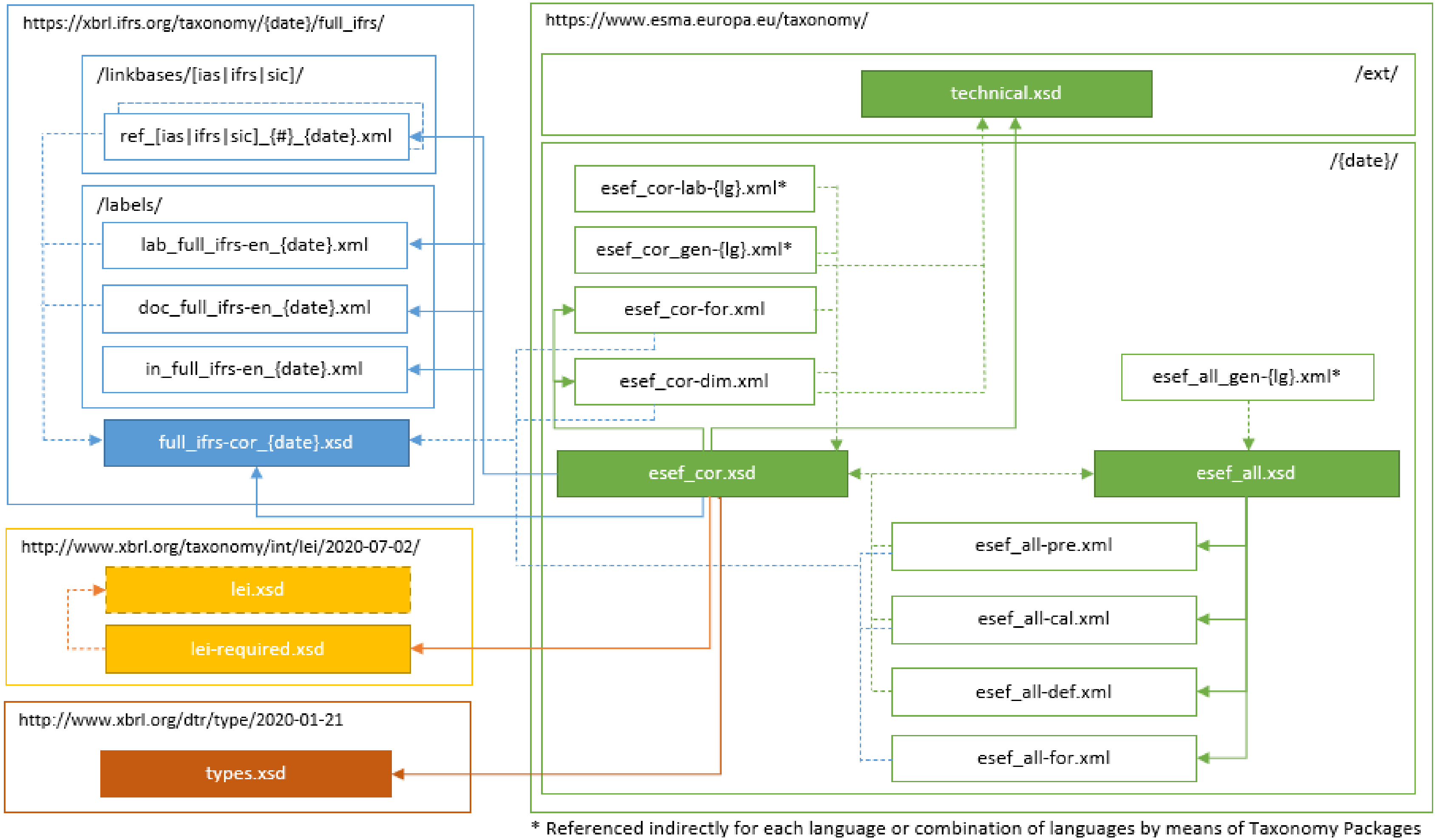


FIGURE 7: ARCHITECTURE DIAGRAM OF THE CURRENT ESEF TAXONOMY 2022 V1.1

5.2 EFRAG's ESRS and Article 8 digital taxonomies

121. EFRAG, when designing the ESRS digital taxonomy and the Article 8 digital taxonomy, decided to follow the Interoperable Taxonomy Architecture for XBRL taxonomies, which operates on the same architectural basis as the IFRS Accounting Taxonomy.

122. Details on the taxonomy architecture followed in the context of ESRS taxonomy can be found in the *ESRS Set 1 XBRL Taxonomy: Explanatory note and basis for conclusions*[59] document, published on EFRAG's website.

123. Details on the taxonomy architecture followed in the context of the Article 8 taxonomy can be found in the A*rticle 8 XBRL Taxonomy: Explanatory note and basis for conclusions*[60] document, published on EFRAG's website.

124. Considering the similarities in terms of the applicable ESEF XBRL taxonomy architecture, as well as the self-contained nature of the base taxonomies from EFRAG, ESMA has decided to extend its definition of its 'technical' extension to the EFRAG taxonomies, to incorporate them into the ESEF taxonomy framework, and to align them with the 'technical' extension developed on the basis of IFRS Accounting Taxonomy.

125. Such 'technical' extensions to the EFRAG taxonomies are limited to the simplification of the files' modularisation and incorporation of translations of all EU languages for all ESRS and Article 8 base taxonomy concepts, as defined by EFRAG. ESMA does not envisage any additional updates, content-wise, to the EFRAG digital taxonomies.

126. In relation to the creation of entity-specific taxonomy extensions, which are created by reporting entities, the digital taxonomies from EFRAG are self-contained, and in general do not strictly require any entity-specific extensions. The architecture does allow, however, the possibility of creating entity-specific taxonomy extensions by undertakings at their own discretion, provided that the base taxonomy is not able to fully reflect all the optional disclosures not captured by the underlying standards.

127. ESMA does not envisage the need to create entity-specific taxonomy extensions to either the ESRS or Article 8 digital taxonomies prepared by EFRAG. Nevertheless, to facilitate the full marking up of the sustainability statements by reporting entities, ESMA will enable this possibility in the ESRS XBRL taxonomy as an option open to reporting entities. Conversely, as explained in section 4, this option will not be open in the Article 8 XBRL taxonomy and consequently, no entity-specific extensions will be allowed.

5.3 International best practices and recommendations

128. ESMA follows the latest developments, guidance and international best practices produced and presented by the XBRL community in terms of correct and reliable application of the standard. ESMA taxonomy team members participate in relevant discussions and consultative processes, leveraging the expertise needed to make informed decisions with regards to the application of the respective digital taxonomies.

129. One such guidance document was critical in the process of deciding on the approach on incorporating ESRS and Article 8 digital taxonomies from EFRAG in the current taxonomy framework of ESEF. The '*How to use a single Inline XBRL document for multiple reports*'[61] guidance was published by XBRL International on 2 October 2024, and provides relevant insights and proposals on how regulators could facilitate the process of reporting multiple data

[59] See: https://xbrl.efrag.org/downloads/ESRS-Set1-XBRL-Taxonomy-Explanatory-Note-and-Basis-for-Conclusions.pdf
[60] See: https://xbrl.efrag.org/downloads/Article8-XBRL-Taxonomy-Explanatory-Note-and-Basis-for-Conclusions.pdf
[61] See: https://www.xbrl.org/guidance/single-ixbrl-document-for-multiple-reports/

sets in a single Inline XBRL document (e.g. ESEF filing), without imposing any additional technical effort for reporting entities.

130. ESMA has decided to follow the recommendations of XBRL International with respect to merging the current ESEF accounting taxonomy with the digital taxonomies created by EFRAG in a single taxonomy package, instead of hosting separate taxonomies for different reporting scopes.

5.3.1 Target architecture

131. ESMA has designed a single ESEF taxonomy incorporating all relevant financial and non-financial reporting requirements, in line with the recommendations of XBRL International.

132. The current ESEF taxonomy package has been restructured and modularised in a way that reflects each reporting scope in a separate base taxonomy (i.e. IFRS Accounting Taxonomy, ESRS digital taxonomy and Article 8 digital taxonomy), defined in a dedicated folder at the root location: https://www.esma.europa.eu/taxonomy/ :

a) The IFRS accounting scope is covered in the dedicated folder '*ifrs*' and contains the standard set of taxonomy files, as known from the previous releases of the ESEF taxonomy.

b) The ESRS taxonomy scope is hosted in the dedicated folder *'esrs'* while the provisions stemming from Article 8 are defined in another folder *'art8'.*

133. Each module / taxonomy folder contains relevant XBRL schemas and linkbase files, in particular presentation, definition, calculation and formula files. Schema files defined in the ESEF revised taxonomy package will import the relevant core schemas of base taxonomies, subject to ESMA's 'technical' extension. All relationships defined in the linkbase files are recreated based on the original linkbase files from the base taxonomies, as proposed by the standard-setters.

134. Additional *technical.xsd schema*, which is utilised in the context of the IFRS Accounting Taxonomy, is maintained in its original location *https://www.esma.europa.eu/taxonomy/ext/.* This schema is not referenced in any way by ESMA's 'technical' extensions for the ESRS and Article 8 digital taxonomies.

135. All taxonomy modules under the ESEF taxonomy framework are provided with dedicated entry point schemas, allowing reporting entities to access those taxonomy parts that are relevant in their reporting scenarios. To cater for the reporting needs of undertakings that are both subject to IFRS reporting and ESRS and Article 8 sustainability reporting, combined entry points are provided to allow access to multiple taxonomies' scopes and to produce a single inline XBRL document without the need for any additional extensions.

136. For the ESRS and Article 8 reporting scope, taking into consideration the 'self-contained' nature of these taxonomies and that there are limited or no requirements for creating entity-specific extensions, primary entry points will reference all relevant linkbase files to ensure that the full taxonomy scope is visible to undertakings. Entities that will decide to create their entity-specific taxonomy extensions to the digital taxonomies from EFRAG are provided with additional entry points for that specific purpose.

137. Undertakings that are mandated to report both their IFRS consolidated financial statements and their sustainability disclosures will be guided through dedicated future provisions in the ESEF Reporting Manual on how to maintain the need for extensions under the IFRS reporting scope versus using, for example, the ESRS taxonomy 'as-is'.

138. As part of this consultation paper, ESMA provides the prototype taxonomy package for comments and feedback from the participants[62].

139. Figure 8 below illustrates the revised architecture of the new ESEF taxonomy package in line with the above provisions.

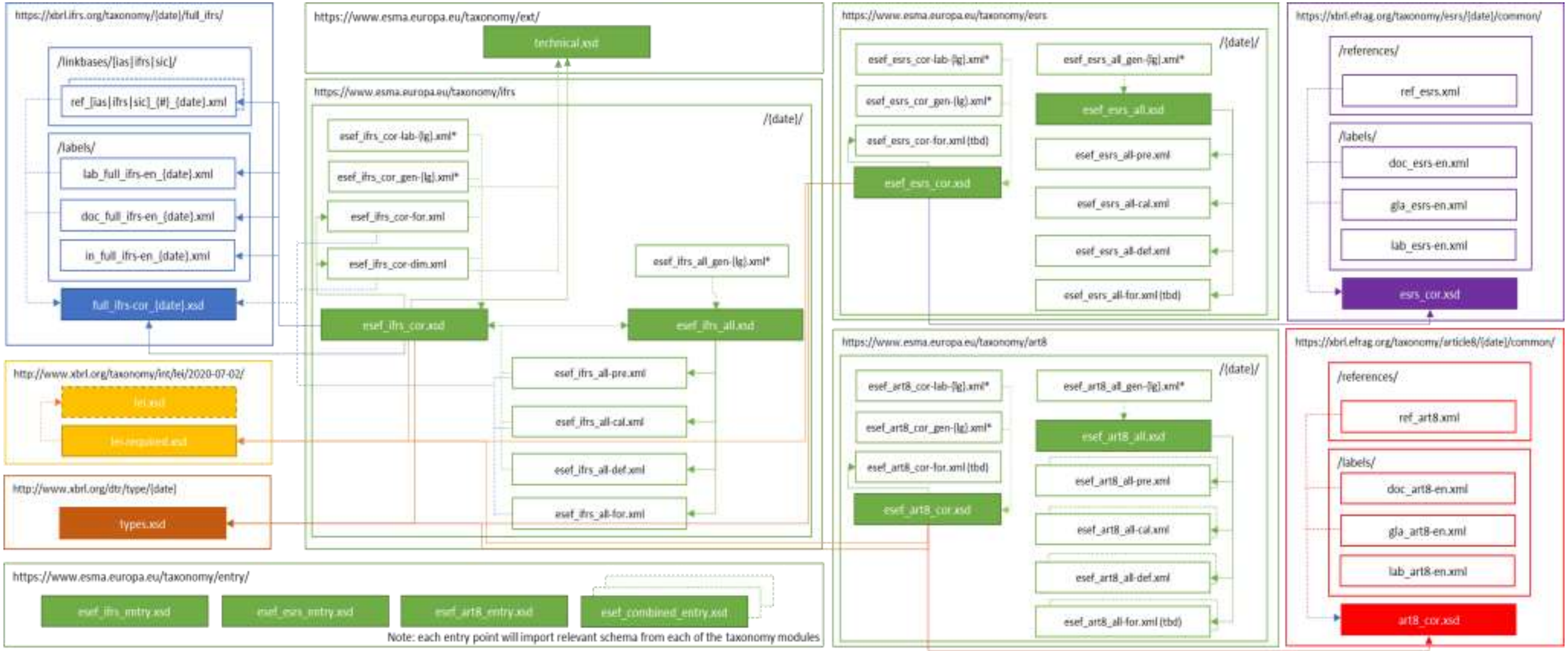


FIGURE 8: ARCHITECTURE DIAGRAM OF THE FUTURE ESEF TAXONOMY (INCLUDING SUSTAINABILITY DISCLOSURES)

[62] PLACEHOLDER – link to XBRL taxonomies

Questions

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?*

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?*

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?*

6 Marking up the Notes to the IFRS consolidated financial statements

6.1 Introduction

6.1.1 Legal background

140. Under the current RTS on ESEF, issuers whose securities are admitted to trading on a regulated market must prepare their entire annual financial reports in XHTML format. When these annual financial reports include IFRS consolidated financial statements, the statements must also be marked up.

141. Since financial years starting on or after 1 January 2020, issuers were required to mark up all numbers in a declared currency disclosed in the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows in IFRS consolidated financial statements. However, in March 2021, taking into account that it was the first year of preparation and considering the constraints on issuers' resources due to the COVID-19 pandemic, Article 4(7) of the TD was amended in order to grant Member States the option to allow their issuers to apply the ESEF requirements starting from 1 January 2021, provided that they notify the European Commission of their duly justified intention to do so. 23 Member States took up the option to delay and many issuers opted out in the first year.

142. Additionally, for financial years starting on or after 1 January 2022, issuers were required to mark up text blocks for all disclosures made in IFRS consolidated financial statements or made by cross-reference to other parts of the annual financial reports corresponding to a list of mandatory elements from the core taxonomy.

143. This list of mandatory elements mainly covers specific items used in preparing the Notes to the IFRS consolidated financial statements that need to be marked up in the form of text blocks. These elements are to be marked up using text block taxonomy elements.

144. "Text block marking up" refers to the practice of marking up sections of unstructured narrative or mixed content in an XBRL or Inline XBRL report. Text block markups can be used to mark up single sentences, paragraphs, or even full reports, including images, tables and any other content. Text block markup concepts usually have a data type of

textBlockItemType and the content of a text block markup is a fragment of HTML, meaning that the content can contain formatting.

6.1.2 Feedback from preparers and users

145. Over the past two-year experience, feedback on the application of mandatory elements and text block markup in the Notes has been predominantly negative from both issuers and users. Issuers have noted that, while the list of mandatory elements is limited and applies only to disclosures present in the Notes, its application is complex and burdensome. This complexity arises from the lack of consideration for the structural organisation of the Notes, the absence of a clear hierarchy among mandatory elements, and the overlapping or embedded nature of certain elements due to their similar accounting meanings. Conversely, some mandatory elements cover broad accounting concepts that span multiple pages or, in some cases, the entirety of the Notes.

146. Unlike numerical data, which software can easily validate, assessing the accuracy of text block content relies significantly on human expertise. Human judgement plays a crucial role in determining the appropriateness of the markup within the financial notes, typically involving both issuers and auditors. Collaboration among issuers, auditors, and service providers is crucial to ensure that each text block markup accurately reflects the intended meaning. Reaching consensus on the appropriate content for each tag may imply a burden and sometimes, costly process requiring substantial discussions, particularly when multiple mandatory elements have closely related or overly broad meaning.

147. On the other hand, despite issuers' efforts to improve text block markup, users have been unable to fully utilise the information contained in text block markups. One primary issue is that many ESEF reports were generated by converting PDF reports to XHTML and then adding Inline XBRL markups. This process aims to replicate the appearance of a PDF in XHTML, often leading to heavily-styled XHTML designed to closely mimic the layout typically seen in PDF financial statements. This approach often results in large XHTML documents filled with additional tags used to precisely position individual lines, words, or even letters, which diminishes the readability of the markup when viewed in isolation, as text block content may be displayed separately from the source document.

148. Furthermore, text block markups are inherently less suited to automated analysis compared to individually tagged numerical values (e.g., monetary amounts, percentages), booleans, or enumerations. Text block markups are unrestricted in structure and formatting, allowing them to contain paragraphs, tables, diagrams, images, or any other HTML content, without limits on content size. A text block markup might include a single sentence, a paragraph, an entire page, or even hundreds of pages of disclosures. The usability and comparability of marked-up content often depend on the content's size and formatting, with large, highly-styled, or unstructured text block markups spanning multiple pages being less practical and comparable when extracted in isolation.

149. Finally, numerical values within a text block markup lack the structured unit, scale information, labels, references, and other taxonomy metadata provided by individual XBRL tags. For these reasons, some users have questioned whether the effort of preparing text block markups, as opposed to detailed marking up of individual numerical disclosures, is justified by the value provided to users.

6.1.3 Use cases for text block markups

150. From a user's perspective, potential use cases for text block markups include:

a) **Disclosure check list:** The presence of a text block markup acts as a signal that a report includes a disclosure for a specific concept, enabling users to quickly locate reports with that disclosure. This function would be met even if the text block markups were not visibly connected to the XHTML, such as by including them as hidden markups.

b) **Disclosure navigation and highlighting** text block markups allow a user to quickly navigate and find specific disclosures through search or taxonomy browsing in an Inline XBRL viewer. Navigation benefits from the rich metadata provided by Inline XBRL and its accompanying taxonomy including multi-language labels, and references to authoritative standards.

c) **Automated Text Analysis of Disclosures**: Text block markups allow processors to access specific disclosure text, enabling automated text analysis. Smaller, more granularly marked up content is typically more effective for both software-based and human analysis.

d) **Isolated rendering of the content:** The extracted, rendered text block should faithfully reproduce the same content in the original document. Text block mark ups should allow a user to reliably extract text that preserves just text structure (headings, paragraphs, lists, and tables), and which can be styled and re-flowed by the user separately from the original source document. This supports tasks like side-by-side comparisons of the same disclosure across companies within a peer group, assuming similar content sizes.

151. Each of these use cases has different technical and content requirements, listed here in increasing order of complexity. As the technical requirements increase, each use case also typically enables the preceding one, enhancing usability and comparability.

152. XBRL International has recently published a "Working Group Note on Inline XBRL Block tagging"[63] which outlines current issues with text block markups in some Inline XBRL reports and provides a high-level overview of potential solutions. With these issues identified, updates to filing rules—such as specifying additional transformation rules and datatypes—are planned to enhance the quality and readability of text block markups.

6.2 Revised marking up rules

6.2.1 Phased-in approach and initial implementation date

153. Considering the feedback received from the market and the uses cases for text block mark ups, ESMA considers that revising the approach to marking up disclosures in the Notes section to the IFRS consolidated financial statements is necessary to enhance the usability and comparability of the disclosed information. While some of the proposed revised marking up rules may ease the burden of marking up, others could introduce additional complexity for certain issuers. Therefore, ESMA considers appropriate to

[63] XBRL International WGN "Inline XBRL Block Tagging 1.0" 11 June 2024.

implement the revised marking up requirements in stages aiming to balance the burden on issuers with the need for greater usability and comparability of the marked up information.

154. Given that issuers already have experience with marking up text blocks in the Notes to the IFRS consolidated financial statements in more complex ways, the fact that the first phase would reduce the marking up burden by eliminating as much as possible multi- and embedded-marking up, and the time until the amendments to the RTS on ESEF are published in the OJ, ESMA proposes that the first phase should take effect promptly. Specifically, it should apply to annual financial reports for the financial year in which the amendment to the RTS on ESEF is published in the OJ provided this occurs before 30 September. If the publication takes place after 30 September, the requirements will take effect the following year. For example, if the amendment[64] is published before or on 30 September of year N, the digital marking up rules will apply to financial years starting on or after 1 January of year N, with reports being published in year N+1.if its published after 30 September of year N, the digital marking up rules will apply to financial years starting on or after 1 January of year N+1, with reports being published in year N+2.

155. The second phase will come into effect two years after the enter into force of the first phase. Nevertheless, issuers may voluntarily implement the subsequent phase in advance of being required to do so or mark up additional information, provided that it aligns with the following principles: it must not conflict with existing rules, impede the extraction of information, or obscure any required disclosures.

156. As issuers providing IFRS consolidated financial statements will also need to apply digital requirements for their sustainability reports, this phased approach will help issuers align the implementation of the different requirements.

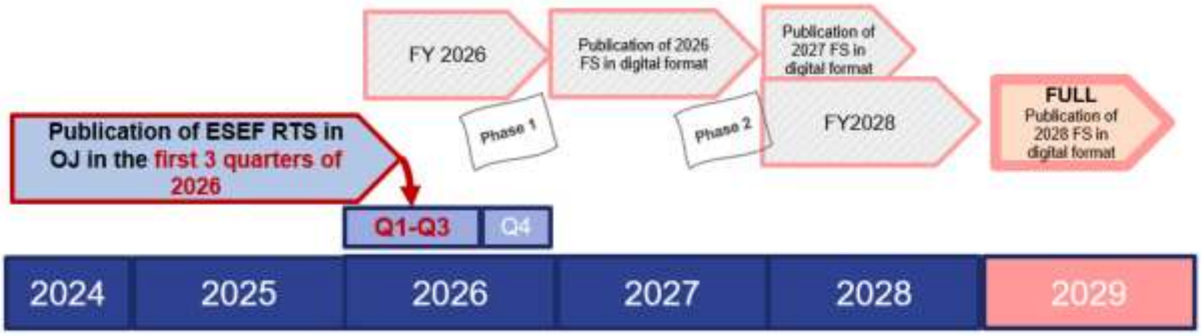


FIGURE 9: EXAMPLE PUBLICATION OF THE AMENDMENT TO THE RTS ON ESEF IN THE FIRST THREE QUARTERS OF 2026

FIGURE 10: EXAMPLE PUBLICATION OF THE AMENDMENT TO THE RTS ON ESEF IN THE LAST QUARTER OF 2026

[64] Example: if the delegated regulation is published in March 2026 in the OJ, companies should have to tag their 2026 report (published in 2027).

Questions

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.*

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.*

6.2.2 Information to be marked up in each phase

157. As a general principle, the AD requires issuers that the notes are presented and follow the order in which items are presented in the balance sheet and in the profit and loss accounts. Considering this principle, the information required to be marked up in each phase would be as follows:

Phase 1

158. When the amendment to the RTS on ESEF taxonomy enters into force (Year N or N+1), issuers must apply the following marking up requirements for the Notes to the IFRS consolidated financial statements:

a) **Text block marking up the Notes** to the IFRS consolidated financial statements following the principle of "completeness of marking up". All accounting policies and other explanatory notes disclosed in the Notes to the IFRS consolidated financial statements are considered material and should therefore be marked up. When applying this principle, issuers should consider:

- Following the structure of the Notes and the presentation logic followed by the issuer: each accounting policy and other explanatory note that is individually and separately identifiable in the Notes (e.g. by setting up sections, sub-sections or sub-sub-sections in a note. For a visual illustration of this, refer to **Figure 11**) should be marked up with one core taxonomy element (including common practice elements) that best represents the closest/narrowest accounting meaning and/or scope.
- Avoiding over-marking up: accounting policies and other explanatory notes should, as much as possible, be marked up only once, with a single core taxonomy element that most closely represents the accounting or business meaning to the disclosure. However, when within an individually identifiable accounting policy or other explanatory note is contained information corresponding to various distinct identifiable accounting policies or other explicit identifiable information, issuers may apply more granular taxonomy elements, where available in the core taxonomy, to represent the closest or narrowest accounting meaning of that information.
- Minimising nested- or multi-marking up: where possible, avoiding nested or multi-marking up within an individually identifiable accounting policy or other explanatory note. If the entire accounting policy or other explanatory note are marked up using more granular core taxonomy elements, the issuer may omit an additional markup using a broader parent taxonomy element. This does not prevent from multi-marking up when multiple disclosures are presented in a single narrative disclosure

that shall be read as an integrated whole. However, these instances should be minimised as much as possible.

b) Separate and individual **mark up of each table** disclosed in the Notes to the IFRS consolidated financial statements that provides structured, granular information related to an accounting policy or other explanatory note. When doing so, preparers should:

- follow the relevant XBRL technical requirements to mark up tables (using dtr-type: table) and ensure that the underlying XHTML code includes the appropriate style attributes to ensure proper display of the marked up table.
- create relationships between the marked up tables and the corresponding XBRL elements in the primary financial statements by using the corresponding fact-to-fact relationships defined in the IFRS core taxonomy.

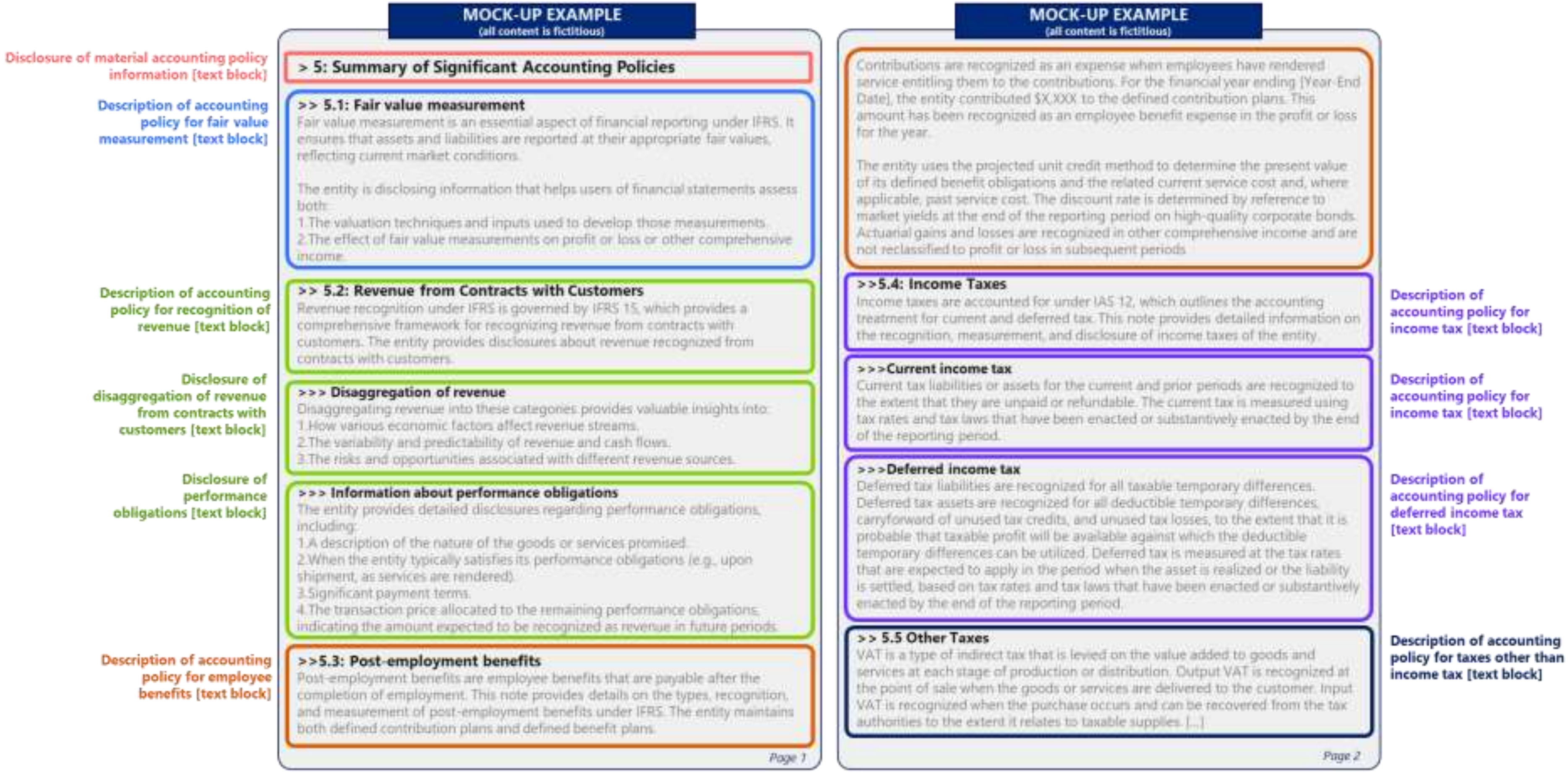


Figure 11: Illustration of sections, sub-sections or sub-sub-sections that are individually identifiable

Note: The new approach for marking up text blocks in the Notes to the IFRS consolidated financial statements directly mirrors the section/heading structure within the Notes. In the fictitious example above, for sub-section 5.2, because the issuer has provided sub-headings for individually identifiable disclosures, those should be marked up individually. Conversely, for sub-section 5.3, the issuer has not provided sub-headings for information that *could* be marked up individually (see defined contribution plans vs. defined benefit plans paragraphs) and is therefore only marking up the whole section with one markup only.

The proposed approach is meant to be flexible and allows for both options. Nevertheless, ESMA would encourage the first instance whereby issuers will need to carefully structure their Notes to the IFRS consolidated financial statements to provide relevant and meaningful sub-headings that encapsulate the underlying disclosures. This will facilitate both the process of marking up (markups align to headings that are meaningful and relevant to the underlying content) and the overall usability of the text blocks by end-users of the annual financial report (navigation and retrieval of information from the text block markups).

Phase 2

159. Two years after the implementation of the revised first marking up rules (i.e., by year N+2 or N3 following publication of the Delegated Act in the OJ), issuers will be required to apply **detailed marking up** for the Notes to the IFRS consolidated financial statements.

160. Issuers should mark up all numerical elements including but not limited to monetary values, decimals, dates, integers and percentages as well as elements with Booleans and enumerations item types[65] disclosed in the accounting policies and other explanatory notes, in line with the IFRS requirements and in compliance with the relevant technical requirements. Where tables are presented in the notes to the IFRS consolidated financial statements, issuers should limit the markup to those figures expressed in a declared currency.

Questions

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.*

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.*

6.2.3 List of mandatory elements

161. In light of ESMA's proposal to transition towards complete marking up of the notes and accounting policies, ESMA considers it is no longer necessary to retain the current list of mandatory core taxonomy elements, as currently outlined in Annex II of the RTS on ESEF. Therefore, it is proposed that the core taxonomy elements for text block marking up the notes and accounting policies will be removed.

162. However, ESMA considers it beneficial to maintain a **concise and targeted list of mandatory taxonomy elements** to mark up key information related to the identification of the reporting entity and, where applicable, the group to which the reporting entity belongs, when this information is present in the AFR. The proposed mandatory elements are as follows:

- Name of reporting entity or other means of identification
- Domicile of entity
- Legal form of entity
- Country of incorporation

[65] The IFRS Foundation has included 70 categorical elements in the 2024 IFRS accounting taxonomy update. In the feedback received, almost all stakeholders (including all investors and data aggregators) strongly supported the proposed categorical typed elements and related textual element, with request for additional guidance. IASB-TU-2024-2 – IFRS Accounting Taxonomy Update 2—Common practice for Financial Instruments, General improvements and Technology

- 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

163. ESMA further proposes to expand the list of mandatory elements to include elements that provide relevant information about the reporting entity. These elements aim to enhance the analysis and comparability of the disclosed information. Specifically, ESMA recommends including elements that are currently not required by IFRS and, where necessary, create the corresponding XBRL elements to support this marking up. Specifically, ESMA proposes to include the following mandatory elements to be marked up when this information is present in the AFR:

- Number of employees
- Average number of employees
- Number of shares issued
- Date of end reporting period
- Description of the presentation currency

164. Finally, ESMA also proposes to require to mark up information about the audit firm and the audit opinion, when this information is available in the annual financial reports and also the name of the software used to produce the report. The following elements are proposed for inclusion:

- Name of the audit firm
- Unqualified audit opinion with no emphasis of matter (Boolean element Y/N)
- Name of software used to produce the report

165. The list of mandatory elements will be reviewed and potentially revised once the European Single Access Point (ESAP) is in place, to avoid duplicating reporting efforts. The ESAP will collect metadata related to, among others, the name of the entity that submitted the information, the country of registered office of the legal person to which the information relates, the beginning of the date or period to which the information relates or the end of the date or period to which the information relates.

Questions

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.*

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.*

6.2.4 Use of Extensions

166. Unlike for the primary financial statements[66], the current RTS on ESEF does not require issuers to create detailed extension taxonomy elements to markup disclosures contained

[66] Annex IV RTS on ESEF "Marking up and filing rules".

in their Notes to the IFRS consolidated financial statements nor does it mandate anchoring[67] such extension elements to elements of the ESEF taxonomy. The RTS on ESEF only requires the use of taxonomy elements from the list of mandatory core taxonomy elements.

167. However, given the proposal to fully markup all notes and accounting policies using taxonomy elements that best reflect the closest accounting meaning of the disclosure, the approach toward creating extension elements for the Notes to the IFRS consolidated financial statements has been revised to ensure maximum usability and comparability of the information. To this end, the following principles will apply to the **creation of taxonomy elements in the Notes** to the IFRS consolidated financial statements:

a) As a general rule, issuers should use the core taxonomy element with the closest accounting meaning to the disclosure to be marked up.

b) The creation of extension taxonomy elements should be minimised and used only when absolutely necessary to mark up relevant and necessary information if the closest core taxonomy element would misrepresent the accounting meaning. Taxonomy extensions should supplement or expand, not replace, the presentation linkbase.

c) Any extension taxonomy element created for marking up disclosures in the Notes to the IFRS consolidated financial statements should adhere to the rules in Annex IV "Marking up and filing rules" of the RTS on ESEF, particularly, regarding the creation and anchoring of extension taxonomy elements.

Questions

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.*

6.2.5 Review clause

168. ESMA will closely monitor the implementation of the marking up rules for the Notes to the consolidated financial statements taking into account challenges faced by preparers and the needs of users[68]. ESMA will also track progress in the implementation of the ESAP, technical advancements and evolution of the XBRL taxonomy.

169. If necessary, ESMA may propose revisions to the marking up rules or the phases approach to adapt to changing circumstances. Where possible, these revisions will be bundled with other updates and incorporated into regular updates of the RTS on ESEF particularly, when integrating the XBRL taxonomy for LSME standards.

Questions

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.*

[67] ESEF Reporting Manual Guidance 1.4.1 "Anchoring of extension elements to elements in the ESEF taxonomy that are wider in scope or meaning".
[68] This monitoring and potential review is relevant as a prior field test have not been conducted.

7 Targeted improvements to the existing drafting of the RTS on ESEF

170. In addition to the necessary amendments to incorporate the ESRS and Article 8 taxonomy into the RTS on ESEF and developing the corresponding marking up rules including the revision of rules for marking up the Notes to the IFRS consolidated financial statements, considering feedback received from various market stakeholders, ESMA is proposing the following targeted amendments to the existing drafting of the RTS on ESEF:

RTS on ESEF	Proposal (spelled out in bold hereafter)	Rationale
Article 2, (1)	Proposal 1**:** Include the addition to point (d) at the end: “definition linkbase, which reflects dimensional relationships of the core taxonomy elements **and defines enumeration values**;” Proposal 2**:** Include the addition of a point **“(e) formula linkbase, which defines a set of validation rules and compliance checks in relation to the core taxonomy elements and other constructs present in the corresponding reports**.” Include the addition of a point **“(f) Reference linkbase, which provides a link to external information about the element in authoritative literature, such as the relevant accounting or sustainability standards or legislation.”**	These proposals bring additional clarity and provide an additional point on the formula linkbase to address the incoming scope from ESRS and Article 8 taxonomies.
Article 2, (2)	Proposal 3**:** Include the addition to point (a) at the end: “presentation linkbase, which groups the taxonomy elements **used in marking up and which are part of the arithmetical relationships between taxonomy elements defined by the issuer in its calculation linkbase”** Proposal 4**:** Include the addition to point (d) at the end: “definition linkbase, which ensures dimensional validity of the resulting XBRL instance document against the extension taxonomy **and reflects anchoring relationships between taxonomy extension elements and core taxonomy elements**”	**Proposal 3** aims to make an explicit reference to a reflection of the calculation linkbase in the presentation linkbase. **Proposal 4** provides additional clarity on anchoring relationships.
Annex I, Legend for Table of Annex II, and for the Tables of Annexes IV and VI	Proposal 5: include the following definitions: **area - denotes that the element type represents an area; these elements are numeric line items;** **boolean - denotes that the element type represents either 'true' or 'false' value; these elements are semi-narrative line items;** **energy - denotes that the element type represents a unit of energy; these elements are numeric line items;** **energyPerMonetary - denotes that the element type represents a measure of energy per monetary unit; these elements are numeric line items;** **enumeration - denotes that the element type represents a drop-down list of single-choice; these elements are semi-narrative line items;** **enumerationSet - denotes that the element type represents a drop-down list of multiple-choice; these elements are semi-narrative line items;** **ghgEmissions - denotes that the element type represents a measure of GHG emissions; these elements are numeric line items;**	This batch of proposals aim at better addressing the incoming scope from ESRS and Article 8 taxonomies. The proposals also aim to update the namespace from the actual year to {date} to avoid the need to update this field year over year.

RTS on ESEF	Proposal (spelled out in bold hereafter)	Rationale
	ghgEmissionsPerMonetary - denotes that the element type represents a measure of GHG emissions per monetary unit; these elements are numeric line items; **gYear - denotes that the element type represents a year-only date; these elements are non-numeric line items;** **integer - denotes that the element type represents a non-decimal positive number; these elements are numeric line items;** **linkIdentifiers - denotes that the element type represents a list of identifiers separated by comma to link group of facts; these elements are non-numeric line items;** **mass - denotes that the element type represents a mass of an object which can be measured; these elements are numeric line items;** **percent - denotes that the element represents a percentage; these elements are numeric line items;** **volume - denotes that the element represents a volume of any substance, whether solid, liquid or gas; these elements are numeric line items;** **volumePerMonetary - denotes that the element represents a volume per monetary unit; these elements are numeric line items;** Proposal 6: update esef_cor with **esef_ifrs_cor** and change the corresponding namespace to **https://www.esma.europa.eu/taxonomy/ifrs/{date}/esef_ifrs_cor** Proposal 7: update esef_all with **esef_ifrs_all** and change the corresponding namespace to **https://www.esma.europa.eu/taxonomy/ifrs/{date}/esef_ifrs_all** Proposal 8**:** update namespace for ifrs-full to **https://xbrl.ifrs.org/taxonomy/{date}/ifrs-full** Proposal 9: include the additional items: **esef_esrs_cor** **https://www.esma.europa.eu/taxonomy/esrs/{date}/esef_esrs_cor** **esef_esrs_all** **https://www.esma.europa.eu/taxonomy/esrs/{date}/esef_esrs_all** **esef_art8_cor** **https://www.esma.europa.eu/taxonomy/art8/{date}/esef_art8_cor** **esef_art8_all** **https://www.esma.europa.eu/taxonomy/art8/{date}/esef_art8_all** **esrs** **https://xbrl.efrag.org/taxonomy/esrs/{date}** **article8** **https://xbrl.efrag.org/taxonomy/article8/{date}**	

<table>
<tr><th>RTS on ESEF</th><th>Proposal (spelled out in bold hereafter)</th><th>Rationale</th></tr>
<tr><td>Annex II, Mandatory Markups, paragraph 1</td><td>Proposal 10: include at the end of the paragraph: “All dashes and empty cells representing nil- or zero- value in the primary financial statements shall also be marked up”.</td><td>This proposal addresses that nil values also represent a zero numerical value.</td></tr>
<tr><td>Annex III, Applicable Inline XBRL specifications</td><td>Proposal 11: Suggestion to introduce a cross reference to ESMA webpage which would host the most up to date specifications applicable to ESEF. This cross-reference shall replace Annex III, paragraphs 1 and 2.
1. Undertakings shall ensure that the Inline XBRL instance document are valid with respect to the applicable XBRL specifications referenced therein.
2. Undertakings shall ensure that the Inline XBRL instance documents are valid with respect to the underlying XBRL taxonomies published by ESMA, as specified in Annexes VI, VII and VIII. In case ESMA does not publish the relevant XBRL taxonomies and instead relies on the core XBRL taxonomies issued by IFRS Foundation or EFRAG, Inline XBRL instance documents shall ensure validity with the respective taxonomies.
3. Where undertakings develop entity-specific taxonomy extensions to the core taxonomies specified in Annexes VI, VII and VIII, Inline XBRL instance documents shall ensure validity with respect to these entity-specific taxonomy extensions.
4. Undertakings shall ensure that their entity-specific taxonomy extensions to the core taxonomies specified in Annexes VI, VII and VIII are valid with respect to the applicable XBRL specifications referenced therein.
5. Considering that the XBRL standard may evolve and technologically advance, undertakings shall always apply the latest recommended specifications as published by XBRL International on its website, unless specified otherwise by ESMA.
6. ESMA shall publish the list of XBRL specifications allowed to be used in ESEF on its website. This list shall serve as the primary reference for undertakings when preparing their inline XBRL instance documents and entity-specific taxonomy extensions.

Revise Annex III, paragraph 3 to remove the mention “according to the Taxonomy Package specifications”:
7. Issuers shall submit the Inline XBRL instance document and the issuer’s XBRL extension taxonomy files as a single reporting package according to the latest recommended Report Packages specification, as published by XBRL International, unless specified otherwise by ESMA.
No changes to Annex III, paragraph 4.</td><td>This proposal aims at increasing specificity around what are the most up to date specifications applicable to ESEF filings without needing to include them directly in the RTS on ESEF. This enhances the speed of including the most relevant information for market stakeholders without needing to always update the RTS on ESEF directly.</td></tr>
<tr><td>Annex IV, Marking up and filing rules, paragraph 4</td><td>Proposal 12: to point (c), revise to: “be assigned with an appropriate data type, period type and if applicable, a balance attribute in case of monetary amounts related to IFRS consolidated financial statements”</td><td>This proposal is to complement the existing text with the clarification on data type, period type and balance attribute (when allowed).</td></tr>
<tr><td>Annex IV, Marking up and filing rules, paragraph 6</td><td>Proposal 13: include a cross-reference to Annex III, which in turn references the ESMA webpage including the most up to date specifications relevant to ESEF (including, for example, Calculation 1.1)
Proposal 14: include the following wording: “[…]to document arithmetical relationships between numeric and/or extension taxonomy elements of the same context […]”</td><td>For proposal 13, Ibid Proposal 11.
Proposal 14 addresses that the calculation linkbase does not work cross-contextually.</td></tr>
</table>

RTS on ESEF	Proposal (spelled out in bold hereafter)	Rationale
Annex IV, Marking up and filing rules, paragraph 9	Proposal 15: revise “may” to “shall” to point (b): “the issuer **shall** anchor the extension taxonomy **[…]**.” Proposal 16: Replace the word “elements” with “**concepts**” throughout paragraph 8: “Issuers shall ensure that the issuer’s extension taxonomy **concepts** marking up the IFRS consolidated financial statements’ statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows are anchored to one or more core taxonomy **concepts**. In particular: (a) the issuer shall anchor its extension taxonomy **concept** to the core taxonomy **concept** having the closest wider accounting meaning and/or scope to that extension taxonomy **concept** of the issuer. The issuer shall identify the relationship of the extension taxonomy **concept** concerned with the core taxonomy **concept** concerned in the issuer’s extension taxonomy’s definition linkbase. The extension taxonomy **concept** shall appear as the target of the relationship; (b) the issuer shall anchor the extension taxonomy **concept** to the core taxonomy **concept** or **concepts** having the closest narrower accounting meaning and/or scope to that extension taxonomy **concept** concerned. The issuer shall identify the relationship of the extension taxonomy **concept** concerned with the core taxonomy **concept or concepts** concerned in the issuer’s extension taxonomy’s definition linkbase. The extension taxonomy **concept** shall appear as the source of the relationship or relationships. Where the extension taxonomy **concept** combines a number of core taxonomy **concepts**, the issuer shall anchor that extension taxonomy **concept** to each of those core taxonomy **concepts** except any such core taxonomy **concept or concepts**, which are reasonably deemed to be insignificant.”	**Proposal 15** mandates the anchoring of an extension taxonomy element to the core taxonomy element or elements having the closest narrower accounting meaning and/or scope to that extension taxonomy element concerned. **Proposal 16** aligns the drafting of the RTS on ESEF with the official glossary of terms of the XBRL standard. The term «elements» currently used implies as if the anchoring requirement is applicable also to headers or technical constructs like hypercubes, which is not the intention of this RTS and does not bring any analytical value. Undertakings shall only anchor «concepts» which by definition exclude structural elements and headers.
Annex IV, Marking up and filing rules, paragraph 10	Proposal 17: Requiring the anchoring of a subtotal taxonomy extension element: “~~Notwithstanding point 9, i~~Issuers ~~do not~~ need to anchor to another core taxonomy element an extension taxonomy element that is used to mark up a disclosure in the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity or the statement of cash flows that is a subtotal of other disclosures in the same statement.”	This proposal aims to avoid inconsistencies encountered in practice around whether to anchor a subtotal extension element, when the extension element is also used as a separate element.
Annex V, XBRL taxonomy files, point (f)	Proposal 18: remove any specification names and simply indicate that the XBRL taxonomy files should be valid and be packaged according to the specifications, as set out in Annex III	This proposal aims to reference the most up to date specifications relevant to ESEF without having to always mention them directly in the RTS on ESEF.

Questions

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.*

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.*

8 Amendments to the RTS on the European Electronic Access Point (Delegated Regulation 2016/1437)

171. On 29 October 2024, the three European Supervisory Authorities (ESAs) published the Final Report on the draft Implementing Technical Standards for the European Single Access Point (ESAP ITS)[69], in response to the mandate included in the ESAP Regulation[70]. The ESAP is foreseen in Level 1 legislation to be a two-tier system, where information is first submitted by entities to the ESAP "collection bodies" and then made available by the collection bodies to the ESAP.

172. The draft "ITS on tasks of collection bodies" specifies how ESAP collection bodies should carry out their functions. The OAMs, which already today collect information pursuant to the TD on the basis of Article 21[71] paragraph 2 of the TD, are ESAP collection bodies for the TD under Article 23(a)[72] paragraph 3 of the TD and as such will be subject to the new rules applicable to all collection bodies under the future ITS.

173. The ESAP Omnibus Directive (Directive) (EU) 2023/2864 also repealed Article 21a of the TD, which mandated ESMA to develop a web portal serving as a European Electronic Access Point. However, Article 22 of the TD maintains the mandate for ESMA "*to develop RTS setting technical requirements regarding access to regulated information at Union level in order to specify the following:*

(a) the technical requirements regarding communication technologies used by the mechanisms referred to in Article 21(2);

(b) the technical requirements for the operation of the central access point for the search for regulated information at Union level;

[69] The ESAs finalise rules to facilitate access to financial and sustainability information on the ESAP

[70] Articles 5 and 7 of Regulation (EU) 2023/2859 of the European Parliament and of the Council of 13 December 2023 establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability.

[71] Article 21 (2) TD states "*The home Member State shall ensure that there is at least one officially appointed mechanism for the central storage of regulated information. These mechanisms should comply with minimum quality standards of security, certainty as to the information source, time recording and easy access by end users and shall be aligned with the filing procedure under Article 19(1)*".

[72] Article 23a (3) TD states "*For the purpose of making the information referred to in paragraph 1 of this Article accessible on ESAP, the collection body as defined in Article 2, point (2), of Regulation (EU) 2023/2859 shall be the officially appointed mechanism designated under Article 21(2) of this Directive.*"

(c) the technical requirements regarding the use of a unique identifier for each issuer by the mechanisms referred to in Article 21(2);

(d) the common format for the delivery of regulated information by the mechanisms referred to in Article 21(2);

(e) the common classification of regulated information by the mechanisms referred to in Article 21(2) and the common list of types of regulated information".

174. This mandate was originally fulfilled by ESMA with the drafting of the so-called RTS on the European Electronic Access Point (EEAP), which became the Commission Delegated Regulation on access to regulated information at Union level[73] (Regulation 2016/1437). In light of the delivery of the ITS on ESAP, several aspects of that legislative text have become obsolete and redundant.

175. To address this, ESMA proposes to amend the previous RTS on EEAP to align its requirement with the ITS on tasks of collection bodies and the establishment of the upcoming ESAP project. As detailed in the draft RTS provided in the Annex, ESMA proposes to do so by cross-referring the relevant sections of that RTS to the ITS on tasks of collection bodies or to the ESAP Regulation.

Questions

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.*

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.*

[73] Commission Delegated Regulation (EU) 2016/1437 of 19 May 2016 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on access to regulated information at Union level.

9 Annexes

9.1 Annex I: Compilation of questions included in the Consultation Paper

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.*

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.*

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.*

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.*

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.*

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.*

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.*

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.*

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.*

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.*

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.*

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?*

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?*

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?*

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.*

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.*

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.*

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.*

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.*

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.*

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.*

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.*

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.*

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.*

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.*

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.*

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.*

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.*

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?*

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?

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?*

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?*

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?*

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?*

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).*

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.*

9.2 Annex II: Draft Cost/Benefit Analysis on the RTS on ESEF

9.2.1 Introduction

1. The draft Cost/Benefit Analysis tracks the **potential benefits and costs** associated with the proposals outlined in ESMA's Consultation Paper on the RTS on ESEF: Markups rules for sustainability reporting and revisions to markups rules for the Notes to the IFRS consolidated financial statements. The Consultation Paper proposals tracked in this draft Cost/Benefit Analysis fall into three overarching areas:
    a. Marking-up ESRS sustainability statements (section 9.2.3)
    b. Marking-up Article 8 sustainability disclosures (section 9.2.4)
    c. Marking-up the Notes to the IFRS consolidated financial statements (section 9.2.5)
2. The draft Cost/Benefit Analysis is generally **qualitative** in nature, although high-level quantitative considerations have been made to estimate a baseline monetary-only cost to issuers (section 9.2.2), building on a desktop and web-based research by ESMA. The estimates presented in this draft Cost/Benefit Analysis were derived by updating the figures presented in ESMA's 2016 Cost/Benefit Analysis[74] based on current market conditions. The baseline figures relate to the cost of marking up financial reporting under current requirements (no detailed marking up). Specific questions have been introduced in this Annex to further elicit market participants' input on the quantitative impact of the proposals. ESMA will be taking into account this input when finalising the Cost/Benefit Analysis detailed in the following sections.
3. The draft Cost/Benefit Analysis considered **innovation factors** derived from using machine-readable data (iXBRL markups) in corporate disclosures that impact issuers, markets, investors and other end-users of corporate disclosures as well as auditors and national enforcers. Innovation factors stemming from the use of iXBRL markups on corporate disclosures considered include i) a broader accessibility to digitalised datapoints that may be used for analysis used as input in financial decision-making processes, and ii) reduced information processing costs and information asymmetry, market inefficiencies and risks. With sustainability concerns rising to the fore in recent years and spanning many decades into the future, the availability, navigation and retrieval of sustainability reporting datapoints for analytical ingestion will become critical to effective decision-making of investors and other market stakeholders. ESMA is of the view that the overall innovation brought on by machine-readable corporate disclosures will only be enhanced over time as general access to ESEF datapoints increases, and as investor- and analyst-friendly tools, such as those employing generative artificial intelligence leveraging on such structured data, become more widespread.
4. The draft Cost/Benefit Analysis also generally considered **proportionality factors**, distinguishing between the differing maturity levels of financial reporting digitalisation (where there is EU-listed issuer experience) versus sustainability reporting digitalisation (no current experience), range of undertakings impacted by the proposals and timing.
5. The qualitative assessment and innovation and proportionality factors are directly indicated throughout the benefit/cost tables following the description of each policy objective.

[74] ESMA/2016/1668 Feedback Statement on the Consultation Paper on the RTS on ESEF, 21 December 2016.

9.2.2 General background on market composition and approximate monetary cost to issuers

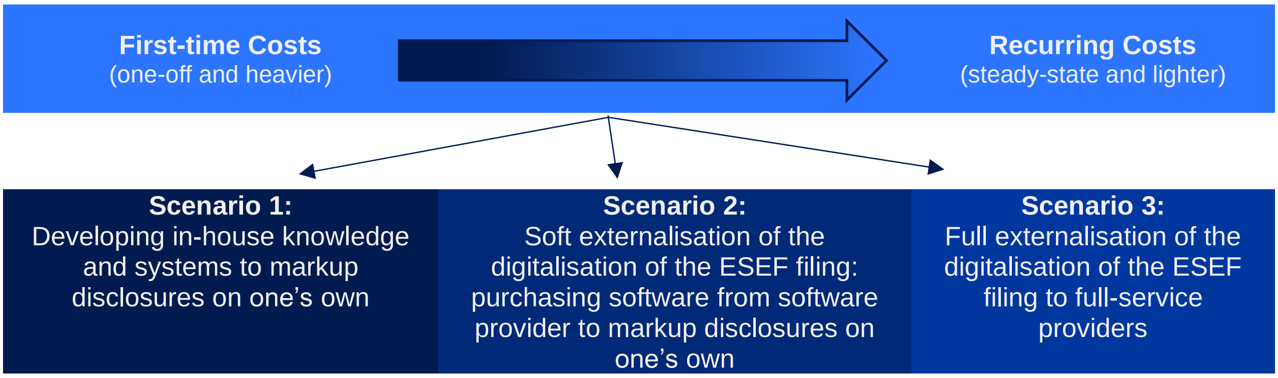
9.2.2.1 Existing digital reporting experience: Breakdown composition of issuers in scope of ESEF financial reporting and associated estimated monetary cost of marking up

1. The proposals on revising the approach to the markups of the Notes to the IFRS consolidated financial statements would have an impact on approximately 3,400 issuers that currently mandatorily prepare iXBRL ESEF filings (and on a small additional group of approximately 61 issuers who are voluntary iXBRL filers).

Number of issuers listed on EU Regulated Markets			
iXBRL filers (3,461)	Mandatory iXBRL filers	Issuers incorporated in the European Economic Area (EEA), preparing IFRS consolidated financial statements	3,306
		Issuers incorporated in a third country preparing IFRS consolidated financial statements	94
	Voluntary iXBRL filers	Issuers preparing non-consolidated IFRS financial statements with the ESEF format	61
XHTML filers (842)			842
Data source: ESMA			***4,303***

Issuers' average monetary costs for marking up the IFRS consolidated financial statements and Notes to the IFRS consolidated financial statements

2. The process of the digital marking up of the financial statements generally follows one of three scenarios. Each of the three scenarios is characterised by two stages: the first stage of initial costs (the first-time, one-off costs of implementing the preparation of the AFR in ESEF) and the second, steady-state stage of recurring costs (ongoing preparation of the AFR in ESEF from the second year onwards, which entails rolling forward the majority of markups).



3. ESMA notes that building XBRL solutions in-house by preparers (scenario 1) is potentially the most difficult and costliest option to implement as specific technical expertise is essentially required to be sourced and retained. Given that ESMA cannot assess the internal cost of an issuer developing its own in-house capabilities (given differing levels of in-house expertise), ESMA has focused on understanding the costs associated with the externalisation of such services acquired by an issuer to digitalise its consolidated financial reports in ESEF, namely, employing a soft externalisation by purchasing software license to markup disclosures of an ESEF filing (scenario 2), or full externalisation (scenario 3).

4. From a cursory high-level review of the experience of iXBRL filers on the financial taxonomy side, ESMA understands that the overall costs to an average issuer (using a purely monetary perspective) of digital marking up with respect to the financial taxonomy that arise from employing the services of a dedicated software vendor in the preparation of iXBRL ESEF filings (specific to the marking up of the IFRS consolidated statements and the Notes to the IFRS consolidated financial statements), whether partially or fully outsourced, has varied depending on certain criteria:

   i. **Higher first-year costs** associated with setting up the initial processes for marking up the IFRS consolidated financial statements and Notes to the IFRS consolidated financial statements, with **significantly lower costs associated following years'** experience of marking up financial statements and notes to the financial statements, which largely entail a roll-forward of markups from the initial setup. ESMA understands that there is a temporal consideration that needs to be made with respect to the overall understanding of burden of digitalisation. ESMA is of the view that there is significantly less burden and/or effort required in the following reporting periods due to the rolling-forward of the markups (on average, around 90% of markups are rolled forward from one year to the next, which significantly reduces marking up time in subsequent periods).

   ii. **Jurisdictional cost differences**, with lower marking-up costs observed for issuers employing software vendors located in Eastern Europe versus those located in Western Europe.

   iii. There are potentially additional cost differences arising at the individual issuer level, which are not considered in this exercise (ensuring staffing of personnel with expertise, tools, checks and validations, troubleshooting, etc.). ESMA strongly encourages the early involvement of preparers and auditors in the markup process, as it will ultimately help reduce the overall cost and resource burden on issuers. Building up the procedural knowledge as early as possible in the process essentially reduces the burden arising from troubleshooting during the "live" stage of producing a marked up iXBRL ESEF filing compliant with the requirements of the RTS on ESEF.

5. The following table provides information for the **ranges of initial, first-time costs** observed in ESMA's 2016 Cost/Benefit Analysis[75], and updated for 2024 based on the current market conditions (considering a desktop and web-based research by ESMA). All estimates relate to current markup requirements (no detailed marking up):

		2016 Estimate	2024 estimate
Updating estimated initial cost ranges from ESMA's 2016 CBA	**Scenario 2** (Soft externalisation)	ESMA estimated that the cheapest license for marking up disclosures would cost approximately **500 EUR**, while the most expensive offering would cost approximately **8,800 EUR**.	The new range for procuring software licenses to produce an ESEF filing using a software licence would cost between **750 EUR and 11,000 EUR**, which indicates an approximate 25% increase in the license cost, compared to ESMA's 2016 Cost/Benefit Analysis.
	Scenario 3 (Full externalisation)	ESMA estimated that the cheapest option for the full outsourcing of the production of XBRL reports would cost approximately **860 EUR**, while the most expensive offering would cost approximately **26,000 EUR**.	Updating these figures for a 25% increase generates an updated cost range of **1,075 EUR to 33,250 EUR**.

[75] ESMA/2016/1668 Feedback Statement on the Consultation Paper on the RTS on ESEF, 21 December 2016.

6. The following table presents the estimated differences for each of Scenario 2 and 3 between first-time and recurring costs:

	Scenario 2 (Soft externalisation)	**Scenario 3** (Full externalisation)
Differences between first-time costs and recurring costs	On a purely monetary basis, costs for a license to mark up disclosures on one's own should remain stable from first-time implementation to subsequent years reporting (bar inflation, contractual specifications, service upgrades or other year-to-year cost fluctuations). For scenario 2, the cost difference between first-time and recurring stages arises from man-days spent on producing an XBRL report. Based on ESMA's research, the average client's effort to produce its **first** XBRL report was estimated at **6.29 man-days**, while for each **subsequent filing** this was reduced to **2.5 man-days**. The reduction can be explained by building experience and rolling forward of markups from one year to the next.	Updating the estimates from ESMA's 2016 Cost/Benefit Analysis to allow for a 25% increase, the estimated average cost to be spent for outsourcing the full production of the **first** XBRL filing to the service providers is **7,790 EUR**, while each **subsequent filing** is estimated at **2,715 EUR**.

7. To establish a **conservative estimate cost per markup**, albeit based on limited and high-level data, ESMA derives this information from the higher end of the cost spectrum (Scenario 3). The current cost of marking up the IFRS consolidated financial statements and Notes to the IFRS consolidated financial statements in ESEF is therefore estimated to be between approximately **40 EUR per XBRL element at initial, first-time stage** and **14 EUR per XBRL element in a steady-state stage**. This estimation was based on an average number of 199 markup elements in a marked up annual financial report in ESEF (an average established across a sample of approximately 7,200 ESEF filings) and on the average price applied by full-service providers for this kind of service (table above, Scenario 3).

Questions

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.*

9.2.2.2 Looking towards new digital reporting requirements for the sustainability side: Breakdown composition of issuers in scope of ESEF sustainability reporting and associated estimated monetary cost of marking up

8. The introduction of ESRS will bring under the digital reporting scope and will impact approximately 48,000 companies. The following table and chart break down the individual categories of companies that will now fall under the scope of the new sustainability disclosure taxonomies.

Status	Category	Approx. # of companies	Notes
NFRD scope	PIEs with more than 500 employees and additional companied under the scope of NFRD due to national transposition	11,653	Of which 2,000 are PIEs with more than 500 employees.
Additional CSRD scope	Large non-listed EU companies (including large EU companies with securities only listed outside EU regulated markets) & Large non-EU companies with securities listed in EU regulated markets**	35,270	**Close to 100 of them are large non-EU companies with securities listed in EU regulated markets
	SMEs listed in EU regulated markets	1,059	

Data Source: DG FISMA, CEPS

Issuers' average monetary costs estimated for marking up sustainability reporting

9. While the experience of digitalised sustainability reporting is non-existent at current time, and any monetary cost estimation exercise can currently only be theoretical, ESMA is using as a starting point the existing digital reporting experience for financial reporting. Matching the same pricing criteria as above (using the **higher cost estimates of the full-service provider**, average cost per markup of 40 EUR per XBRL element at initial stage and 14 EUR at steady-state stage, and applying a 1.5x markup to account for the fact that the sustainability taxonomies will require additional dimensional properties to be selected, raising the higher cost range to a **rough estimate of 60 EUR per XBRL element at initial stage and 21 EUR in steady-state stage**) and considering the scope of the proposed first phase, using an approximate average number of 500 ESRS and Article 8 sustainability disclosure markups (not all of which are mandatory and some of which are subject to a materiality assessment), ESMA estimates that a potential average range cost to an average issuer could be in an range between 30,000 EUR in the initial stage and 10,500 EUR in a steady-state stage. These values are meant to be indicative only; they are highly hypothetical, and do not account for the full specificities of the sustainability disclosures taxonomies. As such, these estimated figures should not be construed as the actual end cost that will be incurred for the digitalisation of sustainability disclosures.

10. As for the financial taxonomy, the estimate does not take into consideration the wider gamut of other costs associated with the digitalisation of sustainability disclosures. Nevertheless, ESMA again encourages an early and close engagement of preparers with the digitalisation process to reduce such future other costs following the setup of internal data management and reporting systems for the purposes of providing the sustainability statements in ESEF. ESMA would furthermore **encourage undertakings to closely follow the ESRS standards' structure when structuring their sustainability statement** as the XBRL taxonomy closely follows this structure – this, in essence, will make the marking up process more streamlined and engender less costs for the overall preparation process as digitalisation requirements enter into force.

11. As is the case for financial reporting, there is also the potential that the overall digitalisation burden for the sustainability statements to be significantly reduced in subsequent reporting periods, as markups may be rolled forward on a year-to-year basis.

Questions

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.*

9.2.3 Marking-up ESRS sustainability statements

9.2.3.1 Problem definition

12. Following the finalisation and publication of ESRS digital taxonomy by EFRAG (announcement made on 30 August 2024), ESMA is now provided with a mandate from the European Commission to adopt (as part of the RTS on ESEF) the sustainability reporting digital taxonomy and define the rules to mark up the sustainability statement within the management report or consolidated management report.

9.2.3.2 Objective

13. When developing the markup rules, ESMA must strike a balance between placing too much additional resource burden on issuers to mark up their sustainability disclosures and facilitating the extraction and analysis of marked up information to support the overall usability and comparability of digitalised sustainability disclosures. In the context of this Consultation Paper, the areas which were deemed most relevant to assess in terms of cost and benefits were:

    i. **Policy issue 1.1**: the general approach for markups, and

    ii. **Policy issue 1.2**: the list of mandatory elements to be applied by preparers.

9.2.3.2.1 Policy issue 1.1: Definition of rules to mark up the sustainability statements

Objective	Devise effective markup rules to markup the sustainability statements that balance i) the burden to produce digitalised sustainability statements and ii) the useability of ESEF datapoints to end-users
Baseline Scenario	**No specification of markup approach and requirements** The baseline scenario for this impact assessment and cost-benefit analysis is for ESMA **not to specify any particular markup approach and set of requirements** and allow the preparers to utilise the ESRS digital taxonomy at their discretion, but in line with the provisions of the ESRS themselves.
Option 1	**High-level marking up approach** The reporting entities tasked with producing their marked-up sustainability statements are required to mark up (text block markup) **only their top-level narrative disclosures** with the elements defined in the ESRS core taxonomy.
Option 2	**Comprehensive detailed marking up approach** The reporting entities tasked with producing their marked-up sustainability statements are required to apply comprehensive detailed marking up of their complete disclosures with the elements defined in the ESRS core taxonomy (that includes **all the numeric, narrative and semi-narrative items**).
Option 3	**Phased-in approach** A phased-in approach is proposed in terms of **rolling out the marking up requirements**, that should ultimately result in a **comprehensive and granular marking up of sustainability statements**. When developing the phased-in approach to marking up of sustainability statements, ESMA has considered the following criteria:

- The architecture of the ESRS Set 1 and interrelationships among the standards to provide a comprehensive and meaningful view of an undertaking's sustainability performance.
- Interoperability with other sustainability disclosures frameworks such as the ISSB's S1 and S2 standards.
- The nature of the disclosure – whether mandatory, subject to a materiality assessment, or voluntary.
- The type of data, prioritising those that enhance comparability and usability of the marked up facts, with a preference for more structured and comparable data types over large blocks of text with limited analytical value.
- The preparer's burden, noting that marking up of numerical items and semi-narrative data types generally requires less effort than block-marking up large narrative sections, especially when those disclosures are scattered throughout the report.
- Consider the option to omit parent markups when more granular markups are applied eliminating the need for marking up the entire narrative hierarchy. Level 1 ESRS disclosure markups used for phasing in should ideally be retired after a certain period and replaced by a requirement for more detailed marking up.
- The rapid advancements in technology, such as artificial intelligence, natural language processing, and machine learning. In the medium to long term, these innovations are expected to ease the marking up process for preparers and improve data extraction and usability for users. However, to reach this point, accurate and comprehensive marking up of information is necessary to support these technological developments in the short to medium term.

In **Phase 1**, undertakings should mark up the following information, if disclosed in the sustainability reports:

a) All ESRS 2 datapoints covering Minimum Disclosure Requirements, along with the corresponding DRs in topical and sector-specific ESRS.

b) All IRO-1 related datapoints across all topical standards ((E1), E2, E3, E4, E5 and G1) shall be marked up.

c) All ESRS 2, appendix B, datapoints, referred to as "EU datapoints".

d) All ESRS E1 datapoints

e) All E2, E3, E4, E5, S1, S2, S3, S4 and G1 datapoints with corresponding numerical, string, date XBRL element shall be marked up.

f) Narrative disclosures in E2, E3, E4, E5, S1, S2, S3, S4 and G1 shall be marked up using principle-based Level 1 ESRS disclosure text block markups

g) [Recommended L1] Disaggregation's of XBRL markups with their corresponding typed and explicit dimensions shall be made when applicable and provided in the human-readable report.

In **Phase 2**, two years after the initial implementation of the marking up rules, undertakings should also mark up the following information, if disclosed in the sustainability reports:

a) All E2, E3, E4, E5, S1, S2, S3, S4 and G1 data points related to semi-narratives disclosures (Booleans or enumeration datatype or derived from those type)

b) Narrative disclosures of E2, E3, E4, E5, S1, S2, S3, S4 and G1 shall be marked up using the principle-based Level 2 ESRS disclosures text block markups.

	In **Phase 3**, four years after the initial implementation of the marking up rules, undertakings should also mark up the following information, if disclosed in the sustainability reports: a) All ESRS 2, E1, E2, E3, E4, E5, S1, S2, S3, S4 and G1 datapoints[76] related to "may" disclosures requirements. b) Other data points (entity specific disclosures) shall be marked up with their corresponding XBRL elements. c) Narrative disclosures of E2, E3, E4, E5, S1, S2, S3, S4 and G1 shall be marked up using the principle-based Level 3 ESRS disclosures text block markups. In addition, application of ESRS XBRL taxonomy validation rules shall be subject to phase-in: a) In Phase 1: 'EU Datapoints', 'Outside MA', 'IRO IDs consistency', 'Policy IDs consistency', 'Target IDs consistency', and 'Action plan IDs consistency' validation rules shall be applied. b) In Phase 2: 'Energy unit', 'Volume unit', 'GHG emissions unit', 'Positive fact values', 'Dimensional breakdowns', 'Dimensional breakdown – sum to 100%', 'Dimensional breakdowns – value chain', 'Estimated values', 'Percentage of employees', 'Number of employees (head count), during period', and 'Number of employees (head count), at end of period' validation rules shall be applied. c) In Phase 3: 'Metrics not material' validation rule shall be applied. The proposed phased-in approach to the marking up of information disclosed with the use of ESRS XBRL taxonomy and to application of validation rules should be distinguished from the phase-in mandated by the ESRS 1, Appendix C List of phased-in Disclosure Requirements, where phase-in or effective dates are provided for specific ESRS Disclosure Requirements.
Preferred Option	Based on the impact assessment below and taking into consideration the positive and negative aspects of each option presented, the preferred option to follow is **Option 3**. The phased-in approach most effectively addresses two competing issues for the digitalisation of sustainability reporting: it provides for more time to issuers (tackling concerns on burden of preparation) to prepare their internal organisation for the transition leading to a steady-state of comprehensive detailed marked up sustainability statements (tackling the end goal of having complete digitalised datapoints that increase the usability and decision-usefulness for end-users).

Baseline scenario: No specification of markup approach and requirements	
Benefits	• This approach provides the preparers with great flexibility in terms of applying markups on their sustainability disclosures following the content of ESRS digital taxonomy • The overall effort and burden for preparing the RTS-compliant sustainability statement is relatively small for entities experienced in XBRL reporting, as they may apply the same markup techniques as in other contexts • Flexibility in terms of marking-up their sustainability disclosures allows preparers to select software based on the actual markup needs which may reduce the overall costs for licenses

[76] 269 "May" disclosure requirements.

	• The total cost of preparation of an RTS-compliant report for reporting entities with experience is relatively small as the reporting entities may apply the same markup principles as in other contexts (e.g. ESEF financial reporting)
Costs	• The lack of an RTS-defined approach to mark up sustainability disclosures results in very limited comparability of the reports between reporting entities, sectors they operate in, or jurisdictions • The lack of an RTS-defined approach may require that ESMA produce multiple guidance documentation and supportive materials looking at a broader spectrum of markup methods • The lack of guidance may increase the overall effort and burden for preparing the RTS-compliant sustainability statement for entities without any experience in XBRL reporting • The total cost of consumption of RTS-compliant report is significantly high, as the data consumers will need to apply different mechanics depending on the approach selected by the reporting entity • Significant changes to the: o software used for marking up are required from the software providers to allow for various markup approaches selected by reporting entities o OAMs' and NCAs' systems are required in terms of verifying the compliance (e.g. different validation logic based on the selected approach and/or revising workflows in relation to checking compliance)

Option 1: High-level marking up approach	
Benefits	• Limited effort and burden for reporting entities (regardless of their experience working with XBRL) is required in terms of marking up their sustainability reports • No ambiguity in selection of elements for marking up the sustainability reports (the XBRL taxonomy reflects the ESRS standards; as such, it is clear what markup element needs to be used in marking up if the entity is following the structure of the ESRS when initially structuring and preparing the sustainability statement) • The total cost of preparation of the RTS-compliant report is relatively low (limited number of elements to mark up) and there are limited additional changes to the: o software used to mark up by software providers; o OAMs' and NCAs' systems to verify the compliance with the RTS requirements
Costs	• Very limited marked up content, that would be constrained solely to narrative disclosures, is not particularly analytically valuable to end users, other than helping with the navigation of the sustainability statement • Although there is no ambiguity in terms of selecting the elements to mark up the sustainability statement, the comparability of the marked-up statements between entities is low, as only narrative parts can be compared (text mining and analysis might be further required to extract relevant and comparable data) • Even though constrained solely to narrative disclosures, there is still a cost associated with undergoing the process of marking up the sustainability statement, for a limited perceived benefit to end users

Option 2: Comprehensive detailed marking up approach	
Benefits	• All data provided in line with applicable standards is marked up, which improves the machine readability of the sustainability statements • Complete marked-up content allows for highest comparability of the information provided in the report between issuers, sectors and/or jurisdictions • The total cost of acquiring software license for marking up tool to produce RTS-compliant filing remains unchanged compared to ESEF financial reporting (i.e. the software is already equipped with all relevant features that would allow for detailed marking up)
Costs	• Significant burden and time effort needed for preparers to mark up all the information presented in their sustainability statements (assumed less burden/effort in the following reporting periods due to possibility of rolling-forward the markups in future years) • Total cost of preparation of RTS-compliant report is significantly higher (e.g. more information to mark up; new technical mechanisms imposed by the digital taxonomy; new data types) • Lack of flexibility for the reporting entities to select the markup approach tailored to their current expertise and available software products • Significant changes to the OAMs' and NCAs' systems are required in terms of verifying the compliance (new technical mechanisms imposed by the digital taxonomy; new data types).

Option 3: Phased-in approach	
Benefits	• The phased-in approach provides for more time to issuers to prepare their internal organisation for the transition leading to a steady-state of comprehensive detailed marked up sustainability statements • Marked up data is incrementally enriched with each subsequent phase, which provides incremental improvements in the machine readability of the sustainability reports as well as increases their comparability • Reduced overlapping and/or duplication of information being multi-marked up with the incremental use of elements of different granularity levels • Elements in the sustainability statement that are not subject to the materiality assessment, together with EU data points, will already be marked up starting from Phase 1, increasing machine readable access to such data points, which are key for investors' own sustainability reporting requirements • End-users of sustainability reporting information benefit from marked up entity-specific disclosures and from the reflection of relationships between material IROs (ESRS 2), MDR Policies, MDR Actions (including Resources) and MDR Targets (including Metrics) already from *Phase 1*, with some more granular elements for entity-specific disclosures used incrementally in other phases • The total cost of acquiring the software license for the marking up tool to produce RTS-compliant filing will be lower in the early Phases of this approach. It may increase with each new Phase, but this would allow better controls over the initial costs
Costs	• Additional effort compared to the baseline scenario for preparers to markup EU data points, of different data types, and to correctly reflect relationships between material IROs (ESRS 2), MDR Policies, MDR Actions (including Resources) and MDR Targets (including Metrics) already from Phase 1

- Additional changes required to the:
    - software used to mark up by software providers;
    - OAMs' and NCAs' systems to verify the compliance with the RTS requirements
- The total cost of preparation of RTS-compliant report is increased from Phase 2 (e.g. more information to mark up)

Questions

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?*

9.2.3.2.2 Policy issue 1.2: The use of a list of mandatory elements

Objective	Define whether the use of a list of mandatory elements should be implemented.
Baseline Scenario	**No list of mandatory elements** The baseline scenario is for ESMA **not to develop a list of mandatory elements**, while mandating the use by preparers of sustainability statements of elements that correspond to a given Disclosure Requirement and/or information datapoint in line with the adopted phased-in approach. The ESRS already contains mandatory disclosures, not subject to a materiality assessment – regardless of the topic or sector – which needs to be always disclosed. These disclosures enhance per se the usability and comparability of information as they provide foundational insights into an undertaking's sustainability statements and will be present across all sustainability reports.
Option 1	**Mandatory elements defined per each Phase** Under this approach the **RTS on ESEF contains a list of mandatory elements per each Phase** of the preferred phased-in approach towards a steady-state of comprehensive and detailed markup of the sustainability statement.
Option 2	**Mandatory elements defined for Phase 1 only** Under this approach the RTS on ESEF contains a **list of mandatory elements only for some of Phase 1 elements of the phased-in approach** towards a steady-state of comprehensive and detailed markup of the sustainability statement. The list of mandatory elements would include a selection of elements corresponding to: • ESRS 2 General Disclosures and the Disclosure Requirements in topical ESRS related to the Disclosure Requirement IRO-1. • Information datapoints that derive from other EU legislation listed in Appendix B of ESRS 2.
Preferred Option	Based on the impact assessment below and taking into consideration the positive and negative aspects of each option presented, the preferred option to follow is to keep the **baseline scenario**.

Baseline scenario: No list of mandatory elements	
Benefits	• Simplified management and maintenance of the RTS on ESEF, as a list of mandatory datapoints might require review and/or updates (e.g. following adoption of sector-specific ESRS) • No potential clashes regarding the relevance of the information contained in the list of mandatory elements compared with the existing mandatory disclosures in the standards. • Markup rule(s) are simple and intuitive as they define the level of markup per Disclosure Requirement and information datapoint using references
Costs	• In the absence of a specific list of mandatory elements to use as a guide to mark up the sustainability statements, there is a possibility of mistakes by preparers in terms of selecting and using the appropriate element, as the markup requirements are phased-in

Option 1: Mandatory elements defined per each Phase	
Benefits	• Phase-in markup requirements are reflected in the list of mandatory elements for each phase providing legal certainty and reducing the potential for errors in the application of elements
Costs	• Effort required to review and update the list of mandatory elements

Option 2: Mandatory elements defined for Phase 1 only	
Benefits	• Only *Phase 1* elements that are not subject to the materiality assessment and that are EU datapoints are included in the list of mandatory elements, providing legal certainty and reducing potential for errors in the application of elements
Costs	• Effort required to review and update the list of mandatory elements

Questions

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?*

9.2.4 Marking-up Article 8 sustainability disclosures

9.2.4.1 Problem definition

14. Following the finalisation and publication of Article 8 XBRL Taxonomy by EFRAG (announcement made on 30 August 2024), ESMA is now provided with a mandate from the European Commission to adopt (as part of the RTS on ESEF) the sustainability reporting digital taxonomy and define the rules to mark up the sustainability statement within the management report or consolidated management report, where disclosures pursuant to Article 8 of Regulation 2020/852 form part of the sustainability statement.

9.2.4.2 Objective

15. When developing the markup rules, ESMA must strike a balance between the burden for issuers to mark up their sustainability disclosures and the usability and comparability of the marked-up information to facilitate the extraction and analysis. At the same time ESMA must consider the predominantly structured form (template) of the disclosures made pursuant to Article 8 of Regulation 2020/852, since Regulation (EU) 2021/2178 (Disclosures Delegated Act) mandates the content and the form of the disclosures.

9.2.4.3 Policy issue 2.1: Definition of rules to marking up Article 8 sustainability disclosures

Objective	Define effective markup rules to markup the Article 8 sustainability disclosures
Baseline Scenario	**No specification of marking up approach and requirements** The baseline scenario for this impact assessment and cost-benefit analysis is for ESMA to **not specify any particular marking up approach and set of requirements** and allow the preparers to utilise the Article 8 digital taxonomy at their discretion, but in line with the provisions of the Disclosures Delegated Act.
Option 1	**High-level marking up approach** Reporting entities tasked with producing their marked-up sustainability statements are required to apply **general block marking up of their Level 1 ESRS disclosures** with the elements defined in the Article 8 taxonomy.
Option 2	**Comprehensive detailed marking up approach** In this approach, the reporting entities tasked with producing their marked-up Article 8 sustainability disclosures in the sustainability statements are required to apply comprehensive detailed markup of their complete disclosures with the elements defined in the Article 8 taxonomy (that includes **all the numeric, narrative and semi-narrative items**).
Preferred Option	Based on the impact assessment below and taking into consideration the positive and negative aspects of each option presented, the preferred option to follow is **Option 2.** Application of comprehensive detailed marking up with Article 8 taxonomy elements corresponds to the requirements of the Disclosures Delegated and engenders the highest level of comparability of information related to Article 8 elements provided in the sustainability statements between issuers, sectors and/or jurisdictions.

Baseline scenario: No specification of marking up approach and requirements	
Benefits	• Greater flexibility in terms of applying markups on sustainability disclosures following the content of the Article 8 digital taxonomy • Flexibility in terms of marking-up disclosures allows preparers to select software based on the actual marking up needs which may reduce the overall costs for licenses • The total cost of preparation of the RTS-compliant report for reporting entities with experience is relatively small as the reporting entities may apply the same marking up principles as in other contexts (e.g. ESEF financial reporting), making the process easier • Overall effort and burden for preparing the RTS-compliant sustainability statement is relatively small for entities experienced in XBRL reporting, as they may apply the same markup techniques as in other contexts
Costs	• The approach contradicts the structured form of presentation of information to be disclosed pursuant to Article 8, where the level of granularity and the level of separability of elements is defined • The lack of RTS-defined approach to mark up Art. 8 sustainability disclosures results in very limited comparability of the reports between reporting entities, sectors they operate in, or jurisdictions • The lack of RTS-defined approach may require ESMA to produce multiple guidance documentation and supportive materials looking at a broader spectrum of markup methods • The total cost of consumption of RTS-compliant report is significantly high, as the data consumers will need to apply different mechanics depending on the approach selected by the reporting entity • The lack of guidance may increase the overall effort and burden to prepare the RTS-compliant sustainability statement for entities without any experience in XBRL reporting • Significant changes are required to the: o Software used to mark up the sustainability statement from the software providers to allow for various markup approaches selected by reporting entities o OAMs' and NCAs' systems in terms of verifying the compliance

Option 1: High-level marking up approach	
Benefits	• No additional changes to: o the software used for marking up by software providers o OAMs' and NCAs' systems to verify the compliance with the RTS requirements • Total cost of preparation of the RTS-compliant report is relatively low (limited number of elements marked up)
Costs	• The approach contradicts the structured form of presentation of information to be disclosed pursuant to Article 8, where the level of granularity and the level of separability of elements is defined • Very limited marked up content, that would be constrained solely to narrative disclosures, is not particularly analytically valuable to end users, other than helping with the navigation of the sustainability statement for elements defined in the Article 8 taxonomy

	• Given the structure of information to be disclosed, not all taxonomy tables contain a reportable Level 1 ESRS disclosure element, leading to potential gaps in marked up content.

Option 2: Comprehensive detailed marking up approach	
Benefits	• All data provided in line with applicable standards is marked up, which improves the machine readability of the Article 8 sustainability disclosures provided in the sustainability statements • Application of comprehensive detailed marking up with Article 8 taxonomy elements corresponds to the requirements of the Disclosures Delegated Act regarding presentation of information disclosed • Complete marked-up content allows for the highest comparability of information related to Article 8 elements provided in the sustainability statements between issuers, sectors and/or jurisdictions • The total cost of acquiring software license for marking up tool to produce RTS-compliant filing remains unchanged compared to ESEF financial reporting (i.e. the software already is equipped with all relevant features for detailed marking up)
Costs	• Effort needed for preparers to mark up all Article 8 sustainability disclosures presented in their sustainability statements (nevertheless, it is assumed that there is significantly less burden/effort in the following reporting periods due to possibility of rolling-forward the markups) • The total cost of preparation of RTS-compliant report is high at initial setup (e.g. more information to mark up; new technical mechanisms imposed by the digital taxonomy); however, cost is expected to be low in subsequent reporting periods as the information to be reported is template-based and full rollover of markups is anticipated. • Significant changes to the OAMs' and NCAs' systems are required in terms of verifying the compliance (new technical mechanisms imposed by the digital taxonomy; new data types)

Questions

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?*

9.2.5 Marking-up the Notes to the IFRS consolidated financial statements

9.2.5.1 Problem definition

16. The text block marking up requirements under the current RTS on ESEF are perceived as technically complex and burdensome for both preparers and consumers of ESEF data. The elements used in text block marking up of the Notes to the IFRS consolidated financial statements are inconsistently applied, thereby affecting the usability and comparability of the text block datapoints. Stakeholder feedback indicates substantial divergences in the application of markup practices and ambiguity regarding the application of particular elements in marking up. Moreover, there is a recognised need for alignment between the text block marking up of the financial parts, and the sustainability disclosures, taking into consideration the proposals of EFRAG for ESRS.

9.2.5.2 Objective

17. The above-mentioned challenges suggest that the existing text block marking up framework may not adequately address market needs, necessitating further evaluation and assessment. In the context of this Consultation Paper, the areas which were deemed most relevant to assess in terms of cost and benefits were:

    i. Policy issue 3.1: the general approach to mark up the Notes to the IFRS consolidated financial statements and their completeness,

    ii. Policy issue 3.2: the list of mandatory elements to be applied by preparers.

9.2.5.3 Policy issue 3.1: Review of the current marking up approach for the Notes and accounting policies

Objective	Define more effective revised markup rules to markup the Notes to the IFRS consolidated financial statements that balance i) the burden to produce digitalised annual financial reports and ii) the usability to end-users of ESEF datapoints from the Notes of the IFRS consolidated financial statements
Baseline Scenario	**Maintain status quo** The baseline scenario for this impact assessment and cost-benefit analysis is to **maintain the current status quo** and maintain the block marking up requirement to mark up the Notes to the IFRS consolidated financial statements, as currently stipulated in the RTS to ESEF, and without any further amendments.
Option 1	**High-level marking up approach** The currently defined set of requirements for marking-up the Notes to the IFRS consolidated financial statements is **simplified by introducing the marking up based on the closest accounting meaning of ESEF taxonomy elements** stipulated in the Annex VI to the RTS on ESEF. Moreover, completeness of marking up is required hence all disclosed notes and accounting policies need to be marked-up. This option avoids the use of overlapping mandatory elements from Annex II, which result in multi-marking up efforts that increase the technical complexity of the produced inline XBRL documents.
Option 2	**Comprehensive detailed marking up approach** The general block marking up requirement to mark up the notes to the financial statements is replaced with a **comprehensive detailed marking up of all numbers in**

	declared currency as well as block-marking up of relevant narrative parts, that are presented by issuers in the explanatory notes and disclosures.
Option 3	**Phased-in approach** **A phased-in combination of the other options** is proposed to replace the currently defined set of rules to mark up of the notes and accounting policies. • In *Phase 1*, the preparers are required to follow the provisions under Option 1 and provide high-level block marking up of notes and accounting policies, utilising core taxonomy elements with the closest accounting meaning and ensuring completeness of marking up. Moreover, each table presented in those notes is to be marked up as a separate block of text and further linked to markups applied in the primary financial statements. • In *Phase 2*, the detailed marking up requirement is expanded to all the notes and accounting policies presented in the issuer's annual financial report, where all the tables and all numbers in a declared currency are marked up.
Preferred Option	Based on the impact assessment below and taking into consideration the positive and negative aspects of each option presented, the preferred option to follow is **Option 3.** The phased-in approach ultimately provides for a balance between time required to allow issuers to transition to comprehensive detailed markup requirements, which ultimately align to the markup approach for the primary financial statements and increase the machine-readability of the financial statements and Notes to the IFRS consolidated financial statements.

Baseline scenario: Maintain status quo	

Benefits	• No changes to the RTS on ESEF are required as status quo is maintained. Similarly, no changes are also expected to supportive materials from ESMA (i.e. Reporting Manual or Conformance Suite)
	• No additional burden for preparers that have already built experience in marking up the notes to the financial statements in previous financial years (due to the possibility to roll-forward the applied markups)
	• No additional changes to:
	  o software used for markups by software providers
	  o OAMs' and NCAs' systems for verifying the compliance with the RTS requirements
	  o Total cost of preparation of RTS-compliant report

Costs	• Technical complexity of the solution (i.e. need for multi-marking up) is maintained which may be deemed difficult to comply with by first-time preparers • Due to technical complexities, usability of the marked-up data is limited and burdensome, as overlapping and/or duplicated content is extracted from the marked-up notes to the financial statements • Limited comparability of the information due to ambiguities in the markup decisions made by preparers in different jurisdictions

Option 1: High-level marking up approach	

Benefits	• Improved comparability and reduced overlapping and/or duplication of information being multi-marked up with the use of elements of different granularity levels that are part of the Annex II mandatory elements list
	• Better alignment with the markup approach for primary financial statements (i.e. the closest accounting meaning approach)
	• Reduced ambiguity (and hence the time effort and burden) in the selection of elements from the mandatory list, which are at different granularity levels
	• No additional changes to:
	  ○ Software used for markups by software providers
	  ○ OAMs' and NCAs' systems for verifying the compliance with the RTS requirements
	  ○ Total cost of preparation of an RTS-compliant report

Costs	• Changes to the RTS on ESEF are required, similarly as to other supportive materials from ESMA (i.e. Reporting Manual or Conformance Suite) • This option engenders a minimal number of markups to text blocks to be applied, which may potentially bring about reduced marked up content that is machine-readable • Possibility that there are no core taxonomy elements representing highly entity-specific Notes to an issuer's IFRS consolidated financial statements, hence completeness could be impacted (or additional problems may arise if extensions are used instead)

Option 2: Comprehensive detailed marking up approach	
Benefits	• Strong alignment with the markup approach for primary financial statements • The overall scope of marked-up data is significantly improved, which translates into greater machine readability of the Notes to the IFRS consolidated financial statements • Additional marked-up content allows for high comparability of information between issuers, sectors and/or jurisdictions • Total cost of acquiring software license for marking up tool to produce RTS-compliant filing remains unchanged (i.e. the software already is equipped with all relevant features for detailed marking up)

Costs	• Changes to the RTS on ESEF are required, similarly as to other supportive materials from ESMA (i.e. Reporting Manual or Conformance Suite)
	• Additional burden and significant time effort needed for preparers to mark up all the information in the Notes to the IFRS consolidated financial statements in the first year (assumed less burden/effort in the following reporting periods due to possibility of rolling-forward the markups)
	• Additional changes to the:
	  ○ software used for marking up are required from the software providers (e.g. deprecating Annex II requirements GUI features in software)
	  ○ OAMs' and NCAs' systems are required in terms of verifying the compliance with the revised RTS provisions (e.g. revising validation logic; revising workflows in relation to checking compliance with Annex II requirements).
	• Total cost of preparation of RTS-compliant report is significantly increased (e.g. more information to mark up)

Option 3: Phased-in approach	
Benefits	• A phased-in approach provides for more time to issuers to prepare their internal organisation for the transition to the comprehensive detailed markup requirements • Strong alignment with the markup approach for primary financial statements (alignment is subsequently enhanced with each Phase of this approach) • The overall scope of marked-up data is significantly improved, which translates into greater machine readability of the financial statements and Notes to the IFRS consolidated financial statements • Reduced overlap and/or duplication of information being multi-marked up with use of elements of different granularity level that are part of the Annex II mandatory elements • Total cost of acquiring software license for the markup tool to produce RTS-compliant filing remains unchanged (i.e. the software already is equipped with all relevant features for detailed marking up) • Increased alignment with the: o US SEC's approach (reduced effort for the Foreign Private Issuers with reporting obligations in the US) and with o the proposed markup approach for sustainability disclosures
Costs	• Changes to the RTS on ESEF are required, similarly as to other supportive materials from ESMA (i.e. Reporting Manual or Conformance Suite) • Additional burden and time effort needed for preparers to mark up all the information in the selected notes in the first year of Phase 2 and in the first year of Phase 3 (however, there is an assumed less burden/effort expanded in the following reporting periods due to the possibility of rolling-forward the markups) • Additional changes to the: o software used for marking up are required from the software providers (e.g. deprecating Annex II requirements GUI features in software) o OAMs' and NCAs' systems are required in terms of verifying the compliance with the revised RTS provisions (e.g. revising validation logic; revising workflows in relation to checking compliance with Annex II requirements). • The total cost of preparation of the RTS-compliant report is increased from Phase 1 (e.g. more information to mark up/check for compliance) (assumed decrease in costs in the following reporting periods due to possibility of rolling-forward the markups; potential AI-features might be enabled in the future by software that may facilitate the process)

Questions

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?*

9.2.5.4 Policy issue 3.2: Review of the list of mandatory elements under Annex II to RTS on ESEF

Objective	Define a more effective approach with respect to the use of a list of mandatory elements
Baseline Scenario	**Maintain status quo** The baseline scenario for this impact assessment and cost-benefit analysis is to maintain the **current status quo and maintain the Annex II requirements** to mark up accounting policies and Notes to the IFRS consolidated financial statements with the list of mandatory elements as listed in the Table 1 to that Annex, without any further amendments.
Option 1	**Remove the Annex II list of mandatory elements** In this approach, **the Annex II Table 1 list of mandatory elements to be used to mark up general information about the company, and marking up explanatory notes and disclosures is removed**. Preparers are still required to mark up relevant parts of their reports, but with the full list of core taxonomy elements, as stipulated in Annex VI to the RTS on ESEF.
Option 2	**Review and limit the number of mandatory elements in Annex II** In this approach, the elements listed in the **Annex II Table 1 are significantly decreased to cater only for the essential concepts** used in marking up of key information about the reporting entity, in particular: ▪ Name of 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 Moreover, some other general elements, currently not part of Table 1, are added to the list, specifically: ▪ Number of employees / average number of employees ▪ Number of shares issued at year end ▪ End date of the reporting period ▪ Presentation currency ▪ Name of the audit firm (when disclosed in the Notes to the IFRS consolidated financial statements) ▪ Unqualified audit opinion (when disclosed in the Notes to the IFRS consolidated financial statements or in the annual financial report)
Preferred Option	Based on the impact assessment below and taking into consideration the positive and negative aspects of each option presented, the preferred option to follow is **Option 2**. Relegating the list of mandatory elements solely to a few essential concepts reduces the overall burden on issuers, auditors and regulators to respectively mark

up and check for compliance the markups for the Notes to the IFRS consolidated financial statements (avoidance of overlapping elements).

Baseline scenario: Maintain status quo	
Benefits	• No changes to the RTS on ESEF are required as status quo is maintained. Similarly, no changes are expected to supportive materials from ESMA (i.e. Reporting Manual or Conformance Suite) • No additional burden for preparers that have already built experience in marking up the Notes to the IFRS consolidated financial statements in previous financial years (due to the possibility to roll-forward the applied markups) • No additional changes to: ○ software used for markups are required from the software providers ○ OAMs' and NCAs' systems are required in terms of verifying the compliance with the RTS requirements ○ Total cost of preparation of RTS-compliant report
Costs	• Technical complexity of the solution (i.e. need for multi-marking up) is maintained which may be deemed difficult to comply for the emerging software providers in local jurisdictions, as well as first-time preparers • Due to technical complexities, usability of the marked-up data is limited and burdensome, as overlapping and/or duplicated content is extracted from the marked-up reports • Limited comparability of the information due to ambiguities in the markup decisions made by preparers in different jurisdictions

Option 1: Remove the Annex II list of mandatory elements	
Benefits	• Reduced technical complexity as closest accounting meaning approach is followed throughout the selection of elements from core taxonomy to mark up notes (no need for multi-marking up). This means less burden to the preparers. • Wider selection of elements to mark up the corresponding notes and explanatory disclosures is provided to the preparers • The total cost of preparation of the RTS-compliant report is slightly reduced due to lack of need for multi-marking up
Costs	• Changes to the RTS on ESEF are required, similarly as to other supportive materials from ESMA (i.e. Reporting Manual or Conformance Suite) • Flexibility in selection of elements from the core taxonomy list (instead of Annex II Table 1) results in slightly decreased comparability of information and affects the completeness of the general information about the company • Additional changes to the: ○ software used for marking up are required from the software providers (e.g. deprecating Annex II requirements GUI features in software) ○ OAMs' and NCAs' systems in terms of verifying the compliance with the revised RTS provisions (e.g. revising validation logic; revising workflows in relation to checking compliance with Annex II requirements).

Option 2: Review and limit the number of mandatory elements in Annex II	
Benefits	• Reduced number of mandatory elements will trigger significantly less (or not at all) 'false negative' warnings raised by software • Reduced burden for preparers in terms of selecting the appropriate (and often overlapping) elements to mark up the financial statements, especially in the context of the Notes to the IFRS consolidated financial statements. This also positively affects the effort of auditors in verifying compliance with the RTS before giving an opinion • Additional elements in the mandatory list provide more analytical possibilities for data consumers and slightly increased comparability around general information about the company • Total cost of preparation of RTS-compliant report is reduced due to limited number of mandatory elements • Total cost of acquiring software license for marking up tool to produce RTS-compliant filing remains unchanged
Costs	• Changes to the RTS on ESEF are required, similarly as to other supportive materials from ESMA (i.e. Reporting Manual or Conformance Suite) • Additional taxonomy development effort to include elements outside of the IFRS core taxonomy. This also impacts the approach ESMA took in the initial drafting of the RTS on ESEF, where no business concepts were envisaged to be added to the ESEF core taxonomy (which should only rely on concepts provided by the IFRS Foundation). • Additional changes to the: ○ software used for marking up are required from the software providers (e.g. revisions to the features imposing on issuers the use of elements from the Annex II Table 1 list) ○ OAMs' and NCAs' systems in terms of verifying the compliance with the revised RTS provisions (e.g. revising validation logic; revising workflows in relation to checking compliance with Annex II requirements).

Questions

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?*

9.3 Annex III - Draft Cost/Benefit Analysis relating to the amendment to the RTS on the EEAP

1. ESMA considers that the proposed amendments to the RTS on EEAP will not impose additional costs on OAMs or reporting entities. This is because all proposed requirements are already enshrined in other legislative texts such as the ESAP Regulation or the draft ITS on tasks of collection bodies and therefore, would not create incremental costs or burdens compared to that baseline. In fact, to the contrary, establishing a consistent set of requirements would ensure that OAMs do not incur extra costs to comply with two inconsistent pieces of legislation while also clarifying and streamlining the EU legal framework.

Questions

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?*

9.4 Annex IV – Legal text RTS on ESEF

[***Note to the reader:*** *For easier identification, the proposed amendments to the current legal text of the RTS on ESEF are highlighted in a different colour. Recitals are not tracked as they are specific to this legal act and the proposed amendments.*]

Draft

COMMISSION DELEGATED REGULATION (EU) …/..

of […]

amending the regulatory technical standard laid down in Delegated Regulation (EU) 2019/815 as regards the specification of the taxonomies for marking up the sustainability statements, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, within the single electronic reporting format and the markup requirements for IFRS consolidated financial statements

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC[77], and in particular Article 4(7) thereof,

Having regard to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC[78], and in particular Article 29d thereof,

Whereas:

(1) Directive 2013/34/EU, as amended by Directive (EU) 2022/2464 of the European Parliament and of the Council as regards corporate sustainability reporting[79], requires large undertakings, small and medium-sized undertakings (excluding micro

[77] OJ L 390, 31.12.2004, p.38, ELI: http://data.europa.eu/eli/dir/2004/109/oj.
[78] OJ L 182, 29.6.2013, p. 19, ELI: http://data.europa.eu/eli/dir/2013/34/oj.
[79] Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (OJ L 322, 16.12.2022, p. 15, ELI: http://data.europa.eu/eli/dir/2022/2464/oj).

undertakings) with securities admitted to trading on the EU regulated markets, as well as parent undertakings of large groups, to include the information necessary to understand the undertaking's impacts on sustainability matters, and to understand how sustainability matters affect the undertaking's development, performance and position in a dedicated section of their management report or consolidated management report. Undertakings are to prepare this information in accordance with Commission Delegated Regulation (EU) 2023/2772 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards[80], starting from the relevant financial year for each category of undertakings as specified by Article 5(2), first subparagraph of Directive (EU) 2022/2464.

(2) Directive 2004/109/EC, as amended by Directive (EU) 2022/2464, requires issuers of securities admitted to trading on the EU regulated markets (excluding micro undertakings) to report the information necessary to understand the undertaking's impacts on sustainability matters, and to understand how sustainability matters affect the undertaking's development, performance and position in a dedicated section of their management report or consolidated management report. Issuers are to prepare this information in accordance with sustainability reporting standards starting from the relevant financial year for each category of issuers as specified by Article 5(2), third subparagraph of Directive (EU) 2022/2464

(3) Commission Delegated Regulation 2023/2772 sets out the first set of European Sustainability Reporting Standards ('ESRS') that undertakings are to comply with for the preparation of their sustainability statements in accordance with Articles 19a and 29a of Directive 2013/34/EU.

(4) Regulation (EU) 2020/852[81] requires undertakings that are to publish sustainability information pursuant to Article 19a or Article 29a of Directive 2013/34/EU to include in their sustainability statement or consolidated sustainability statement information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of that Regulation.

(5) Commission Delegated Regulation (EU) 2021/2178[82] specifies the content and presentation of information to be disclosed by undertakings subject to Articles 19a and 29a of Directive 2013/34/EU ('undertakings'), concerning environmentally sustainable economic activities, and provided with the methodology to comply with that disclosure obligation to ensure uniform application.

(6) Article 29d of Directive 2013/34/EU requires undertakings to prepare their management report in the electronic reporting format specified in Article 3 of Commission Delegated Regulation (EU) 2019/815[83] and to mark up their sustainability statements, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852[84], in accordance with the electronic reporting format specified in Commission Delegated Regulation (EU) 2019/815.

[80] OJ L, 2023/2772, 22.12.2023, ELI: http://data.europa.eu/eli/reg_del/2023/2772/oj.
[81] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13, ELI: http://data.europa.eu/eli/reg/2020/852/oj).
[82] Commission Delegated Regulation (EU) 2021/2178 supplementing Regulation (EU) 2020/852 of the European Parliament and the Council specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (OJ L443/9, 10.12.2021, p. 1, ELI: http://data.europa.eu/eli/reg_del/2021/2178/oj).
[83] Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (OJ L143, 29.5.2019, p.1, , ELI: http://data.europa.eu/eli/reg_del/2019/815/oj).
[84] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1, , ELI: http://data.europa.eu/eli/reg_del/2019/815/oj).

(7) Commission Delegated Regulation (EU) 2019/815 defines the single electronic reporting format, as referred to in Article 4(7) of Directive 2004/109/EC, to be used for the preparation of annual financial reports by issuers. Article 3 of that Regulation requires issuers to prepare their entire annual financial reports in the Extensible Hypertext Markup Language ('XHTML') format. XHTML is freely accessible and can be viewed in a human-readable format without the need for special tools. When these annual financial reports include consolidated financial statements prepared under International Financial Reporting Standards[85] ('IFRS'), Article 4 of Commission Delegated Regulation (EU) 2019/815 mandates issuers to mark up those consolidated financial statements using eXtensible Business Reporting Language ('XBRL'). XBRL is machine-readable and facilitates the automated processing of large volumes of data. It is an open standard, widely recognised and implemented in several jurisdictions. Inline XBRL enables both human and machine readability which allows for the embedding of XBRL mark ups in XHTML documents.

(8) The use of XBRL markup language involves the application of a taxonomy to convert human-readable information into machine-readable information. The use of a taxonomy improves the usability and comparability of the marked up information. For IFRS consolidated financial statements, the core taxonomy used by issuers for the single electronic reporting format is based on the IFRS Accounting XBRL taxonomy developed by the IFRS Foundation.

(9) For ESRS sustainability statements, the core taxonomy to be used by undertakings for the single electronic format is based on the ESRS Set 1 XBRL taxonomy developed by the EFRAG. Similarly, for the disclosures required by Article 8 Regulation (EU) 2020/852 to be included in the sustainably statements, the core taxonomy to be used by undertakings for the single electronic format is based on the Article 8 XBRL taxonomy developed by EFRAG.

(10) The taxonomy for the use of XBRL markup language is accessed in the form of a set of electronic XBRL files ('XBRL taxonomy files'), which provide a structured representation of the elements that can be used to mark up the corresponding disclosures and constitutes the core taxonomy. The hierarchy of these elements and their corresponding data types should be made available to issuers in a simple human-readable form in this Regulation.

(11) In order to ensure effective implementation of a single electronic reporting format and to facilitate analysis and comparability of annual reports, it is essential that undertakings use XBRL taxonomy files compliant with all relevant and up-to-date technical specifications and legal requirements. Framework provisions concerning the technical specifications and use of XBRL technology should be established. ESMA will provide the detailed technical specifications to be applied considering technical advancements along with guidance on common issues encountered in the generation of Inline XBRL instance documents to assist undertakings and software developers in the digital preparation of annual reports that are aligned to the most up-to-date technical requirements and statutory obligations under this Regulation. Additionally, ESMA should publish the XBRL taxonomy files on its website in a machine-readable format, freely available for download.

(12) For transparency, accessibility and ease of analysis and comparability, it is necessary to establish compulsory standards that set out common marking up rules for the various

[85] Consolidated financial statements are prepared either in accordance with International Accounting Standards, which are commonly referred to as International Financial Reporting Standards ('IFRSs'), adopted pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council , or in accordance with IFRSs as issued by the International Accounting Standards Board ('IASB') which, based on Commission Decision 2008/961/EC , are considered as equivalent to IFRSs adopted pursuant to Regulation (EC) No 1606/2002.

sections of the annual financial reports or – in the case of undertakings not subject to Directive 2004/109/EC – for the management report.

(13) With regard to ESRS sustainability statements, a proportionated approach should apply, striking a balance between the need to minimise the burden on undertakings and maximising the ease of extraction, usability and comparability of the marked up information. A phased implementation process will allow time for adaptation, contribute to the usability of the information, and ensure a more manageable transition to full compliance with the ultimate objective of having a single report which is human- and machine-readable at the same time. This approach aims to maximise opportunities for European and international users to effectively digitally utilise the disclosed data. Even if marking up is not initially required for ESRS sustainability statements, undertakings are encouraged to structure their statements according to the taxonomy. This approach will facilitate future marking up and reduce the effort required for markup at a later stage.

(14) With regard to disclosures required by Article 8 Regulation (EU) 2020/852, a standard of detailed marking up should apply from the outset, ensuring that all relevant disclosures are fully marked up in detail.

(15) Based on experience gained from text-block marking up of the notes in IFRS consolidated financial statements in recent years, the standard has been revised to require individual text-block marking up for each distinct accounting policy and other explanatory note. This requirement will apply where accounting policies and other explanatory notes are separately identifiable considering the issuer's structure and presentation logic of the notes. Subsequently, the standard will progress towards detailed marking up, ensuring the notes in IFRS consolidated financial statements are fully marked up.

(16) For the same reasons of transparency, ease of accessibility, analysis and comparability, undertakings should be permitted to voluntarily implement subsequent phases ahead of schedule or may elect to mark up additional information in as much detail as may be technically possible, provided it does not conflict with existing rules, impede the extraction of information, or obscure any required disclosure.

(17) Where the laws of Member States transposing Directive 2004/109/EC or Directive 2013/34/EU permit or require the marking up of any other sections of the annual financial reports or – in the case of undertakings not subject to Directive 2014/109/EC – of the management report, those Member States should ensure that a suitable XBRL taxonomy is available and used by undertakings to mark up those sections.

(18) Annexes I, II, III and IV of Delegated Regulation (EU) 2019/815 should be updated to reflect the marking up obligations for the sustainability statements, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, as well as the revisions to the requirements for marking up the notes in the IFRS consolidated financial statements. Although only certain parts of those Annexes need to be updated, it is necessary to replace those Annexes in their entirety to improve, in particular, the readability for stakeholders of the applicable tables. This replacement will facilitate implementation of the marking up requirements and the highest comparability of electronic annual reports. Annex V should also be updated to align with the other Annexes.

(19) This Regulation should apply to annual financial reports for financial years beginning on or after 1 January 202X [*financial year of the publication in the OJ*]. However, to facilitate the preparation of sustainability statements in a machine-readable format, minimise the compliance costs and provide issuers and undertakings with reasonable time to prepare for the use of XBRL technology, the phased mandatory marking up of the sustainability statements, including the disclosures provided for in Article 8 of

Regulation (EU) 2020/852, should begin to apply only with respect of annual reports for financial years beginning on or after 1 January 202X [*financial year following the publication in the OJ*].

(20) In order to accommodate future adoption or amendment of IFRS pursuant to Regulation (EC) No 1606/2002, of ESRS pursuant to Directive 2013/34/EC, of disclosures pursuant to Article 8 of Regulation (EU) 2021/2178 or changes to the XBRL specifications, the provisions of this Regulation should be updated periodically on the basis of draft regulatory technical standards prepared by ESMA. Furthermore, ESMA should monitor implementation challenges related to the requirements to mark up information in annual reports, evolving user needs and other technological developments. Where necessary, and before the final implementation phase of the mark up requirements for sustainability statements, ESMA may propose additional amendments to this RTS.

(21) This Regulation is based on the draft regulatory technical standard submitted by the European Securities and Markets Authority to the Commission.

(22) ESMA has conducted open public consultations on the draft amendment to regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits, requested the opinion of the Securities and Markets Stakeholder Group established by Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council[86],

HAS ADOPTED THIS REGULATION:

Article 1

Subject matter

This Regulation specifies the single electronic reporting format, as referred to in Article 4(7) of Directive 2004/109/EC, to be used for the preparation of annual financial reports by issuers and for the preparation of the management report by undertakings subject to Articles 19a and 29a of the Directive 2013/34/EU.

Article 2

Definitions

For the purposes of this Regulation, the following definitions shall apply:

(1) 'core taxonomy' means the combined set of the taxonomy elements set out in Annex VI and the following collection of relationships between taxonomy elements ('links'):

a. presentation linkbase, which groups the taxonomy elements;

[86] Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84, ELI: http://data.europa.eu/eli/reg/2010/1095/oj.)

b. calculation linkbase, which expresses arithmetic relationships between taxonomy elements;

c. label linkbase, which provides a human-readable element name and describes the meaning of each taxonomy element;

d. definition linkbase, which reflects dimensional relationships of the core taxonomy elements and defines enumeration values;

e. formula linkbase, which defines a set of validation rules and compliance or consistency checks in relation to the core taxonomy elements and other constructs present in the corresponding reports;

f. reference linkbase, which provides a link to external information about the element in authoritative literature, such as the relevant accounting or sustainability standards or legislation.

(2) 'extension taxonomy' means the combined set of taxonomy elements and the following collection of links, both created by the undertaking ~~issuer~~ for purposes of marking up entity specific disclosures:

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

b. calculation linkbase, which expresses arithmetic relationships between taxonomy elements;

c. label linkbase, which provides a human readable element name and describes the meaning of each taxonomy element;

d. definition linkbase, which ensures dimensional validity of the resulting XBRL instance document against the extension taxonomy and reflects anchoring relationships between taxonomy extension elements and core taxonomy elements;

(3) 'IFRS consolidated financial statements' means consolidated financial statements prepared in accordance with either IFRS adopted pursuant to Regulation (EC) No 1606/2002 or with IFRS as referred to in point (a) of the first subparagraph of Article 1 of Decision 2008/961/EC.

(4) 'ESRS sustainability statement' means sustainability disclosures prepared in accordance with the European Sustainability Reporting Standards ('ESRS') adopted pursuant to Commission Delegated Regulation (EU) 2023/2772.

(5) 'Article 8 sustainability disclosures' means information to be provided pursuant to Article 8 of Regulation (EU) 2020/852 and prepared in accordance with Commission Delegated Regulation (EU) 2021/2178.

(6) 'issuers' means undertakings within the scope of Article 2, point (d) of Directive 2004/109/EC.

(7) 'undertakings' means undertakings within the scope of Article 1 of Directive 2013/34/EU. Reference to undertakings also include issuers.

(8) 'Large undertakings' means undertakings as defined in Article 3 (4) of Directive 2013/34/EU.

(9) 'Large groups' means groups as defined in Article 3 (7) of Directive 2013/34/EU.

(10) 'Public Interest Entities' ('PIEs') means undertakings with the scope of Article 2, point (1) of Directive 2013/34/EU.

(11) 'Annual report' refers to the set of documents to be made public by undertakings under Article 33 of Directive 2013/34/EU including the annual or consolidated financial statements and the individual or consolidated management report. Reference to annual reports also include the annual financial report.

(12) 'Annual financial report' refers to the set of documents to be made public by issuers pursuant to Article 4 of Directive 2004/109/EC.

(13) 'Primary financial statements' refer to the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows in IFRS consolidated financial statements.

(14) 'Notes to the consolidated financial statements' refer to the information to be made public pursuant to Article 28 of Directive 2013/34/EU.

Article 3

Single electronic reporting format

Except for undertakings that qualify as issuers, undertakings and parent undertakings that are subject to the requirements of Article 19a and 29a of Directive 2013/34/EU shall prepare their management report in XHTML format.

Issuers shall prepare their entire annual financial reports in XHTML format.

Article 4

Issuers m~~M~~arking up IFRS consolidated financial statements

1. Where annual financial reports include IFRS consolidated financial statements, issuers shall mark up those IFRS consolidated financial statements.
2. Issuers shall, ~~as a minimum~~ at least, mark up the disclosures with the corresponding XBRL elements specified in Annex II, section a), where those disclosures are present in ~~those~~ the IFRS consolidated financial statements.
3. ~~Issuers may mark up disclosures presented in IFRS consolidated financial statements other than those set out in paragraph 2.~~
4. For markups set out in paragraphs 1 and~~,~~ 2 ~~and 3~~, issuers shall use the XBRL markup language and shall use their own issuer-specific ~~a~~ taxonomy in which the elements shall be those set out in the core IFRS taxonomy. Where, in accordance with point 4 of Annex IV, it is not appropriate to use elements ~~in~~ of the IFRS core taxonomy, issuers shall create extension taxonomy elements as provided for in Annex IV.

Article 4a

Undertakings marking up ESRS sustainability statements

1. Where annual reports include ESRS sustainability statements in the management report or consolidated management report, undertakings shall mark up those ESRS sustainability statements.
2. Undertakings shall, at least, mark up the disclosures with the corresponding XBRL elements specified in Annex II, section b), where those disclosures are present in the ESRS sustainability statements.
3. For markups set out in paragraphs 1 and 2, undertakings shall use the XBRL markup language and shall use the elements of the core ESRS taxonomy. When undertakings provide additional information including entity specific disclosures, they shall use the XBRL taxonomy mechanisms provided in the ESRS core taxonomy to mark up those disclosures. If these XBRL taxonomy mechanisms are not appropriate, undertakings may also create extension taxonomy elements as provided for in Annex IV.

Article 4b

Undertakings marking up Article 8 sustainability disclosures

1. Where annual reports include Article 8 sustainability disclosures in the management report or consolidated management report, undertakings shall mark up those Article 8 sustainability disclosures.
2. Undertakings shall mark up the disclosures with the corresponding XBRL elements specified in Annex II, section c), where those disclosures are present in the article 8 sustainability disclosures.
3. For markups set out in paragraphs 1 and 2 undertakings shall use the XBRL markup language and shall use the elements set out in the Article 8 core taxonomy without creating extension taxonomy elements.

Article 5

Marking up other parts of the annual ~~financial~~ reports

1. Undertakings ~~Issuers~~ incorporated in Member States may mark up all parts of their annual ~~financial~~ reports other than those set out in Article 4, 4a and 4b, if they use the XBRL markup language and a taxonomy specific to those parts and that taxonomy is provided by the Member State in which they are incorporated.
2. Undertakings incorporated in third countries shall not mark up any parts of their annual reports other than the management or consolidated management report.
3. Issuers incorporated in third countries shall not mark up any parts of their annual financial reports other than IFRS consolidated financial statements and the management or consolidated management report.

Article 6

Common rules on markups

For markups made in accordance with Articles 4, 4a, 4b and 5, undertakings ~~issuers~~ shall comply with the following:

a) embedding of markups in the undertakings' ~~issuers'~~ annual ~~financial~~ reports in XHTML format using the Inline XBRL specifications set out in Annex III;

b) requirements on marking up and filing rules set out in Annex IV

Article 7

XBRL taxonomy files

ESMA may publish machine-readable and downloadable XBRL taxonomy files based on the corresponding core taxonomy. Those files shall comply with the criteria set out in Annex V

Article 8

Review

1. ESMA shall closely monitor the implementation of the markup requirements for IFRS consolidated financial statements, ESRS sustainability statements and Article 8 sustainability disclosures, considering challenges encountered by undertakings, users' needs, the evolution of reporting frameworks, and technical and market developments.
2. Considering paragraph 1, and prior to the implementation of the final implementation phase of the requirements to mark up ESRS sustainability statements as set out in Annex 2, section b), ESMA shall assess the necessity of revising the markup requirements and where appropriate, propose amendments to the Delegated Regulation (EU) 2019/815.

Article 9~~8~~

Entry into force and application

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 202X to annual ~~financial~~ reports for financial years beginning on or after 1 January 202X.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, [date]

For the Commission

The President

Ursula Von der Leyen

ANNEX I

Legend for the Tables of Annexes II, IV, ~~and~~ VI, VII and VIII

DATA/ATTRIBUTE TYPE/PREFIX	DEFINITION
text block	denotes that the element type is a block of text; it is used to mark up larger pieces of information, such as notes, accounting policies or tables; text blocks are non-numeric line items
text	denotes that the element type is text (a sequence of alphanumeric characters); it is used to mark up short pieces of narrative information; text elements are non-numeric line items
boolean	denotes that the element type represents either a 'true' or 'false' value; these elements are semi-narrative line items;
energy	denotes that the element type represents a unit of energy; these elements are numeric line items
energyPerMonetary	denotes that the element type represents a measure of energy per monetary unit; these elements are numeric line items;
enumeration	denotes that the element type represents a drop-down list of single choice; these elements are semi-narrative line items
enumerationSet	denotes that the element type represents a drop-down list of multiple-choice; these elements are semi-narrative line items
linkIdentifiers	denotes that the element type represents a list of identifiers separated by comma to link group of facts; these elements are non-numeric line items
yyyy-mm-dd	denotes that the element type is a date; these elements are line items and non-numeric
gYear	denotes that the element type represents a year-only date; these elements are non-numeric line items
X	denotes that the element type is monetary (a number in a declared currency); these elements are numeric line items
X.XX	denotes that the element type is a decimalised value (such as a percentage or a 'per share' value); these elements are numeric line items

shares	denotes that the element type is a number of shares; these elements are numeric line items
table	denotes the beginning of a structure represented by a table where rows and columns contribute to definition of a financial concept on their intersection
axis	denotes a dimensional property in a tabular structure
member	denotes a member of a dimension on an axis
guidance	denotes an element that supports browsing of taxonomy content
role	denotes an element representing a section of a taxonomy, e.g. statement of financial position, income statement, each individual note, etc.
abstract	denotes a grouping element or a header
instant or duration	denotes that the monetary value represents a stock (if instant) or a flow (if duration)
credit or debit	denotes the ‘natural’ balance of the disclosure
area	denotes that the element type represents an area; these elements are numeric line items
mass	denotes that the element type represents a mass of an object which can be measured; these elements are numeric line items
volume	denotes that the element represents a volume of any substance, whether solid, liquid or gas; these elements are numeric line items
volumePerMonetary	denotes that the element represents a volume per monetary unit; these elements are numeric line items
ghgEmissions	denotes that the element type represents a measure of GHG emissions; these elements are numeric line items
ghgEmissionsPerMonetary	denotes that the element type represents a measure of GHG emissions per monetary unit; these elements are numeric line items
integer	denotes that the element type represents a non-decimal positive number; these elements are numeric line items
percent	denotes that the element represents a percentage; these elements are numeric line items

esef_ifrs_cor	prefix applied in the Tables of Annexes IV and VI for elements defined in the namespace 'https://www.esma.europa.eu/taxonomy/ifrs/{date}/esef_ifrs_cor'
esef_ifrs_all	prefix applied in the Table of Annex VI for elements defined in the namespace 'https://www.esma.europa.eu/taxonomy/ifrs/{date}/esef_ifrs_all'
esma_technical	prefix applied in the Table of Annex VI for elements defined in the namespace 'http://www.esma.europa.eu/taxonomy/ext/technical'
ifrs-full	prefix applied in the Tables of Annexes IV and VI for elements defined in the namespace 'https://xbrl.ifrs.org/taxonomy/{date}/ifrs-full'
esef_esrs_cor	prefix applied in the Tables of Annexe VII for elements defined in the namespace 'https://www.esma.europa.eu/taxonomy/esrs/{date}/esef_esrs_cor'
esef_esrs_all	prefix applied in the Tables of Annex VII for elements defined in the namespace 'https://www.esma.europa.eu/taxonomy/esrs/{date}/esef_esrs_all'
esef_art8_cor	prefix applied in the Tables of Annex VIII for elements defined in the namespace 'https://www.esma.europa.eu/taxonomy/art8/{date}/esef_art8_cor'
esef_art8_all	prefix applied in the Tables of Annex VIII for elements defined in the namespace 'https://www.esma.europa.eu/taxonomy/art8/{date}/esef_art8_all'
esrs-full	prefix applied in the Tables of Annex VII for elements defined in the namespace 'https://xbrl.efrag.org/taxonomy/esrs/{date}'
Article8-full	prefix applied in the Tables of Annex VIII for elements defined in the namespace 'https://xbrl.efrag.org/taxonomy/article8/{date}'

ANNEX II

Mandatory markups

a) IFRS consolidated financial statements

1. Issuers shall mark up all numbers in a declared currency disclosed in the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows in IFRS consolidated financial statements. All dashes and empty cells representing nil- or zero- value in the primary financial statements shall also be marked up.
2. For financial years beginning on or after 1 January 202X *[the year of publication of the ESEF RTS in the OJ, if published before 30 September. Otherwise, the following financial year 202X+1]*, issuers shall mark up the notes to the IFRS consolidated financial statements in a comprehensive manner in accordance with the following rules:
   a. all separately and individually identifiable accounting policies and other explanatory notes taking into account the presentation structure of the notes.
   b. all tables disclosed within the notes that provide structured, granular information relevant to the respective accounting policy.
   c. Issuers shall also establish relationships between the marked up accounting policies and tables and the corresponding XBRL elements in the primary financial statements by using suitable mechanisms offered by the XBRL standard to accurately connect the related elements.
3. For financial years beginning on or after 1 January 202X *[the year of publication of the ESEF RTS in the OJ, if published before 30 September. Otherwise, the following financial year 202X+1]*, issuers shall mark up all disclosures made in IFRS consolidated financial statements or made by cross-reference therein to other parts of the annual financial reports that correspond to the elements in the Table of this Annex. For the name of the audit firm and the type of audit opinion, this obligation also exists if the disclosure is included in the annual financial report.

Table

Mandatory elements ~~of the core taxonomy~~ to be marked up for financial years beginning on or after 1 January 202X *[the year of publication of the ESEF RTS in the OJ, if published before 30 September. Otherwise, the following financial year 202X+1]*,

Label	Type	References to IFRSs
Name of reporting entity or other means of identification	text	IAS 1 51 a
Domicile of entity	text	IAS 1 138 a
Legal form of entity	text	IAS 1 138 a
Country of incorporation	text	IAS 1 138 a
Address of entity's registered office	text	IAS 1 138 a
Description of nature of entity's operations and principal activities	text	IAS 1 138 b
Name of parent entity	text	IAS 1 138 c, IAS 24 13
Name of ultimate parent of group	text	IAS 24 13, IAS 1 138 c
Number of employees	X, instant	IAS 1 112 c
Average number of employees	X, duration	
Number of shares issued	shares	IAS 1 106 d
Date of end reporting period	Date	IAS 1.51 c Disclosure
Description of presentation currency	text	IAS 1.51 d Disclosure , IAS 21.53 Disclosure
Name of the audit firm	text	
Unqualified audit opinion with no emphasis of matter	Boolean	
Name of software used to produce the report	text	

4. For financial years beginning on or after 1 January 202X+2 *[two years after publication of the ESEF RTS in the OJ, if published before 30 September. Otherwise, the following financial year 202X+3],* issuers shall mark up all disclosures corresponding to numerical data type including monetary values, decimals, dates and percentages, as well as disclosures corresponding to booleans and enumerations item types disclosed in the notes to the IFRS consolidated financial statements in compliance with the relevant technical requirements. Where tables are presented in the notes to the IFRS consolidated financial statements, issuers shall limit the markup to those figures expressed in a declared currency.

b) ESRS sustainability statements

5. Large undertakings and parent undertakings of a large group that are Public Interest Entities (PIEs) shall mark up their disclosures in the ESRS sustainability statements for financial years beginning on or after 1 January 202X *[the year of publication of the ESEF RTS in the OJ, if published before 30 June. Otherwise, the following financial year 202X+1]*. Large undertakings and parent undertakings of a large group that are non-PIES shall mark up their ESRS sustainability statements for financial years beginning on or after 1 January 202X+1 [*the year following publication of the ESEF RTS in the OJ, if published before 30 June. Otherwise, two years following publication in the OJ 202X+2]*. This markup shall be implemented in accordance with the following requirements:

a. All disclosures under ESRS 2 "General disclosures" and ESRS E1 "Climate change" shall be marked up, regardless of their datatype and level of granularity. This includes Minimum Disclosure Requirements (MDR) and Impacts, Risks and Opportunities-1 (IRO-1) along with the corresponding disclosures across all ESRS topical standards (i.e. E2 "Pollution", E3 "Water and marine resources", E4 "Biodiversity and ecosystems", E5 "Circular economy", S1 "Own workforce", S2 "Workers in the value chain", S3 "Affected communities", S4 "Consumers and end users" and G1 "Business conduct").

b. All disclosures under ESRS 2, appendix B, referred to as "EU datapoints", shall be marked up, even when deemed non-material (using the xsi:nil attribute and a corresponding dimension), regardless of their datatype and granularity.

c. All disclosures under other ESRS topical standards, corresponding to numerical datatype, including but not limited to GHG emissions, energy consumption, intensity values, decimals, dates and percentages, provided in the core taxonomy shall be marked up.

d. All narrative disclosures under other ESRS topical standards shall be marked up using a Level 1 taxonomy element, capturing the entire content of the ESRS disclosure requirement.

e. The ESRS 1 "General Requirements" disclosures on "reporting period start date" and reporting period end date" shall be marked up.

f. Where necessary, the relevant XBRL dimensions shall also be applied.

6. In addition to the requirements set out in paragraph 5, large undertakings and parent undertakings of a large group shall mark up their disclosures in the ESRS sustainability statements for financial years beginning on or after 1 January 202X+2 for PIEs and 202X+3 for non-PIEs *[two years after entry into force of the initial digital requirements]*, in accordance with the following requirements:

   a. All disclosures under ESRS topical standards corresponding to boolean, enumeration or enumerationSet item types provided in the core taxonomy shall be marked up.

   b. All narrative disclosures under ESRS topical standards shall be marked up using the Level 2 taxonomy element, corresponding to either the paragraphs that do not capture the full content of the ESRS disclosure requirement or the principle-based letter-numbered subparagraphs of the ESRS disclosure requirement or application requirement.

   c. Where necessary, the relevant XBRL dimensions should also be applied.

7. In addition to the requirements set out in paragraph 5 and 6, large undertakings and parent undertakings of a large group shall mark up their disclosures in the ESRS sustainability statements for financial years beginning on or after 1 January 202X+4 for PIEs and 202X+5 for non-PIEs *[four years after entry into force of the initial digital requirements]*, in accordance with the following requirements:

a. All disclosures under ESRS corresponding to additional or entity-specific as well as additional disclosures shall be marked up.

b. All narrative disclosures under ESRS topical standards shall be marked up using a Level 3 taxonomy element, corresponding to the roman-numbered sub-subparagraphs of the ESRS disclosure requirement or application requirement.

c. Where necessary, the relevant XBRL dimensions should also be applied.

d. Relationships between marked up disclosures shall be digitally provided using the corresponding fact-to-fact relationships defined in the ESRS core taxonomy.

8. Where small and medium listed undertakings choose to apply ESRS for their sustainability statements, they should apply the corresponding digital taxonomy and follow the same rules as for large undertakings.

c) Article 8 sustainability disclosures

9. Large undertakings and parent undertakings of a large group that are Public Interest Entities (PIEs) shall mark up their applicable Article 8 sustainability disclosures for financial years beginning on or after 1 January 202X [*the year of publication of the ESEF RTS in the OJ, if published before 30 June. Otherwise, the following financial year 202X+1]*. Large undertakings and parent undertakings of a large group that are non-PIES shall mark up their applicable Article 8 sustainability disclosures for financial years beginning on or after 1 January 202X+1 [*the year following publication of the ESEF RTS in the OJ, if published before 30 June. Otherwise, two years following publication 202X+2*]. This markup shall be implemented in accordance with the following requirements:

a. All datapoints disclosed in the templates set forth in Annexes 1, 2, 4, 6, 8, 10, 11 and 12 of Regulation (EU) 2021/2178 shall be marked up with the appropriate XBRL element type (including but not limited to monetaryItemType, percentItemType, booleanItemType, enumerationItemType, enumerationSetItemType or integerItemType). Where necessary, the relevant XBRL dimensions should also be applied.

b. All narrative disclosures in Annexes 1 and 11 of Regulation (EU) 2021/2178 shall be marked up at the highest level of granularity possible and where applicable, with the relevant XBRL dimensions (i.e. eligibility, alignment, or both).

ANNEX III

Applicable Inline XBRL specifications

1. ~~Issuers shall ensure that the Inline XBRL instance document is valid with respect to the Inline XBRL 1.1 specification and is conform to the XBRL Units Registry.~~

2. ~~Issuers shall ensure that the issuer's XBRL extension taxonomy files are valid with respect to the XBRL 2.1 and the XBRL Dimensions 1.0 specifications.~~

3. Undertakings shall ensure that the Inline XBRL instance document are valid with respect to the applicable XBRL specifications referenced therein.

4. Undertakings shall ensure that the Inline XBRL instance documents are valid with respect to the underlying XBRL taxonomies published by ESMA, as specified in Annexes VI, VII and VIII. In case ESMA does not publish the relevant XBRL taxonomies and instead relies on the core XBRL taxonomies issued by the IFRS Foundation or EFRAG, Inline XBRL instance documents shall ensure validity with those taxonomies.

5. Where undertakings develop entity-specific taxonomy extensions to the core taxonomies specified in Annexes VI, VII and VIII, Inline XBRL instance documents shall ensure validity with respect to these entity-specific taxonomy extensions.

6. Undertakings shall ensure that their entity-specific taxonomy extensions to the core taxonomies specified in Annexes VI, VII and VIII are valid with respect to the applicable XBRL specifications referenced therein.

7. Considering that the XBRL standard and technologically may evolve, undertakings shall always apply the latest recommended specifications as published by XBRL International on its website, unless specified otherwise by ESMA.

8. ESMA shall publish the list of XBRL specifications allowed to be used in ESEF on its website. This list shall serve as the primary reference for undertakings when preparing their inline XBRL instance documents and entity-specific taxonomy extensions.

9. Issuers shall submit the Inline XBRL instance document and the issuer's XBRL extension taxonomy files as a single reporting package according to the latest recommended Report Package~~s 1.0~~ specification, as published by XBRL International, unless specified otherwise by ESMA.'

10. Issuers shall ensure that both the Inline XBRL instance document and the issuer's extension taxonomy respect the requirements of the marking up and filing rules set out in Annex IV

ANNEX IV

Marking up and filing rules

a) General rules for all undertakings

1. Undertakings ~~Issuers~~ shall ensure that the Inline XBRL instance document contains data of a single undertaking ~~issuer~~, so that all entity identifiers in contexts shall have identical content.

2. Undertakings ~~Issuers~~ shall identify themselves in the Inline XBRL instance document using ISO 17442 legal entity identifiers on the XBRL context entity identifiers and schemes.

3. When marking up ESRS sustainability statements and Article 8 sustainability disclosures, undertakings shall use the core taxonomy element corresponding to each disclosure and its disclosure requirement. When marking up IFRS consolidated financial statements disclosures, undertakings ~~issuers~~ shall use the core taxonomy element with the closest accounting meaning to the disclosure being marked up. Where there appears to be a choice of core taxonomy elements, undertakings ~~issuers~~ should select the element with the narrowest accounting meaning and/or scope.

4. Where the ESRS core taxonomy lacks a specific element or taxonomy mechanism to mark up entity-specific or additional disclosures, including disclosures stemming from other legislation or generally accepted sustainability reporting standards, undertakings may create extension taxonomy elements to mark up the relevant disclosures. Where the IFRS core taxonomy lacks a specific element or mechanism to mark up relevant entity-specific disclosures, or where the closest IFRS core taxonomy element would misrepresent the accounting meaning of the disclosure being marked up as required by point 3, undertakings ~~issuers~~ shall create an extension taxonomy element to mark up the relevant disclosure ~~and use that to mark up the disclosure concerned~~. All extension taxonomy elements created shall:

    a) make full use of all available taxonomy mechanisms to minimise the need to create an extension taxonomy element;

    b) not duplicate the meaning and scope of any core taxonomy element;

    c) identify the creator of the element;

    d) be assigned with an appropriate data type, period type and if applicable, a balance attribute in case of monetary amounts related to IFRS consolidated financial statements ;

    e) have standard labels in the language corresponding to the language of the annual ~~financial~~ report. Labels in additional languages are recommended to be added. All labels shall correspond to the accounting or sustainability meaning and scope of the described underlying business concepts.

    f) be used consistently across reporting periods and between different language versions of the report, ensuring a stable technical name for the extension element.

5. Undertakings ~~Issuers~~ shall ensure that each extension taxonomy element used to mark up a disclosure in the annual ~~financial~~ report is included in at least one hierarchy of the presentation linkbase and of the definition linkbase of the extension taxonomy.
6. Undertakings ~~Issuers~~ shall use the calculation linkbases of their extension taxonomies to document arithmetical relationships between numeric core and/or extension taxonomy elements of the same context, in particular for arithmetic relationships between core and/or extension taxonomy elements from the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows. Undertakings shall consider the applicable XBRL specifications as defined in Annex III, paragraph 6.
7. To identify the ~~to which~~ part of the financial statements to which the markups relate, undertakings ~~issuers~~ shall use dedicated root taxonomy elements as starting points for the respective parts of the financial statements in their extension taxonomy's presentation linkbases. The element names, labels and prefixes of these root taxonomy elements shall be as set out in the Table 1

Prefix	Element name	Label
ifrs-full	StatementOfFinancial PositionAbstract	Statement of financial position placeholder - this item MUST be used as a starting point for the statement of financial position
ifrs-full	IncomeStatement Abstract	Profit or loss placeholder - this item MUST be used as a starting point for the statement of profit or loss if the statement of profit or loss is disclosed separately
ifrs-full	StatementOfCompre hensiveIncomeAbstract	Statement of comprehensive income placeholder - this item MUST be used as a starting point for the statement of comprehensive income if it is disclosed separately or when the statement of profit or loss and other comprehensive income statements are combined in a single statement
ifrs-full	StatementOfCash FlowsAbstract	Statement of cash flows placeholder - this item MUST be used as a starting point for the statement of cash flows
ifrs-full	StatementOfChangesIn EquityAbstract	Statement of changes in equity placeholder - this item MUST be used as a starting point for the statement of changes in equity
esef_cor	NotesAccountingPolicies AndMandatoryTags	Notes, accounting policies and mandatory core taxonomy elements placeholder – this item MUST be used as a starting point for markups of disclosures in the notes to the financial statements

The dedicated root taxonomy elements shall also be included in the XBRL taxonomy files prepared by ESMA.

8. In their extension taxonomies, undertakings ~~issuers~~ shall not replace the labels or references of core taxonomy elements. Undertaking ~~Issuer~~ specific labels may be added to the core taxonomy elements.

9. Undertakings ~~Issuers~~ shall ensure that the undertaking's ~~issuer's~~ extension taxonomy concepts ~~elements~~ marking up the annual reports ~~IFRS consolidated financial statements' statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows~~ are anchored to one or more core taxonomy ~~elements~~. In particular:

    a) the undertaking ~~issuer~~ shall anchor its extension taxonomy concept ~~element~~ to the core taxonomy concept ~~element~~ having the closest wider accounting or sustainability meaning and/or scope to that extension taxonomy concept ~~element~~ of the undertaking ~~issuer~~. The undertaking ~~issuer~~ shall identify the relationship of the extension taxonomy concept ~~element~~ concerned with the core taxonomy concept ~~element~~ concerned in the ~~issuer's~~ undertaking's extension taxonomy's definition linkbase. The extension taxonomy concept ~~element~~ shall appear as the target of the relationship;

    b) the undertaking ~~issuer~~ ~~may~~ shall anchor the extension taxonomy concept ~~element~~ to the core taxonomy concept ~~element~~ or elements having the closest narrower accounting or sustainability meaning and/or scope to that extension taxonomy concept ~~element~~ concerned. The ~~issuer~~ undertaking shall identify the relationship of the extension taxonomy concept ~~element~~ concerned with the core taxonomy concept ~~element~~ or concepts ~~elements~~ concerned in the ~~issuer's~~ undertaking's extension taxonomy's definition linkbase. The extension taxonomy concept ~~element~~ shall appear as the source of the relationship or relationships. Where the extension taxonomy concept ~~element~~ combines a number of core taxonomy concepts ~~elements,~~ the issuer shall anchor that extension taxonomy concept ~~element~~ to each of those core taxonomy concepts ~~elements~~, except for any such core taxonomy concept ~~element~~ or concepts ~~elements,~~ which are reasonably deemed to be insignificant.

10. ~~Notwithstanding point 9,~~ Undertakings ~~issuers do not~~ need to anchor to another core taxonomy element an extension taxonomy element that is used to mark up a disclosure in the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, ~~or~~ the statement of cash flows or sustainability statement that is a subtotal of other disclosures in the same statement.

11. Undertakings ~~Issuers~~ shall ensure that the data type and period type of a taxonomy element used to mark up a disclosure reflects the accounting or sustainability meaning of the marked up disclosure. Undertakings ~~Issuers~~ shall not define and apply a custom type for a taxonomy element, if a suitable type is already defined by the XBRL specifications or in the XBRL Data Types Registry.

12. When marking up disclosures, the undertaking shall avoid marking up inconsistent duplicates, where for the same combination of XBRL element, period, unit and dimensions different values are provided ~~undertakings issuers shall not use numeric taxonomy elements to mark up different values for a given context (entity, period and dimensional breakdowns)~~ unless the difference is a result of rounding related to presentation of the same ~~information~~ numerical value with different scale in more than one place in the same annual ~~financial~~ report.

13. When marking up disclosures, undertakings ~~issuers~~ shall use non-numeric taxonomy elements in a way that ~~it~~ they mark~~s~~ up all disclosures that match the definition of the respective element. Undertakings ~~Issuers~~ shall not apply the markups only partially or selectively.

14. When marking up narrative disclosures, if the entire content of a narrative disclosure is marked up using more granular XBRL *textBlockItemType* elements, the undertaking may omit additional marking up with a broader parent taxonomy element from the IFRS, ESRS or Article 8 taxonomy hierarchy (i.e. multi- or nested- marking up). This does not preclude multi-marking where multiple datapoints are included within a single narrative disclosure that shall be read as an integrated whole; however, such instances should be minimised wherever feasible.

15. Undertakings ~~Issuers~~ shall ensure that the Inline XBRL instance document does not contain executable code.

b) Specific rules for issuers

16. When marking up the Notes in the IFRS consolidated financial statements, issuers shall make all reasonable efforts to individually mark up all separately identifiable accounting policies and other explanatory notes with the narrowest core taxonomy element that most accurately represents the accounting or business meaning. When marking up the notes to the IFRS consolidated financial statements, issuers shall follow the structure of the notes and presentation logic.

17. Where information within an individually identifiable accounting policy or other explanatory note corresponds to multiple identifiable accounting policies or other explicit identifiable information, issuers may apply the most granular taxonomy elements with data type text block, where available in the core taxonomy, to represent the most precise or narrowest accounting meaning of the information.

18. When marking up individual tables disclosed within the Notes to the IFRS consolidated financial statements, issuers shall adhere to the relevant XBRL technical requirements, using the appropriate data type and ensuring that the underlying XHTML code includes the necessary style attributes and structural elements to ensure the proper display and isolated rendering of the content of the marked up tables. Relationships between marked up tables with the information in the primary financial statements shall be digitally provided using the corresponding fact-to-fact relationships defined in the IFRS core taxonomy.

ANNEX V

XBRL taxonomy files

XBRL taxonomy files published by ESMA shall:

a) identify, as XBRL elements, all core taxonomy elements;

b) set attributes of core taxonomy elements following their type as prescribed in Annex I;

c) provide the human readable labels, as set out in the Table of Annex VI, VII and VIII documenting the meaning of the core taxonomy elements as well as references;

d) define structures facilitating browsing of taxonomy content and understanding of the definition of a core taxonomy element in the context of other core taxonomy elements;

e) define relationships that allow issuers to anchor extension taxonomy elements to core taxonomy elements;

f) be valid ~~according to XBRL 2.1. specifications, XBRL Dimensions 1.0 specifications~~ and ~~be~~ packaged according to ~~the Taxonomy Packages S~~specifications as set out in Annex III;

g) contain the technical information necessary for developing IT solutions supporting the production of harmonised annual financial reports;

h) identify to which periods they refer.

ANNEX VI

Schema of the core IFRS taxonomy

Table

Schema of the core taxonomy to mark up IFRS consolidated statements for financial years beginning on or after 1 January 202X

[As provided in Annex VI of ESMA32-2009130576-3011 Final Report as regards the 2024 update of the taxonomy for the ESEF]

ANNEX VII

Schema of the core ESRS taxonomy

Table

Schema of the core taxonomy to mark up ESRS sustainability statements for financial years beginning on or after 1 January 202X

[*ESMA32-2009130576-3266 Annex VII Schema of the core ESRS taxonomy*

To be included separately on ESMA website and create links to the different schemas]

ANNEX VIII

Schema of the core Article 8 taxonomy

Table

Schema of the core taxonomy to mark up Article 8 sustainability statements for financial years beginning on or after 1 January 202X

[*ESMA32-2009130576-3267 Annex VIII Schema of the core Article 8 taxonomy*

To be included separately on ESMA website and create links to the different schemas]

Questions

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).*

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.*

9.5 Annex V – Legal text RTS on EEAP

COMMISSION DELEGATED REGULATION (EU) xxxx/xx of xx xxxx xxx amending Commission Delegated Regulation (EU) 2016/1437 with regard to regulatory technical standards on access to regulated information at Union level

The European Commission,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, and in particular Article 22 thereof,

Whereas:

(1) Considering that Regulation (EU) 2023/2859 requires ESMA to establish and operate a European single access point (ESAP) providing central electronic access to a wide range of information, including regulated information referred to in Article 21(1) of Directive 2004/109/EC, and that Article 21a of Directive 2004/109/EC was repealed by Directive (EU) 2023/2864, it is appropriate to amend Regulation (EU) 2016/1437.

(2) Since Article 23a of Directive 2004/109/EC specifies that the collection body as defined in Article 2, point (2), of Regulation (EU) 2023/2859 is the officially appointed mechanisms (OAMs) designated under Article 21(2) of the same Directive, ESAP should serve the function of giving access to regulated information stored by the OAMs at Union level.

(3) Regulation (EU) 2016/1437 should therefore be aligned with the requirements in Regulation (EU) 2023/2859 and in the Regulations adopted pursuant to Article 5 and Article 7 of that Regulation (xx/xxx ITS on ESAP function and ITS on tasks of collection bodies).

(4) This Regulation is based on the draft regulatory technical standards submitted by ESMA to the Commission.

(5) ESMA has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Securities and Markets Stakeholder Group established by Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council,

HAS ADOPTED THIS REGULATION

Article 1

Amendments to Commission Delegated Regulation (EU) 2016/1437

Commission Delegated Regulation (EU) 2022/1288 is amended as follows:

1. Article 1 to 10 are repealed and replaced by the following:

Article 1

Search for regulated information

1. The European Single Access Point established and operated by ESMA pursuant to Article 1 of Regulation (EU) 2023/2859 shall be the central access point for the search for regulated information at Union level.
2. The search criteria offered on the ESAP regarding the regulated information made available by OAMs shall be those specified in Article 7 paragraph 3 of Regulation (EU) 2023/2859.

Article 2

Communication technologies

1. The security and integrity of the metadata on regulated information exchanged between OAMs and the ESAP shall be guaranteed.
2. OAMs shall use the secure internet protocol specified by specified by Article 4(d) of Regulation xx/xxxx [ITS on certain tasks of collection bodies] to make information available on ESAP.
3. The regulated information shall be made available to ESAP via file transfer.
4. Each OAM shall ensure at least 97 % availability per month of its connection with the ESAP.

Article 3

Provision of information to ESAP by OAMs

1. Each OAM shall provide to ESAP the regulated information as required by Article 5 paragraph 1(e) of Regulation (EU) 2023/2859 and within the time limits set out in Article 6 of Regulation xx/xxx (ITS on tasks of collection bodies).
2. OAMs shall provide to ESAP the metadata specified by Article 5 paragraph 1 of Regulation xx ITS on tasks of collection bodies), including all the metadata that issuers submit to the OAMs pursuant to Article 23a of Directive 2004/109/EC.
3. Each OAM shall make available to ESAP all language versions of such documents that are disseminated by issuers and stored by the OAM in accordance with Article 21(1) of Directive 2004/109/EC.

4. Where any document containing regulated information is modified, the OAM shall make available to ESAP the modified document and the updated metadata in the time limits set out by Article 6 of Commission Implementing Regulation xx/xxx (ITS on tasks of collection bodies).
5. OAMs shall not charge ESMA for the delivery of regulated information, the metadata or, where required, the qualified electronic seal, nor for any cost the OAMs will incur to connect to ESAP.

Article 4

Unique identifier used by OAMs

Each OAM shall use a valid ISO 17442 Legal Entity Identifier (LEI) as the unique identifier for each issuer.

Article 5

Common format for the delivery of metadata

1. Each OAM shall deliver metadata to ESAP in the format specified in Article 5 of Regulation xx/xxx (ITS on tasks of collection bodies).
2. Each OAM shall deliver metadata on regulated information to ESAP in accordance with Table 1 set out in Annex to Commission Implementing Regulation xx/xxx (ITS on tasks of collection bodies).

Article 6

Common list and classification of regulated information

The common list of types of regulated information shall correspond to the types of information listed in Table 1 of Annex to Regulation xx/xxx (ITS on functionalities of ESAP) which relate to Directive 2004/109/EC.

Article 7

Entry into force and application

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

It shall apply from 10 July 2026.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, xx xxx.

For the Commission

The President

Ursula Von der Leyen

10 Terms, abbreviations and acronyms used in this Consultation Paper

Annual financial report	The set of documents to make public by issuers under Article 4 (1) of Directive 2004/109/EC.
Annual report	The set of documents to make public by undertakings under Article 33 of Directive 2013/34/EU including the annual financial statements and the management report. Annual reports also include the annual financial reports.
AR	(ESRS) Application Requirements
Article 8 sustainability disclosures	Disclosures prepared in accordance with Article 8 of Commission Delegated Regulation (EU) 2021/2178.
CBA	Cost-Benefit Analysis
CSRD	Corporate Sustainability Reporting Directive
DR	(ESRS) Disclosure Requirement
EC	European Commission
EEAP	European Electronic Access Point
ESAP	European Single Access Point
ESEF	European Single Electronic Format
ESMA	European Securities & Markets Authority
ESRS	European Sustainability Reporting Standards
ESRS sustainability statements	Sustainability reports prepared in accordance with the European Sustainability Reporting Standards (ESRS) adopted pursuant to Commission Delegated Regulation (EU) 2023/2772.
EU	European Union
GRI	Global Reporting Initiative
Human-readable annual report	The human-readable visual layer of the annual report in an iXBRL ESEF filing.
IFRS	International Financial Reporting Standards
IFRS consolidated financial statements	Consolidated financial statements prepared in accordance with either IFRS adopted pursuant to Regulation (EC) No 1606/2002 or with IFRS as referred to in point (a) of the first subparagraph of Article 1 of Decision 2008/961/EC. The statement of financial position, statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows, which are prepared in accordance with accounting standards and regulations.
IG	(ESRS) Implementation Guidance
IRO	(ESRS) Impacts, Risks, and Opportunities
ISSB	International Sustainability Standards Board
Issuers	Undertakings within the scope of article 2 (d) of Transparency Directive 2004/109/EC.
Large undertakings	Undertakings defined in Article 3(4) of the Accounting Directive 2013/34/EU
Large groups	Undertakings defined in Article 3(7) of the Accounting Directive 2013/34/EU
Level 1 ESRS disclosures	(ESRS) The core of a narrative disclosure requirement (DR) that is easily identifiable in the first paragraph, by using the expressions 'shall disclose' or 'shall include' followed by a paragraph outlining the objective of the DR.
Level 2 ESRS disclosures	(ESRS) Narrative individual datapoints to be generally reported as separate items in a list of letters: (a), (b), (c), etc.
Level 3 ESRS disclosures	(ESRS) A sub-list of narrative datapoints identified by small roman numerals: (i), (ii), (iii), etc.
LSME	Listed small and medium-sized enterprises
MA	(ESRS) Materiality Assessment
Machine-readable annual report	The machine-readable layer of the annual report in an iXBRL ESEF filing.
(to) Mark up; marking up; marked up	(Verb) The action of using XBRL elements to label information in a human-readable annual report that format the information in a way that is interpretable and readable by a machine; colloquially also known as "tagging".

Markup	(Noun) A single XBRL element that covers the meaning and contents of text, pasted or inserted on top of the visual human-readable annual report. A markup enables the underlying text in the human-readable annual report to be provided in an interactive and machine-readable format; colloquially also known as a “tag”.
MDR	(ESRS) Minimum Disclosure Requirements
Notes to the IFRS consolidated financial statements	The notes to the IFRS consolidated financial statements, comprising a summary of significant accounting policies and other explanatory information.
OAM	Official Appointment Mechanism
OJ	Official Journal of the European Union
Primary Financial Statements - PFS	Includes the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows in IFRS consolidated financial statements
PIEs	Public Interest Entities. In this consultation paper, undertakings within the scope of Article 2(1) of the Accounting Directive (2013/34/EU).
RTS on EEAP	Regulatory Technical Standards on European Electronic Access Point
RTS on ESEF	Regulatory Technical Standards on European Single Electronic Format
SME	Small and medium-sized enterprises
Sustainability reporting	Includes European Sustainability Reporting Standards (ESRS) -compliant sustainability statements and disclosures provided for in Article 8 of the EU Taxonomy Regulation.
Text block markup	(Noun) A single fact XBRL element that covers the meaning and contents of a note or section of text, pasted or inserted on top of the note in the human-readable annual report.
TNFD	Taskforce on Nature-related Financial Disclosures
Undertakings	Undertakings within the scope of Article 1 of the Accounting Directive (2013/34/EU). Reference to undertakings also include issuers.
XBRL / iXBRL	eXtensible Business Reporting Language / Inline eXtensible Business Reporting Language
XHTML	eXtensible HyperText Markup Language