Deutsches Rechnungslegungs Standards Committee e.V.

Accounting Standards Committee of Germany

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Berlin, 31 March 2025

Dear Mrs. Ross,

Re: 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)

On behalf of the Accounting Standards Committee of Germany (ASCG), we are writing to contribute to ESMA's *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)* (herein referred to as the "Consultation Paper") published on 13 December 2024. We appreciate the opportunity to comment on the Consultation Paper.

The ASCG is the national standard setter in the area of group financial reporting in Germany. The organisation was established on 17 March 1998 as an independent and registered not-for-profit association by German Industry and is domiciled in Berlin. The ASCG had been formally acknowledged by the Ministry of Justice as the private standardisation organisation pursuant sec. 342q of the German Commercial Code.

Marking up sustainability reporting including Article 8 sustainability disclosures and implications of the Omnibus Initiative of the European Commission on the proposals

We welcome ESMA's proposals on electronic sustainability reporting and support putting financial and sustainability reporting on an equal footing in terms of digitalisation. However, we deem it necessary to conduct a field test and a comprehensive Cost/Benefit Analysis before marking up rules for sustainability disclosures are issued. Undertakings should not be required to apply granular marking up rules if the associated costs do not justify the benefits

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for users of sustainability reports. We are sceptical that the likely costs of the proposals are justified.

In view of the European Commission's proposals for simplifying sustainability reporting, it is already apparent that the reporting of both ESRS and Article 8 disclosures will undergo changes, which will also require amendments to the XBRL taxonomies. This means that undertakings will have to align their reporting and markup processes for ESEF according to the current proposals, although it is already foreseeable that these reporting processes would soon have to be changed again. We therefore propose that the interim period until the proposals to amend the ESRS Set 1 (and the CSRD) are adopted (and transposed into national law) should be used for a comprehensive field test and no marking up should be required until the results of the analysis are available.

Without a field test, no meaningful and comprehensive Cost/Benefit Analysis can be conducted. However, such an analysis is necessary to properly assess the proposals. We propose that a comprehensive review of whether the ESEF format is still fit for purpose is necessary and to explore users' needs as regards ESEF reports. If the proposals are not subject to a prior field test, undertakings are concerned that many application challenges and issues could arise that could have been avoided if the proposals have been tested in a prior field test. The results of the field test and the Cost/Benefit Analysis should be used to define the requirements for phase 1.

Should undertakings nevertheless be required to mark up sustainability disclosures, the requirements should apply at the earliest to financial years starting on or after 1 January 2027. This gives undertakings, software providers and auditors enough time to adapt to the new provisions.

Moreover, only an initial phase with limited requirements for markups shall be required initially. A post-implementation review of the marking up rules of this phase 1 should be carried out before the start of each new phase to determine whether there is a need for amendments of the requirements. Therefore, the definition and implementation of subsequent phases should be tied to the result of post-implementation reviews.

Marking up the Notes to the IFRS consolidated financial statements

We welcome and support ESMA's objective to improve marking up rules for the Notes to the IFRS consolidated financial statements. Feedback that we have obtained from our constituency over the past few years showed that ESEF was time-consuming and costly to implement and continues to be complex and burdensome for preparers of financial statements. Preparers are still facing process-related challenges as regards their timetable to prepare their IFRS consolidated statements including the marking up of IFRS consolidated statements, as complying with the requirements of the RTS on ESEF is subject to the statutory audit of IFRS consolidated financial statements. On the other hand, feedback that we have received from our constituency also revealed that ESEF reports are rarely (if at all) used by users of financial statements.

While we concur with the problems described in the Consultation Paper, we do not agree with the conclusion reached on that basis that a revision of the marking up rules for the Notes to the IFRS consolidated financial statements (towards a comprehensive detailed marking up approach of the Notes) is necessary. In our view, the proposals are not cost-beneficial and

would impose a high burden on preparers of financial statements, while at the same time it remains unclear whether the proposals are useful for users of financial statements. In particular, we doubt that a comprehensive detailed markup of all disclosures in the Notes to IFRS consolidated financial statements will be consumed in that detail by users of financial statements.

Broader analysis of the root courses as to why ESEF files are not used is necessary

While we agree that 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, we believe that a broader analysis of the root courses as to why ESEF files are not used by users of financial statements is necessary before revising marking up rules. In our view, the reasons for the poor acceptance of ESEF are multifaceted and more far-reaching than the complexity of text block tagging.

In addition, we note that some of the problems identified by ESMA will likely not be solved by solely amending the marking up rules. For example, we concur with ESMA's observation that ESEF files are difficult to consume as they are generated by converting PDF reports to XMHTL and then adding Inline markups. Other unforeseen issues have occurred as the requirements on ESEF were not clearly articulated form the outset and were clarified in subsequent reporting periods through second level guidance (such as ESMA's expectation of the readability of the information extracted from a block tag). In this context, we would like to stress that – should ESMA adhere to its proposals – a field test is needed to determine whether any unforeseen issues or challenges could arise.

For the reasons above, we believe that the proposals will likely not achieve the desired outcome as the fundamental question – whether the poor acceptance of ESEF reports can be overcome by requiring issuers to apply comprehensive detailed marking up of their complete disclosures – is unanswered. We therefore recommend ESMA, in a first step, undertake a comprehensive review as to whether ESEF is still fit for purpose and why ESEF reports are not consumed by users of financial statements. On the basis of such a comprehensive review, targeted proposals for improvement – tailored to the specific needs of users of ESEF reports and considering the cost-benefit ratio – can then be derived in a second step.

In developing proposals, we believe that new technologies (in particular artificial intelligence) should also be considered. At present, we observe that software based on artificial intelligence can already deliver quite accurate results when analysing financial reports. Given the high speed of development of artificial intelligence, it can be assumed that, in the near future, artificial intelligence will generate equally valid results in analysing financial statements (similar as under XRBL marking up). Against this background, we question whether the Cost/Benefit Analysis in favour of the use of Inline XBRL made when the ESEF was introduced in 2017 is still valid in view of current market needs and the technological environment, taking into account both cost of preparers and benefits for users of financial statements.

Our responses to the questions raised in the Consultation Paper are laid out in the appendix to this letter. If you would like to discuss our comments further, please feel free to reach out to us at any time.

Yours sincerely,

Georg Lanfermann

President

Sven Morich

Vice President

Appendix – Answers to the questions in the Consultation Paper

1.1. Marking up sustainability reporting

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

No.

We agree with the assessment that the numerical information is the most comparable datatype, followed by the semi-narrative data and then the text block information.

We propose that the marking up rules be kept as simple as possible to make it easier for undertakings and auditors to apply.

Additionally, we recommend a mapping of the datapoint list (EFRAG IG 3) to the XBRL concepts for every datapoint. This will decrease the burden for implementing and auditing.

> **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.

No.

We welcome ESMA's proposals on electronic sustainability reporting and support putting financial and sustainability reporting on an equal footing in terms of digitalisation. However, we deem it necessary to conduct a field test and a comprehensive Cost/Benefit Analysis before marking up rules for sustainability disclosures are issued. Undertakings should not be required to apply granular marking up rules if the associated costs do not justify the benefits for users of sustainability reports. We are sceptical that the likely costs of the proposals are justified.

In view of the European Commission's proposals for simplifying sustainability reporting, it is already apparent that the reporting of both ESRS and Article 8 disclosures will undergo changes, which will also require amendments to the XBRL taxonomies. This means that undertakings will have to align their reporting and markup processes for ESEF according to the current proposals, although it is already foreseeable that these reporting processes would soon have to be changed again. We therefore propose that the interim period until the proposals to amend the ESRS Set 1 (and the CSRD) are adopted (and transposed into national law) should be used for a comprehensive field test and no marking up should be required until the results of the analysis are available.

Without a field test, no meaningful and comprehensive Cost/Benefit Analysis can be conducted. However, such an analysis is necessary to properly assess the proposals. We propose that a comprehensive review of whether the ESEF format is still fit for purpose is necessary and to explore users' needs as regards ESEF reports. If the proposals are not subject to a prior field test, undertakings are concerned that many application challenges and issues could arise that could have been avoided if the proposals have been tested in a prior field test. The results of the field test and the Cost/Benefit Analysis should be used to define the requirements for phase 1.

Should undertakings nevertheless be required to mark up sustainability disclosures, the requirements should apply at the earliest to financial years starting on or after 1 January 2027. This gives undertakings, software providers and auditors enough time to adapt to the new provisions.

Moreover, only an initial phase with limited requirements for markups shall be required initially. A post-implementation review of the marking up rules of this phase 1 should be carried out before the start of each new phase to determine whether there is a need for amendments of the requirements. Therefore, the definition and implementation of subsequent phases should be tied to the result of post-implementation reviews.

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.

No.

Instead, an additional staggered approach based on the ESEF-experience of undertakings could ease the implementation. In this way, undertakings with no or little ESEF experience could learn from undertakings of the first wave that have already gained ESEF experience.

However, as stated in our response to question 2, we propose that a field test and a comprehensive Cost/Benefit Analysis be conducted before undertakings are required to report their sustainability information in ESEF. The results of this analysis should be incorporated into the phase 1 requirements.

Should undertakings nevertheless be required to mark up sustainability disclosures, the undertakings should apply at the earliest to financial years starting on or after 1 January 2027, regardless of the type of undertaking. This gives undertakings, software providers and auditors enough time to adapt to the new requirements.

If the additional staggered approach based on the type of large undertaking is to be retained, large credit institutions and insurance companies with no transferable securities admitted to trading on a regulated market of the EU would be disproportionately burdened, since they would have to prepare a sustainability report for the first time in 2026 for 2025 and then possibly have to do the marking up in 2027 for 2026 without having gained any ESEF experience so far (this timeline could change as a result of the omnibus initiative).

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.

No.

The phases were designed as a learning process to enable undertakings to gain experience in the marking up of sustainability disclosures and getting familiar with the tools while having a certain amount of marked up disclosures that is comprehensive and comparable for users of sustainability statements. This objective is not achieved with the proposals. The proposed requirements especially for phase 1 do not provide enough reduction of reporting burdens.

As stated in our response to question 2, we propose that a field test and a comprehensive Cost/Benefit Analysis be conducted before undertakings are required to report their sustainability information in ESEF. The results of this analysis should be incorporated into the phase 1 requirements.

If no field test and no comprehensive Cost/Benefit Analysis are carried out to determine the requirements of phase 1, we propose the following:

Quantitative

- All numeric values in ESRS 2, if they can be tagged with the concepts provided by the base taxonomy (no extensions except for typed axis).
- All mandatory (human readable not XBRL) tables in the other ESRS, that have a structure defined by the ESRS.

Since the structure of these tables is defined by the ESRS, the marked up information is highly comparable between different reports and easy to use by users of sustainability statements. In addition, undertakings can gain initial experience by marking up only this tables.

Semi-Narrative

All “Boolean”, “Enumeration” and “EumerationSet” values, that are not subject to a XBRL table. These are clearly identifiable in the taxonomy. Furthermore, there is only a limited amount of these taxonomy elements, so undertakings and users of sustainability statements can get used to the data type.

Narrative

All level 1 text block elements (identified by the “Level1Element”-attribute in the ESRS taxonomy). With this approach all sustainability disclosures in the management report are marked up for users of sustainability statements at least with one level 1 element. In addition, undertakings can gain initial experience by marking up narrative information using only level 1 elements. Furthermore, undertakings would not be required to distinguish between Level 2 and Level 3 taxonomy elements, which is a major challenge.

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.

No.

As stated in our response to question 2, we propose that a field test and a comprehensive Cost/Benefit Analysis be conducted before undertakings are required to report their sustainability information in ESEF. The results of this analysis should be incorporated into the phase 1 requirements. A post-implementation review of the marking up rules of this phase 1 should be carried out before the start of each new phase to determine whether there is a need for amendments of the requirements. Therefore, the definition and implementation of subsequent phases should be tied to the result of post-implementation reviews.

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 alter-native approaches.

No.

According to our answer to Question 4 no extensions should be allowed in phase 1. For later phases, this could be part of the post-implementation review and therefore a possible content of later phases.

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.

No.

As stated in our response to question 2, we propose that a field test and a comprehensive Cost/Benefit Analysis be conducted before undertakings are required to report their sustainability information in ESEF. The results of this analysis should be incorporated into the phase 1 requirements. A post-implementation review of the marking up rules of this phase 1 should be carried out before the start of each new phase to determine whether there is a need for amendments of the requirements. Therefore, the definition and implementation of subsequent phases should be tied to the result of post-implementation reviews.

1.2. Marking up Article 8 sustainability disclosures

Question 8: Do you agree with having a closed taxonomy for Article 8 sustainability disclosures? If not, please explain your reasons and provide examples on when entity-specific extensions might be necessary.

Yes.

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.

No.

A phasing-in approach should be introduced for the Article 8 disclosures, as there is for the ESRS disclosures. This phase 1 should last as long as phase 1 for marking up the ESRS disclosures.

As stated in our response to question 2, we propose that a field test and a comprehensive Cost/Benefit Analysis be conducted before undertakings are required to report their sustainability information in ESEF. The results of this analysis should be incorporated into the phase 1 requirements for Article 8 disclosures. After that, a post-implementation review of phase 1 should be carried out, in line with our proposals for the ESRS disclosures.

As stated in our response to question 3, instead of a staggered approach based on the type of large undertakings an additional staggered approach based on the ESEF-experience of undertakings could ease the implementation. In this way, undertakings with no or little ESEF experience could learn from undertakings of the first wave that have already gained ESEF experience.

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.

No.

As stated in our response to question 2, we propose that a field test and a comprehensive Cost/Benefit Analysis be conducted before undertakings are required to report their sustainability information in ESEF. The results of this analysis should be incorporated into requirements.

Therefore, no marking up should be required until the results of the analysis are available. The results of the field test and the comprehensive Cost/Benefit Analysis should be used to define the requirements for phase 1 as proposed in our response to question 9.

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.

No.

As stated in our response to question 2 and 9, we propose that a field test and a comprehensive Cost/Benefit Analysis be conducted before undertakings are required to report their sustainability information in ESEF. The results of this analysis should be incorporated into the phase 1 requirements. A post-implementation review of the marking up rules of this phase 1 should be carried out before the start of each new phase to determine whether there is a need for amendments of the requirements. Therefore, the definition and implementation of subsequent phases should be tied to the result of post-implementation reviews.

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

Question 12: Do you agree with the technical approach followed by ESMA with regards to incorporating ESRS and Article 8 digital taxonomies from EFRAG into the ESEF taxonomy framework?

Yes.

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?

Yes.

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?

We consider the provision of guidance to be important, as many preparers of sustainability reports will have no previous ESEF experience.

To achieve a common understanding of which information should be marked up with which taxonomy elements and how, EFRAG, ESMA or the European Commission should publish

(realistic) examples of fully marked up sustainability reports for each phase in advance of the respective phase with guidance on how to mark up information. A good example of such guidance is the "IFRS Foundation's document Using the IFRS Taxonomy: A preparer's guide" which is very clear and provides a good understanding with the help of examples. A first step in this direction is a video published by EFRAG on marking up ESRS disclosures.

The (updated) explanatory note and EFRAG's example reports in particular should be updated by ESMA, as this makes it easier to understand the background for decisions (e.g. with regard to design patterns) and certain functionalities (e.g. soft links). In the case of example reports, it should be made clear that they cannot be exhaustive due to the large number of possible disclosures and that they are non-binding.

EFRAG, ESMA or the European Commission could support undertakings further by providing fully marked up model sustainability reports. With the help of such model reports, undertakings would not have to mark up their sustainability reports themselves but could instead insert their respective information into the model reports.

Please rework the ESEF Reporting Manual and consult technical experts (e.g. XBRL Europe) before publication to prevent issues.

When formulating validation rules, it should be made sure that validation errors are worded in a way that is easier to understand.

Based on the experience with ESEF to date, many of the issues relating to financial reporting in ESEF are also valid for sustainability reporting in ESEF. Therefore, we also refer in particular to our answers 15, 16, 17, 18, 22 and 23.

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

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

No.

We welcome and support ESMA's objective to improve marking up rules for the Notes to the IFRS consolidated financial statements. Feedback that we have obtained from our constituency over the past few years showed that ESEF was time-consuming and costly to implement and continues to be complex and burdensome for preparers of financial statements. Preparers are still facing process-related challenges as regards their timetable to prepare their IFRS consolidated statements including the marking up of IFRS consolidated statements, as complying with the requirements of the RTS on ESEF is subject to the statutory audit of IFRS consolidated financial statements. On the other hand, feedback that we have received from our constituency also revealed that ESEF reports are rarely (if at all) used by users of financial statements.

While we concur with the problems described in section 6.1.2 of the Consultation Paper, we do not agree with the conclusion reached on that basis that a revision of the marking up rules for the Notes to the IFRS consolidated financial statements (towards a comprehensive detailed marking up approach of the Notes) is necessary. In our view, the proposals are not cost-beneficial and would impose a high burden on preparers of financial statements, while at the same

time it remains unclear whether the proposals are useful for users of financial statements. In particular, we doubt that a comprehensive detailed markup of all disclosures in the Notes to IFRS consolidated financial statements will be consumed in that detail by users of financial statements.

Though we agree that 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, we believe that a broader analysis of the root courses as to why ESEF files are not used by users of financial statements is necessary before revising current marking up rules. In our view, the reasons for the poor acceptance of ESEF are multifaceted and more far-reaching than the complexity of text block tagging.

In addition, we note that some of the problems identified by ESMA will likely not be solved by solely amending the marking up rules. For example, we concur with ESMA's observation that ESEF files are difficult to consume as they are generated by converting PDF reports to XMHTL and then adding Inline markups. Other unforeseen issues have occurred as the requirements on ESEF were not clearly articulated form the outset and were clarified in subsequent reporting periods through second level guidance (such as ESMA's expectation of the readability of the information extracted from a block tag). In this context, we would like to stress that – should ESMA adhere to its proposals – a field test is needed to determine whether any unforeseen issues or challenges could arise.

For the reasons above, we believe that the proposals will likely not achieve the desired outcome as the fundamental question – whether the poor acceptance of ESEF reports can be overcome by requiring issuers to apply comprehensive detailed marking up of their complete disclosures – is unanswered. We therefore recommend ESMA, in a first step, undertake a comprehensive review as to whether ESEF is still fit for purpose and why ESEF reports are not consumed by users of financial statements. On the basis of such a comprehensive review, targeted proposals for improvement – tailored to the specific needs of users of ESEF reports and considering the cost-benefit ratio – can then be derived in a second step.

In developing proposals, we believe that new technologies (in particular artificial intelligence) should also be considered. At present, we observe that software based on artificial intelligence can already deliver quite accurate results when analysing financial reports. Given the high speed of development of artificial intelligence, it can be assumed that, in the near future, artificial intelligence will generate equally valid results in analysing financial statements (similar as under XRBL marking up). Against this background, we question whether the Cost/Benefit Analysis in favour of the use of Inline XBRL made when the ESEF was introduced in 2017 is still valid in view of current market needs and the technological environment, taking into account both cost of preparers and benefits for users of financial statements.

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.

No.

We appreciate that ESMA is aiming to balance the burden on issuers with the need for greater usability and comparability of the marked up information.

However, we disagree with the proposed phased-in approach. We note that the burden on issuers to implement the proposals will be very high (particularly in phase 2 of the proposals). A phased-in approach would stagger the efforts of issuers over several reporting periods and would not reduce the overall burden. In addition, where possible, preparers should be prevented from being repeatedly exposed to implement changes to the marking up of the disclosures in their Notes to IFRS consolidated financial statements, which would be associated with high costs. In this context, the interaction with the proposals for marking up sustainability reporting (including Article 8 sustainability disclosures) must also be considered, as issuers would be required to implement the requirements for marking-up their sustainability reporting in parallel in the reporting periods concerned.

In addition, we disagree with the proposed timeline. Since the proposed changes are not narrow, we are concerned that the proposed transition period of 3 months (from the date of the publication, if the amendment to the RTS on ESEF is published in the Official Journal before 30 September of the given year) does not allow issuers sufficient time to implement the new marking up rules (and for software providers to adapt their software tools). Therefore, should ESMA retain these proposals, we suggest that the transition period should be set at one year from publication in the Official Journal.

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.

No.

Proposed new approach to text block mark up the Notes to the IFRS consolidated financial statements

We appreciate that ESMA is proposing a new approach to text block mark up the Notes to the IFRS consolidated financial statements aiming to ease the burden of marking up by avoiding, as much as possible, an over-marking up. In particular, we appreciate and support the direction of the proposals that information in the Notes should be marked up only once, with a single core taxonomy element.

We therefore cautiously support the proposed new approach that issuers should select the taxonomy element that best represents the closest/narrowest accounting meaning. We believe that this proposal could simplify the marking up of the Notes to the IFRS consolidated financial statements for issuers as multi-marking up can be avoided. We also cautiously support the proposal that issuers – when applying the new approach of the closest/narrowest accounting meaning – should follow the individual structure and the presentation logic of their Notes (i.e., headings, or sections, including sub-sections, in their Notes to IFRS consolidated financial

statements). In general, we believe that this approach could be workable to implement in practice.

However, as a caveat, we would like to note that implementing the proposed new approach requires judgement. In this regard, we would like to stress that selecting the one core taxonomy element that best represents the closest/narrowest accounting meaning and/or scope is a high hurdle that could be complex to implement, as an issuer must analyse in each case whether the right core taxonomy element has been selected. If, according to the definition/description of the closest taxonomy element, that taxonomy element would misrepresent the accounting meaning, an extension taxonomy element must be created.

We regret that ESMA has not conducted a field test to test its proposals and identify any application challenges and unforeseen issues that may arise when applying the new proposals in practice. To avoid unnecessary subsequent changes to the proposed new approach, we therefore recommend ESMA test the proposed new markup rules on a sample of Notes to IFRS consolidated financial statements.

Further, we suggest ESMA investigate with users of financial statements on whether they deem the results of the proposed new approach to be useful when analysing text block markups. We note that the proposed new approach will likely result in a more granular and fragmented marking-up; while the approach of the current RTS on ESEF (including multi- and nested tagging) results in a more comprehensive marking-up of the Notes, enabling users to consume all the relevant information that are marked up with taxonomy elements that are relatively broad in their accounting meaning. Thus, depending on how users deem to consume text block markups, either the proposed new approach or the current approach could be favourable from a user perspective.

Another approach, which was not considered in the Consultation Paper, would be to revise the current list of mandatory text block elements by reducing the number of mandatory text block elements to a set of text block elements that are not overlapping. As ESMA itself explains in the Consultation Paper, one key issue is the absence of a clear hierarchy among mandatory elements, and the overlapping or embedded nature of certain elements due to their similar accounting meanings. In our view, removing redundancies from the list of mandatory taxonomy elements, would also be an appropriate approach to improve text block marking up, while at the same time reducing the risk of any unforeseen issues.

For the reasons above, we believe that further work is required before proceeding with the proposals. For the time being, we cannot foresee whether the proposed new approach will lead to an improvement for issuers in text block marking up of their Notes or whether there will be unforeseen application issues. We therefore recommend ESMA test its proposals in a field test and investigate whether it eases the burden of issuers and provides users of the ESEF reports with relevant information.

Creation of relationships between the marked up tables and the corresponding XBRL elements in the primary financial statements (by using the corresponding fact-to-fact relationships)

We disagree with the proposal to require issuers to create relationships between marked up tables and the corresponding XBRL elements in the primary financial statements by using fact-to-fact relationships. While we understand from discussions in the XBRL community that

establishing digital relationships between XBRL elements can improve the digital usability of marked up data, we sense that the use case for introducing a requirement to create relationships between marked up tables and the corresponding XBRL elements in the primary financial statements is not well described, and thus not clear, in the Consultation Paper.

Firstly, we note that the objective of the proposal is unclear. It is not clear from the Consultation Paper to what extent information on digital relationships is useful for users of financial statements and whether (and how) such digital relationships would be consumed by users.

Secondly, from an accounting perspective, it is not clear, which relationships should be marked up digitally. Under current IFRS Accounting Standards, entities are required only in very limited circumstances to provide information about relationships between line items in the primary financial statements and information disclosed in the Notes. For instance, IAS 1.113 requires an entity to cross-reference each line item presented in the primary financial statements to any related information in the Notes. Relationships between line items in the primary financial statements and tables disclosed in the Notes (beyond those cross-references) are therefore often not apparent for users of the paper-based financial statements. Thus, users of the digital format would receive more information than from paper-based financial statements, if ESMA were to require issuers to create relationships between marked up tables and the corresponding XBRL elements in the primary financial statements that go beyond the requirements of IFRS Accounting Standards.

Thirdly, we are concerned that requiring issuers to create digital relationships could be complex to implement; if EMSA does not clarify to what extent those digital relationships should be created. For example, for some tables in the Notes a number of relationships to line items of the primary financial statements is inherent (e.g., a reconciliation of the carrying amount of property, plant and equipment includes amounts that are classified to various line items in the statement of financial position, the statement of profit or loss and other comprehensive income, and the statement of cash flows; however, the respective amounts often cannot be directly reconciled with the balances in the primary financial statements, as line items in the primary financial statements are presented on a more aggregated level). Therefore, issuers are concerned that, if this mechanism were implemented, connecting tables in the Notes to line items in the primary financial statements would be time-consuming. On the other hand, for some tables in the Notes, relationships to the line items in the primary financial statements are not straightforward.

Lastly, we would like to note that introducing requirements on the mark up of tables entails the risk that issuers – in order to avoid the requirements of marking up tables in their Notes – reorganise the presentation of their Notes and provide information in narrative form instead of in tables.

For the reasons explained above, we disagree with the proposal to require issuers to create relationships between marked up tables and the corresponding XBRL elements in the primary financial statements. Should ESMA nevertheless adhere to its proposal, we recommend ESMA:

- clarify what type of relationships should be made available digitally (both from an accounting and technical perspective),
- consult with users of financial statements whether they need and how they would consume such digital relationships,

- test its proposals (e.g., run field tests or develop mock up examples of marked up tables including digital relationships to corresponding XBRL elements in the primary financial statements) and investigate with users of financial statements on whether and how they would consume these digital relationships, and
- consider other technical solutions to create digital relationships that may be better suited to achieve the desired objective and/or easier to implement for preparers of financial statements (e.g., text blocks tags, or a presentation linkbase for the Notes).

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.

No.

We disagree with the proposal to require issuers to mark up all the information in their Notes to the IFRS consolidated financial statements. As explained in more detailed below, we believe that the cost-benefit ratio of the proposal is unbalanced, and the proposals are in our view not sufficiently substantiated by requests from users of financial statements.

We understand from the draft Cost/Benefit Analysis that a comprehensive detailed marking up approach would improve the overall scope of marked up data (which translates into greater machine readability of the Notes to the IFRS consolidated financial statements). However, it is not clear from the Consultation Paper whether users of financial statements actively requested for a detailed marking up of the Notes to the IFRS consolidated financial statements.

We doubt that users of financial statements would consume a detailed marking up of all disclosures in the Notes to the IFRS consolidated financial statements. A comprehensive, detailed marking up approach would require users have an in-depth knowledge of the ESEF core taxonomy, in order to select the appropriate taxonomy elements that are needed to perform their analyses based on the digital markups. Feedback from analysts and investors from our jurisdiction suggests that users of financial statements currently do not consume ESEF reports. Therefore, before proceeding with these proposals, we recommend ESMA consult with users on whether and how they intend to consume ESEF reports in general and whether a detailed marking up of the Notes to the IFRS consolidated financial statements is needed to perform their analyses.

Further, we note that introducing a comprehensive detailed marking up approach would require significant efforts from issuers to implement and would be burdensome. The IFRS Accounting Taxonomy currently contains over 5.000 taxonomy elements for a detailed marking up of the Notes to the IFRS consolidated financial statements, which issuers would need to analyse to determine whether they are applicable and, if so, apply them when marking up their Notes. As complying with the requirements of the ESEF Regulation needs to be audited by the statutory auditor of IFRS consolidated financial statements, introducing a comprehensive detailed

marking up approach would impose significant process-related challenges for issuers. There are still process-related challenges with regard to the fact that it is practically impossible to make further changes to the ESEF file shortly before the date of the audit opinion, since even minor changes generate a new checksum, and would require the ESEF file to be re-audited by the auditor. The introduction of a comprehensive, detailed markup approach would significantly intensify these process-related challenges, which could result in some issuers being unable to meet their timetables for the preparation and publication of 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.

No.

We disagree with the proposal to remove the current list of mandatory core taxonomy elements outlined in Annex II of the RTS on ESEF. In our view, the objective of the proposal to remove the current list of mandatory core taxonomy elements is unclear. In particular, the Consultation Paper is silent on whether the current list of text block elements was perceived as insufficient to mark up the narrative disclosures in the Notes.

As a result from the proposals, issuers would need to select the text block element (from a wider selection of elements) that best represents the closest/narrowest accounting meaning to the disclosures in their Notes to IFRS consolidated financial statements. Further, we note that the IFRS Accounting Taxonomy currently contains approximately 500 text block elements to mark up the Notes to IFRS consolidated financial statements. As a consequence, issuers would need to undertake significant efforts to implement the proposals, as current text block markup of the Notes would need to be revised completely.

Further, we note that those text block elements that currently are not included in the list of mandatory core taxonomy elements cover accounting concepts that are narrower in scope (when compared to the current list of mandatory core taxonomy elements). Consequently, as already explained in our response to question 17, we believe that determining whether a taxonomy element best represents the closest/narrowest accounting meaning for a particular disclosure in the Notes could be complex.

As an alternative, we suggest ESMA consider whether applying the concept of the closest narrowest accounting meaning in combination with the current list of mandatory core taxonomy elements (or a revised list of mandatory core taxonomy elements) would be an appropriate middle ground approach for revising current markup rules for the Notes to IFRS consolidated financial statements.

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.

We generally agree with the objective of the proposal to require issuers to mark up key information. However, as regards the proposal to expand the list of mandatory elements, we are concerned that some of the elements will not achieve the desired objective to enhance the analysis and comparability of the disclosed information. For some of the proposed new taxonomy elements the references to the respective disclosure requirements in IFRS Accounting Standards are unclear as they refer to a common practice disclosure. For other proposed new taxonomy elements, it is unclear whether that item of information is key for users of financial statements that requires marking up. We therefore recommend ESMA revisit the proposed list of mandatory elements. For further details on some of the proposed taxonomy elements please refer to our comments below.

Taxonomy elements related to the identification of the reporting entity

As regards the proposed taxonomy elements related to the identification of the reporting entity, we have been made aware that it is possible to extract that information directly from the unique *Legal Entity Identifier* (LEI). Feedback from our constituency has therefore raised the question of whether a mandatory taxonomy element is necessary as that information can be generated from the LEI. Furthermore, it was also questioned whether this information would have to be marked up in the XHTML document itself or whether it could be stored as meta information in the report package instead.

(Average) number of employees

We note that for the proposed new taxonomy elements on the (average) number of employees the references to the respective disclosure requirement in IFRS Accounting Standards is unclear, as it refers to a common practice disclosure (IAS 1.112(c)). Experience from the marking up of IFRS consolidated financial statements in recent years has shown that common practice elements have led to difficulties in practice, as it is often not clear to which item of information these taxonomy elements refer.

To enhance comparability of the marking up of information on the (average) number of employees, we suggest ESMA include a new taxonomy element on the average number of employees that refers to the corresponding disclosure requirement of the Accounting Directive (or the respective disclosure requirement under national GAAPs), as these disclosures are applicable for issuers in the EU under national law (of the transposed Accounting Directive). Unlike the proposed new taxonomy elements that refers to a common practice disclosure under IAS 1.112(c), the disclosure requirements under the Accounting Directive (ref. Article 17, paragraph 1 point (e) and Article 28 paragraph 1, point (b) of Directive 2013/34/EU) are clearly defined and applied consistently in practice (e.g., on whether trainees and/or working students are to be included in the calculation of the average number of employees and on how the average number needs to be calculated).

Number of shares issues

Similar, we recommend ESMA reconsider the proposed new taxonomy element on the number of shares issued, as the reference to IAS 1.106(d) is unclear. We believe that a taxonomy

element that refers to the disclosure requirements under IAS 1.79 would be better suited. Furthermore, we note that also under the Accounting Directive (ref. Article 17, paragraph 1, point (h) of Directive 2013/34/EU), undertakings are required to disclose the number and the nominal value (or the accounting par value) of the shares subscribed, and these disclosures are applicable under national law (under the transposed Accounting Directive) for issuers that prepare IFRS consolidated financial statements in accordance with the IAS Regulation. Therefore, alternatively, ESMA might also consider whether a taxonomy element that refers to the respective disclosure requirement of the Accounting Directive (or the respective disclosure requirement under national law) should be added to the list of mandatory taxonomy elements instead.

Unqualified audit opinion with no emphasis of matter (Boolean element Y/N)

We understand from the requirements that ESMA proposes to include a Boolean element (Y/N) indicating whether the audit opinion is unqualified (or not). However, in the event that the audit opinion is not unqualified, we believe it would be even more useful to provide users of financial statements with the information on why the statutory auditor has concluded that a modification to the auditor's opinion on the financial statements is necessary (i.e., information about the emphasis of matter in the audit opinion) and what type of audit opinion the statutory auditor expressed in its audit report (i.e., a qualified opinion, an adverse opinion or a disclaimer of opinion). Further, we note that a Boolean element would not indicate whether the (unqualified/qualified) audit opinion was expressed with respect to the financial statements, the management report or compliance with the ESEF requirements etc. We therefore suggest ESMA reconsider the proposed new taxonomy element (in particular with regard to its design as a Boolean element).

Furthermore, we note that issuers are unlikely to disclose in their Notes to the IFRS consolidated financial statements whether (or not) the auditor has expressed an unqualified audit opinion, as the audit opinion itself is not part of the financial statements, and it is not possible for issuers to anticipate the auditor's conclusion at the time the financial statements are prepared.

Name of software used to produce the report

As regards the proposed new XBRL element on the name of the software used to produce the ESEF report, we question whether that item of information is key for users of financial statements that requires marking up. We note that, in practice, issuers rarely disclose the name of the software used to produce the ESEF report (nor the name of the software of any ERP system that an entity uses to prepare its financial statements). Therefore, we assume that the proposed new XBRL element would rarely be used in practice. We therefore recommend ESMA to remove that element from the proposed new list of mandatory elements.

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.

No.

We disagree with the proposal. While we understand that – given the proposal to fully markup all disclosures 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 needs to be revised, we are concerned that a requirement to create extension taxonomy elements would be burdensome for issuers.

We note that, in the SEC context, foreign private issuers already gained a lot of experience with detailed marking up of all the disclosures in their Notes to IFRS consolidated financial statements, including the creation of extension taxonomy elements (20F filings in EDGAR Online). Experience with XBRL reports in the SEC context shows that extensions have to be created to a significant extent, which means considerable additional effort for issuers. For example, we learned from the 20F-files from two German issuers (both of them are DAX 40 companies) that the number of extensions elements exceeds the number of core taxonomy elements used for marking up their Notes. Should ESMA adhere to the proposal towards the creation of extension taxonomy elements, we recommend ESMA build on the experience of (European) foreign private issuers with the marking up in the SEC environment.

Furthermore, as already explained in our response to question 18, we doubt that an extensive detailed marking up approach (including the creation of extension taxonomy elements) is useful and will be consumed by users of financial statements.

Question 22: Do you agree with the inclusion of a review clause that would trigger stocktaking 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.

No.

We disagree with the proposal and in particular with its reasoning in the Consultation Paper. We understand from the proposal that a review is considered necessary as a prior field test has not been conducted. In our view, however, an (ex post) review cannot replace a prior field test.

As already explained in our response to question 15, we therefore recommend ESMA conduct a (fundamental) review of the ESEF format before proposing any amendments to the mark up rules. We believe that, in a first step, a more comprehensive review of whether the ESEF format is still fit for purpose is necessary and to explore users' needs as regards ESEF reports (i.e., whether and how users of financial statements consume ESEF reports and to what extent users would like to digitally consume marked up disclosures). In a second step, amendments to the mark up rules, tailored to users' specific needs (including a field test of the proposed changes) can be considered.

If the proposals are not subject to a prior field test, issuers are concerned that many application challenges and issues could arise that could have been avoided if the proposals have been tested in a prior field test. Further, issuers are concerned that results from an (ex post) review bear the risk to disrupt their implementation of the ESEF requirements. Any (unnecessary)

subsequent changes to the markup rules will be associated with repeated implementation costs and should be avoided from the issuers' perspective.

1.5. Targeted improvements to the existing drafting of the RTS on ESEF

Question 23: Do you agree with the proposals for the targeted amendments to the RTS on ESEF? If not, please explain your reasons and suggest alternatives. In your response, reference specific proposals by proposal number.

Proposal to include in Annex II, Mandatory Markups, paragraph 1: "All dashes and empty cells representing nil or zero value in the primary financial statements shall also be marked up" (Proposal 10).

We agree with the proposal, provided that the proposals aim to clarify that only if a nil or zero value (including empty cells) in the primary financial statements is to be understood as a value zero in the human-readable report, it should be marked up with the value zero.

In this regard, we note that the guidance in the ESEF Reporting Manual is clearer (ref. *Guidance 2.2.5 Tagging of dashes or empty fields*). For example, it is not clear from the proposals whether nil and zero values should be marked up in the same way (i.e., with the value zero) or whether it is the intention to mark up nil values as "N/A". Furthermore, we question whether under the proposals issuers would also have to mark up empty cells.

Proposal to introduce a cross reference to ESMA's webpage which would host the most up-to-date specifications applicable to ESEF (Proposal 11)

We disagree with the proposal to introduce a cross reference to ESMA's webpage which would host the most up to date specifications applicable to ESEF filing, as the proposal shall replace Annex III, paragraphs 1 and 2 in the RTS on ESEF. We are of the opinion that it is crucial for a flawless application of the ESEF requirements that the technical specifications are laid down in the legal text of the RTS on ESEF and that any updates to the technical specifications follow the formal adoption process as part of the (annual) updates of the RTS on ESEF (as is currently the case).

We note that there have been repeated application issues when ESMA's ESEF Reporting Manual refers to new technical specifications that are not yet mandatory under the RTS on ESEF. For instance, in the current reporting season, questions have been raised whether the Report Packages 1.0 specification can voluntarily (or must) be applied to the ESEF filings 2024, as well as regards to the Calculations 2.0 specification. We therefore are concerned that, if the most up-to-date specifications are listed only on ESMA's webpage, issues arise as to which specifications must be applied to the ESEF report of a particular reporting period.

In addition, if the most up-to-date specifications applicable to ESEF were only published on ESMA's webpage, information on the versioning would be lost (i.e., it would no longer be clear/visible which specifications were applicable for previous reporting periods). Further, publishing the specifications only on ESMA's webpage would undermine the formal adoption process, as the technical specifications would no longer be subject to the adoption of the RTS on

ESEF by the European Commission and the scrutiny of the European Parliament and the European Council. In this context, it must be ensured that a quality control of the technical specifications is carried out.

Anchoring of an extensions taxonomy element to the core taxonomy element or elements having the closest narrower accounting meaning and/or scope (Proposal 15)

We agree with the proposal, as we believe it reflects the current practice of anchoring an extensions taxonomy element to the core taxonomy element or elements having the closest narrower accounting meaning.

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.

We do not have any additional comments.

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

Question 25: Do you agree that it is necessary to amend the RTS on EEAP and with the way ESMA proposes to do so? If not, please explain your reasons.

[Keine Beantwortung im Rahmen der Konsultation]

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.

[Keine Beantwortung im Rahmen der Konsultation]

1.7. Annex II. Draft Cost/Benefit Analysis on the RTS on ESEF

Question 27: Do you agree with ESMA's high-level understanding of an approximate monetary cost associated with marking up disclosures in IFRS consolidated financial statements and the Notes to the IFRS consolidated financial statements? If you have a different view on the approximate average monetary cost per markup, please supply supporting data.

No.

We disagree with ESMA's estimate of the monetary cost associated for marking up IFRS consolidated financial statements including the Notes, as it is based on the 2016 cost estimate. The 2016 cost estimate was already heavily criticised at that time, as the costs estimated were perceived as far too low. We therefore recommend ESMA undertake a new cost estimate, based on actual compliance costs for preparing the ESEF report.

An (ex post) assessment of the actual compliance costs that was conducted in 2023 by the German Federal Statistical Office (on behalf of the German Federal Government) shows that the ongoing costs German issuers incur to mark up their IFRS consolidated financial statements (including the Notes) are on average 6-7 times higher than assumed by ESMA's estimate. The assessment was based on a survey conducted among German issuers and covered the time spent to prepare and markup ESEF, as well as external costs incurred (e.g., software costs, external consultants), thus, to our understand it's a mixed calculation across different approaches to produce the ESEF report (in-house solution, outsourcing etc.). On average, ongoing compliance costs amount 18.395 € per issuer. The results of the assessment of the German Federal Statistical Office are available online (in German language only).

We have sought feedback from our member organisations on whether they believe that the cost assessments (prepared by both ESMA and the German Federal Statistical Office) adequately reflect the effort that they incur in preparing their ESEF reports. Feedback from our member organisations (mainly very large multinational German issuers listed in the DAX 40 index) suggests that they even spend much more time (i.e., 60 man-days) to prepare their ESEF reports.

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.

[Keine Beantwortung im Rahmen der Konsultation]

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?

[Keine Beantwortung im Rahmen der Konsultation]

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?

[Keine Beantwortung im Rahmen der Konsultation]

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?

[Keine Beantwortung im Rahmen der Konsultation]

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?

No.

With respect to the benefits described, we note that the Consultation Paper lacks evidence that users of financial statements request a comprehensive detailed marking up (and to what extent they would consume detailed marking up). As already mentioned in our response to question 18, we doubt that that users of financial statements would consume a detailed marking up of all disclosures in the Notes to the IFRS consolidated financial statements. A comprehensive, detailed marking up approach would require users have an in-depth knowledge of the ESEF core taxonomy, in order to select the appropriate taxonomy elements that are needed to perform their analyses based on the digital markups.

Therefore, in our view, the cost-benefit ratio of the proposals is unbalanced, as they would impose significant additional burden on issuers to mark up all the information in the Notes to the IFRS consolidated financial statements. Furthermore, as already explained in more detail in our response to question 16, we disagree with the proposed phased-in approach, as issuers would be exposed to implementation costs in several reporting periods, which should be avoided from an issuer's perspective.

As regards the alternative options considered by ESMA, we acknowledge that Option 1 (i.e., high-level marking up approach) could ease the burden for issuers. However, as already explained in our response to question 17, we believe that further work is needed before proceeding with these proposals. We believe that it needs to be explored further (e.g., in a filed test) whether introducing the marking up based on the closest accounting meaning of ESEF core taxonomy elements simplifies the marking up of the Notes for issuers and whether users of the ESEF data would consume the outcome of that approach.

For the time being, we therefore prefer maintaining the status quo (Baseline Scenario).

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?

No.

With respect to the benefits described, we note that it is unclear from the Consultation Paper whether the current list of mandatory taxonomy elements was perceived as insufficient by users of the ESEF report. Further, the Consultation Paper does not elaborate on whether consumers of the ESEF data prefer the outcome of new approach under which disclosures would – as far as possible – only be marked up once as the closest accounting meaning approach is followed, or whether we prefer a comprehensive marking up (including multi and nested tagging) that would enable users to consume all the relevant information that are marked up with taxonomy elements that are relatively broad in their accounting meaning.

As regards the possible costs of the proposals, we disagree with the statement that the proposed new approach provides more "*flexibility in selection of elements from the core taxonomy list (instead of Annex II Table 1)*" (ref. Option 1). Rather, under the closest accounting meaning approach, issuers would be required to select the one core taxonomy element that best represents the closest/narrowest accounting meaning and/or scope. As already explained in more detail in our response to question 18, implementing the proposals could be complex.

We would like to reiterate our concerns that the proposed new approach was not subject to a prior field test. Therefore, in our view, it is not clear, whether the proposed new approach is a viable alternative to the approach under the current RTS on ESEF. Issuers from our constituency are concerned that the proposed new closest accounting meaning approach (including the proposal to remove the current list of mandatory taxonomy elements) may prove to be more complex and burdensome to apply in practice than anticipated (while providing limited benefit to consumers of the ESEF data).

For the time being, we therefore prefer maintaining the status quo (Baseline Scenario).

1.8. Annex III. Draft Cost/Benefit Analysis relating to the amendment to the RTS on the EEAP

Question 34: Do you agree with the assessment of costs and benefits developed by ESMA with respect to the review of the RTS on EEAP?

[Keine Beantwortung im Rahmen der Konsultation]

1.9. Annex IV. Legal text RTS on ESEF

Question 35: Do you agree with the proposed drafting amendments to the RTS on ESEF? If not, please explain your reasons and suggest alternatives. In your response, reference specific sections and paragraphs of the RTS on ESEF (i.e., Annex III, paragraph 1).

No.

Article 3 ESEF Regulation: The first paragraph is intended for a 'management report', whereas the second paragraph is intended for several 'annual financial reports'. The reference to single or multiple report elements should be harmonised.

Annex III 9. and 10. ESEF Regulation: This still refers to 'issuers', although 'undertakings' are probably also meant.

Annex III 10. ESEF Regulation: This refers to an 'Inline XBRL instance document', although preparers will probably want to store multiple instances in an ESEF reporting package because issuers will in future have to mark up both IFRS consolidated financial statements and sustainability reports in the management report, which could be done by different departments or colleagues.

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.

[Keine Beantwortung im Rahmen der Konsultation]