

WEBINAR

TOWARDS DIGITAL CORPORATE REPORTING WITH CSRD

16 MAY | 14:00 - 16:00 CEST





OPENING REMARKS

Willem Geijtenbeek

PwC Netherlands

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INDIVIDUAL INTERVENTIONS

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European Single Electronic Format (ESEF)

**Accountancy Europe. Webinar on “Digital Corporate reporting”
16.05.2023**

Eduardo Moral-Prieto, Senior Policy officer

ESMA32-
2009130576-1001

- **Introduction: Role of ESMA**
- 2022 ESMA enforcement activity report
- Block tagging early feedback
- ESMA upcoming work: ESEF, CSRD & ESAP

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ESEF enforcement framework

- Testing environment / Automatic examinations
- Transparency Directive (TD) high level examinations
- ESEF RTS granular requirements

TD high level examinations (1)

Number of issuers examined in 2022	Total
AFRs containing IFRS consolidated financial statements	1,841
Issuers incorporated in a third country preparing AFRs containing IFRS consolidated financial statements	56
AFRs containing IFRS non-consolidated financial statements prepared in ESEF (with iXBRL mark-ups on a voluntary basis)	33
AFRs prepared in xHTML (stand-alone financial statements without iXBRL marks-ups)	493
Total 2022	2,423

56%
examination
rate

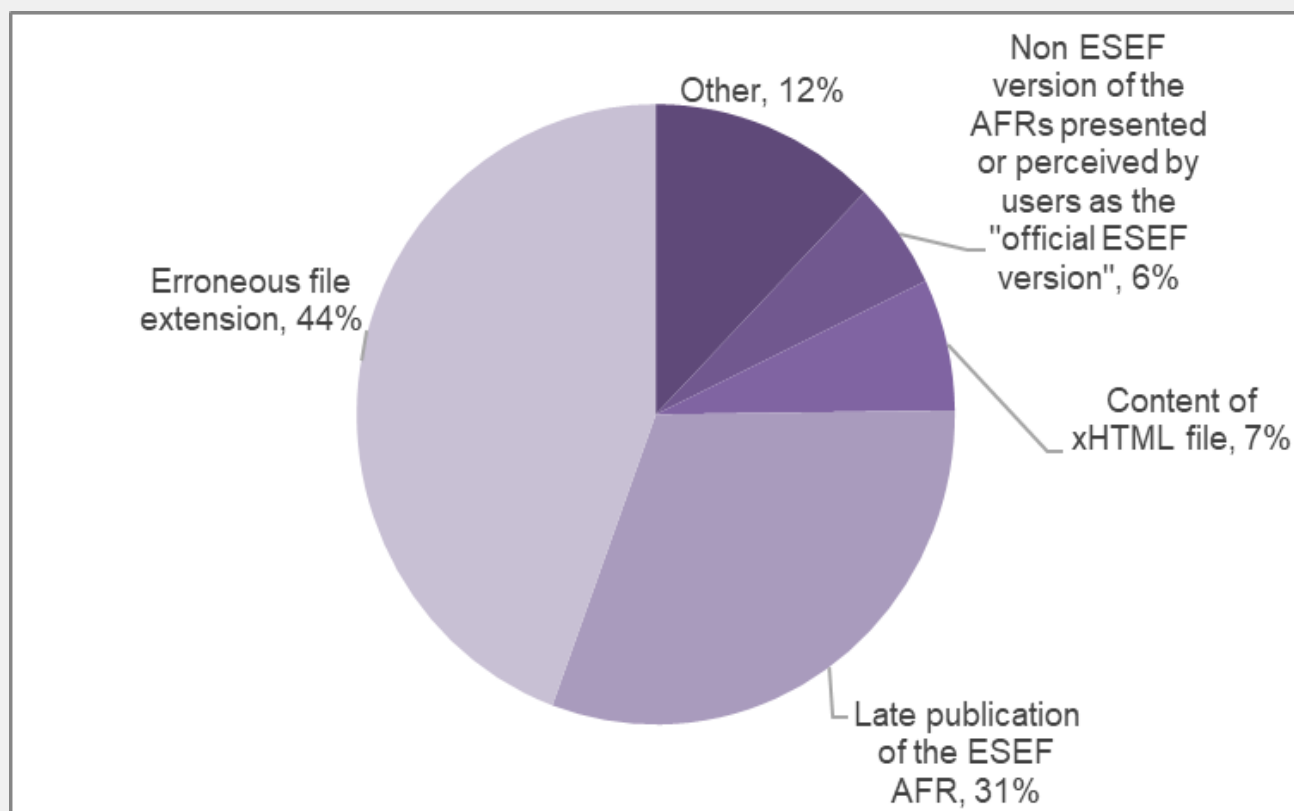
TD high level examinations (2)

Issuers for which enforcement actions were taken based on examinations of TD high level requirements

Require a resubmission/ re-dissemination of the ESEF AFR	227
Require a correction in future ESEF AFR	24
Require a public corrective note	1
Total 2022	252
Other measures	52

**10% action
rate**

TD high level examinations (3)



Areas of compliance with TD high level requirements

ESEF RTS granular requirements (1)

Number of issuers examined in 2022	Technical & software examinations	Accounting examinations	Total
AFRs containing IFRS consolidated financial statements	606	400	1,006
Issuers incorporated in a third country preparing AFRs containing IFRS consolidated financial statements	8	4	12
AFRs containing IFRS non-consolidated financial statements prepared in ESEF (with iXBRL mark-ups on a voluntary basis)	30	29	59
Total 2022	644	433	1,077

**25%
examination
rate**

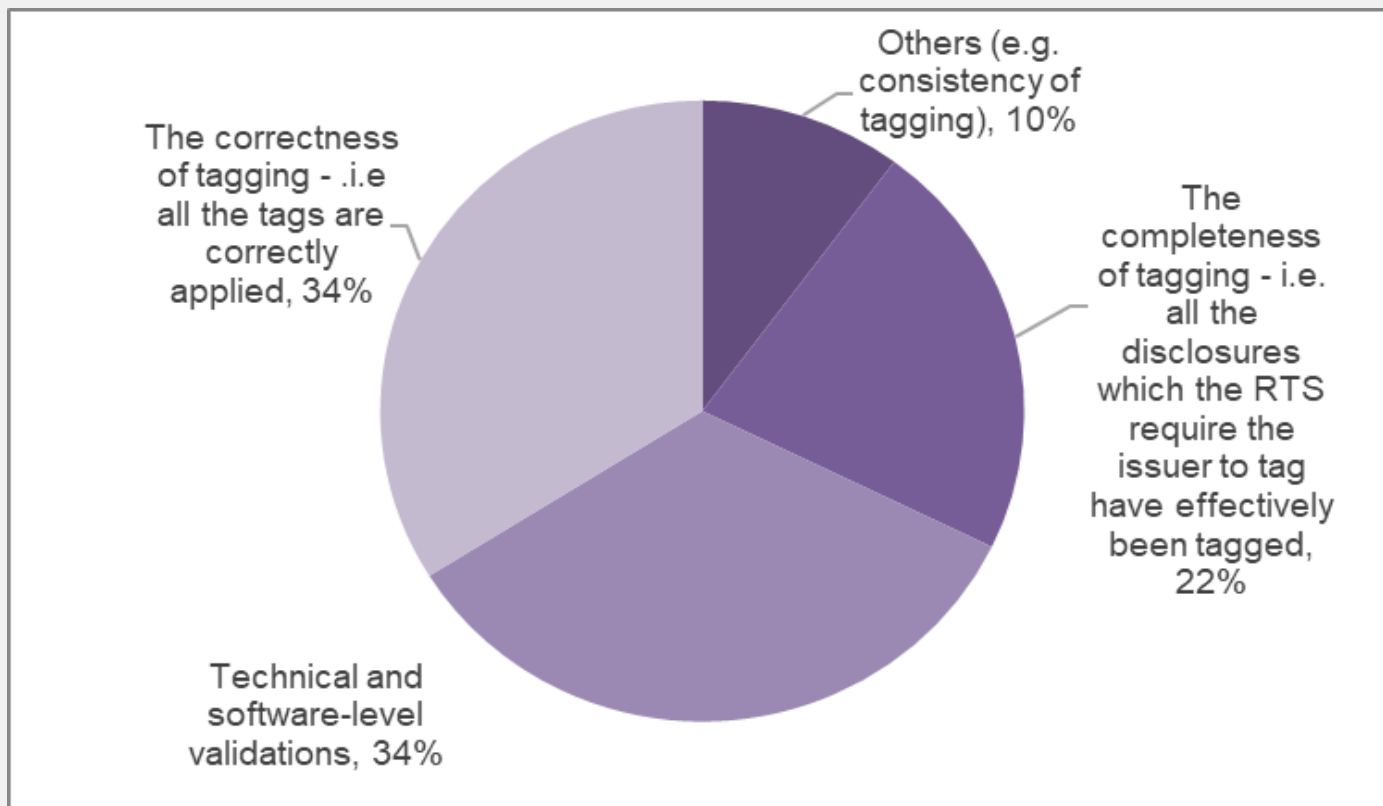
ESEF RTS granular requirements (2)

Issuers for which enforcement actions were taken based on examinations of ESEF RTS granular requirements

Require a resubmission/ re-dissemination of the ESEF AFR	15
Require a correction in future ESEF AFR	24
Require a public corrective note	0
Total 2022	39
Other measures	21

**4% action
rate**

ESEF RTS granular requirements (3)



Areas of compliance with ESEF RTS granular requirements

- Introduction: Role of ESMA
- 2022 ESMA enforcement activity report
- **Block tagging early feedback**
- ESMA upcoming work: ESEF, CSRD & ESAP

Block tagging – early feedback

- Text block tagging has raised concerns with preparers, software vendors and auditors
 - Technical complexity & burden.
- Issues are broadly in two categories:
 - The extent to which the “extracted” text block tag looks like the original and is human readable
 - The number of tags required – “nested tagging” of the same information
- Questioning the block tagging value and uses
 - Simplification of text block tagging

- Introduction: Role of ESMA
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Digitalisation corporate reporting information (ESEF): financial & sustainability

 Amendments to the ESEF RTS to include:

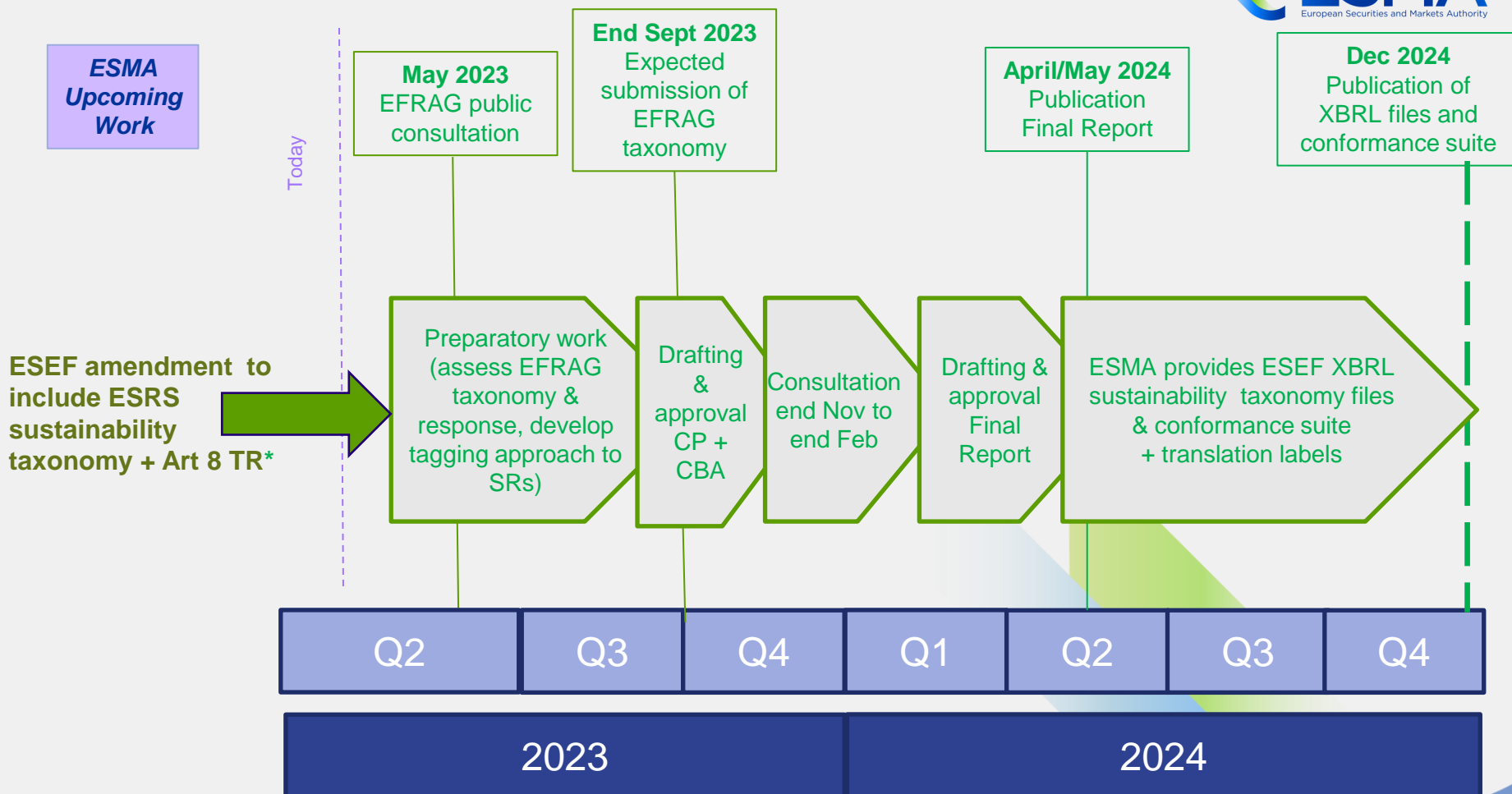


1. Financial taxonomy:

- Annual update to reflect IFRS taxonomy update → **No for 2023 !**
- Revise block tagging approach to block tagging



2. Sustainability taxonomy: Incorporate ESRS taxonomy



* Timeline based on EFRAG working and delivery times assumptions
 EFRAG taxonomy includes ESRS Taxonomy + Article 8 Taxonomy Regulation disclosures.

European Single Access Point - ESAP

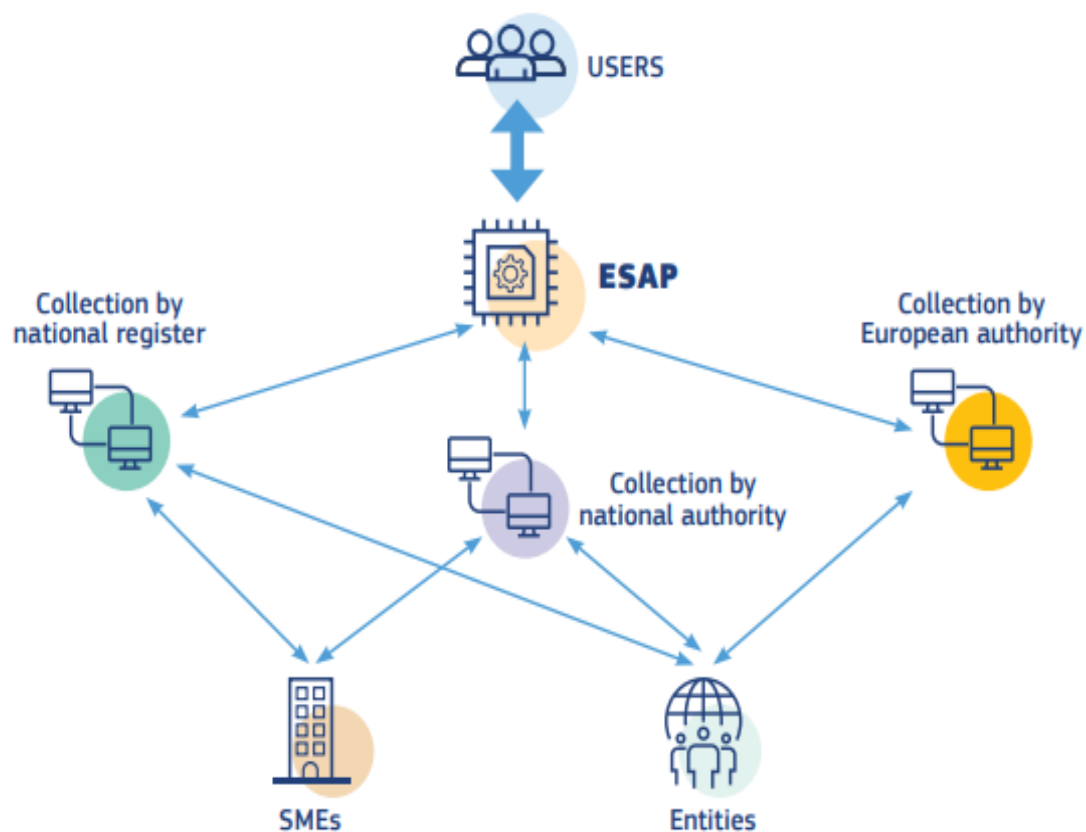
1. Give companies – in particular SMEs – **more visibility** towards EU and international investors, opening up more sources of financing.
2. Provide **easy digital access** to companies' information, as well as to information on investment products.
3. Help address a growing **demand for sustainability-related data** from investors, companies, NGOs and civil society, contributing to the objectives of the European Green Deal.
4. Enable the **use and reuse of companies' data** and contribute to the digital transformation of finance.
5. Easy **centralised access** to / or common source of information about financial services, capital markets and sustainability.

➤ ***Save investors time and resources in finding information***

What ESAP will NOT be

- ESAP will not be a new database – it is an interoperable layer building on existing (and sometimes beefed up) EU and national registers.
- ESAP will not be only about financial information, but on all types of information relevant for financial services, capital markets and sustainability.
- ESAP will not create new / additional disclosure requirements.
- ESAP will not imply additional assurance (audit...).
- ESAP will not seek to address semantic interoperability issues.

How will ESAP work?



Extract from Commission's material

ESAP system: some key features*

Collection	Data	User	SMEs
<ul style="list-style-type: none">• Submission of the information to a designated collection body• Use of a qualified electronic seal	<ul style="list-style-type: none">• Available for free, including for downloads• Open standard licences• Machine-readable• Metadata accompanying the information	<ul style="list-style-type: none">• User-friendly web portal interface (in all EU official languages)• Automated translation services and search tools• API enabling easy access to information• Notification service	<ul style="list-style-type: none">• Ability to voluntarily submit information on the ESAP

Any questions?



Contact information

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 [@ESMAComms](https://twitter.com/ESMAComms)

 [European Securities and Markets Authority \(ESMA\)](https://www.linkedin.com/company/european-securities-and-markets-authority/)

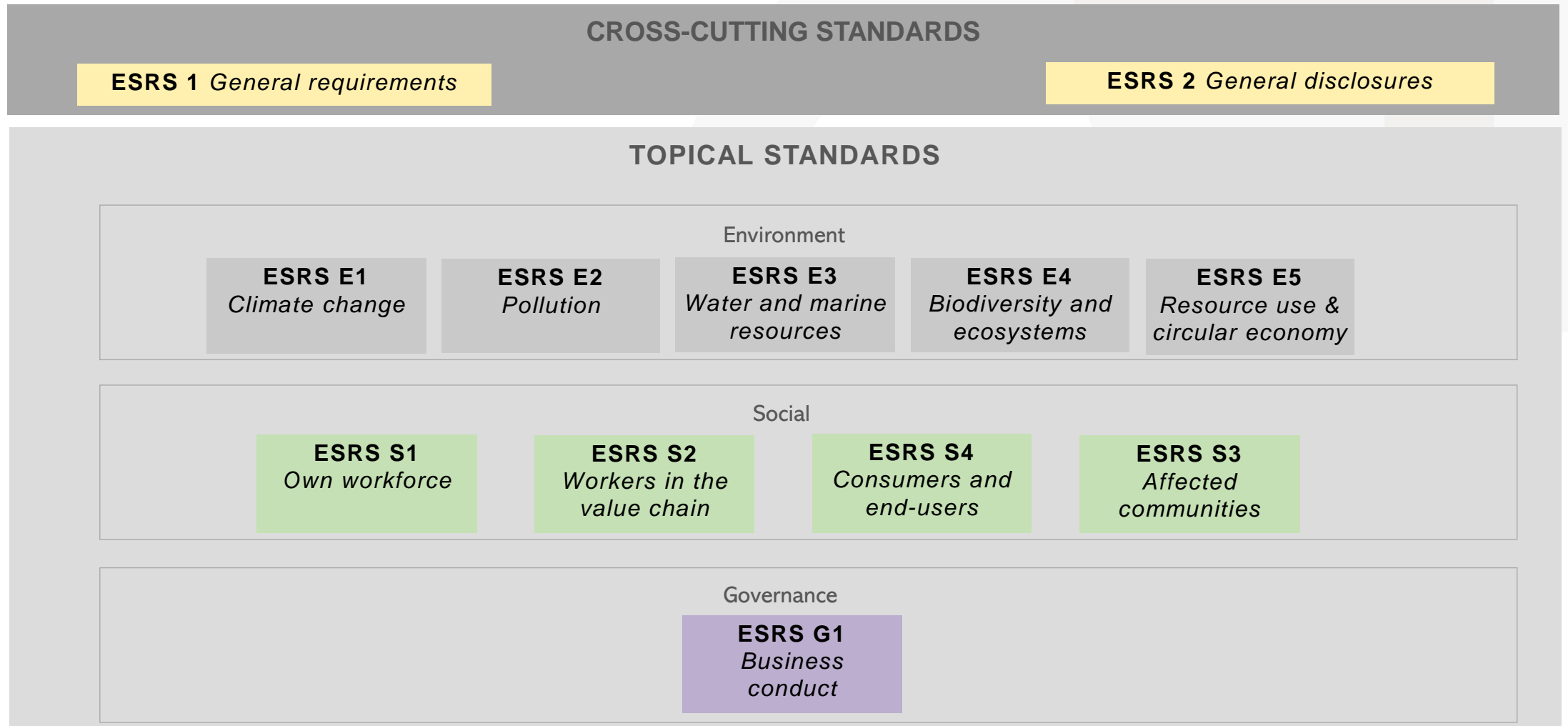
Digital Sustainability Reporting - Architecture and Methodology

Accountancy Europe Webinar

16 May 2023



Set 1 draft ESRS: overview



First set of draft ESRS: submission to the EC

- In November 2022, EFRAG submitted the first set of draft ESRS to the European commission in its role as technical adviser. This first set takes into consideration the input from the public consultation (May-July 2022) and the final revisions of the CSRD text. Set 1 includes:
 - ✓ [Cover letter](#)
 - ✓ [Due process note](#)
 - ✓ [Explanatory note](#), including its [Annex](#), of how draft ESRS take account of the initiatives and legislation listed in Article 29b CSRD
 - ✓ [EFRAG's Cover Letter on the Cost-benefit analysis](#) of the First Set of draft ESRS and Cost-benefit analysis of the First Set of draft ESRS prepared by CEPS and Milieu
 - ✓ **[First set of 12 draft ESRS to be issued as delegated Acts](#)**
 - [Appendix I](#) – Disclosure Requirements, Application Guidance index
 - [Appendix II](#) – CSRD requirements for the development of sustainability reporting standards and their coverage by the draft ESRS
 - [Appendix III](#) – Datapoints in accordance with EU laws in the ESRS
 - [Appendix IV](#) – TCFD Recommendations and ESRS reconciliation table
 - [Appendix V](#) – IFRS Sustainability Standards and ESRS reconciliation table
 - [Appendix VI](#) – Acronyms and glossary of terms

Tip:
Educational
Videos!




The ESRS XBRL Taxonomy Project

Key facts about the digital Sustainability Reporting Taxonomies

- EFRAG is developing the Sustainability Reporting (SR) XBRL Taxonomy, including:
 - ESRS XBRL taxonomy, which will reflect the approach and granularity of tagging that EFRAG, as advisory to the EC in charge of developing the content of draft ESRS, considers appropriate, i.e. technically consistent with the content of the draft ESRS delivered to the EC.; and
 - Article 8 XBRL taxonomy;
- The SR XBRL taxonomies will be issued for public consultation by EFRAG.
- ESMA is responsible for developing the draft RTS that relies on the taxonomy prepared by EFRAG. The draft RTS regulates the implementation (i.e. timing, level of tagging) of the Sustainability Reporting XBRL taxonomies described in (a) above.
- European Commission to adopt the XBRL taxonomy following the submission of the draft RTS from ESMA.
- An extensive XBRL Taxonomy methodology and architecture paper has been published and discussed in the SR TEG and SRB.

<https://efrag.org/Meetings/2303221128397656/EFRAG-SR-TEG-Meeting-17-April-2023>



EFrag SR TEG 17 April 2023
Issues Paper 03-02
EFRAG Digital Reporting Team

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG SR TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG SRB or EFRAG SR TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG SRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

Draft ESRS XBRL Taxonomy Methodology and Architecture Issues Paper

1. Objective and purpose of this paper

1 This paper illustrates the key methodological working assumptions and decisions adopted by EFRAG in developing the draft ESRS XBRL taxonomy for the first Set of ESRS.

2. Background

2 EFRAG issued on November 2022 the first set of draft ESRS. They will be issued as Delegated Act in June 2023.

3 The digital XBRL Taxonomy is designed for undertakings to report their sustainable reporting in a structured, machine-readable data format, helpful to the users of companies' sustainable information. The intent is for undertakings to digitally tag (or mark-up) sustainability information within their current human-readable reporting format, reflecting the content of the relevant requirements in ESRS.

4 The legal basis of the development of a digital taxonomy for the sustainability reporting is provided by the CSRD.

(a) The recital 55 states 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" (ESAP Regulation).

(b) The art. 29d of the CSRD provides that "undertakings (...) 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

EFrag SR TEG meeting, 17 April 2023

Paper 03-02, Page 1 of 22

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E1-5 ILLUSTRATIVE TAGGED REPORT

Inline Viewer

Report

[E1-5] Energy consumption and mix

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In malesuada lacinia libero nec semper. Nulla vitae urna eget neque feugiat convallis. Praesent at pretium sapien. Phasellus massa nisi, tempus id faucibus suscipit, lobortis nec ex. In vel pulvinar eros. Orci varius natoque penatibus et magnis dis parturient montes, nascetur ridiculus mus. Proin malesuada lorem eget metus lobortis eleifend. Aenean mollis sagittis maximus. Fusce vitae hendrerit mi. Curabitur cursus tellus id magna volutpat, eget condimentum arcu lacinia. Integer venenatis at ligula ac pharetra.

	2025	2026
Energy consumption related to own operations	5100	4850
Non-renewable energy consumption	3300	3000
Fuel consumption from coal and coal products	650	550
Fuel consumption from crude oil and petroleum products	360	320

Highlight ?

☐ XBRL Elements

Fact Properties

Disclosure of energy consumption and mix [text block]

Description of high climate impact sectors that are used to determine energy intensity [text block]

Concept

- (esrs) Description of high climate impact sectors that are used to determine energy intensity [text block]

Dimensions

Date

1 Jan 2026 to 31 Dec 2026

Fact Value

Aenean porttitor turpis eros. Maecenas odio lorem, finibus id risus sagittis, volutpat sollicitudin justo. Maecenas sit [...]

Accuracy

n/a

Change

n/a

Entity

[LEI] EFRAG

Concept

esrs:DescriptionOfHighCli...

<

1 of 1

>

Validation

16.05.2023 - EFRAG Digital Sustainability Reporting -
www.efrag.org- www.efrag.org

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Q&A

Your questions!



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Towards digital corporate reporting with CSRD

Accountancy Europe – 16 may 2023

Bruno Tesnière
Chair XBRL Europe

Digitalization: ESEF is just a start

- [European Council meeting](#) (23 March 2023) – call for “considerably increasing the uptake of digital solutions (such as eID and machine-readable and standardised data)”
- [ESMA 2022](#) Corporate reporting enforcement and regulatory activities: high-level examinations of 2,423 filings (56% of all issuers), led to enforcement actions against only 252 issuers (10%)
- CSRD : Digital from inception for an enlarged scope of entities

How to make it work (quality challenge) ?



Best practices : XBRL Europe's contribution

- [XBRL Europe Best Practices Task Force](#)
- [XBRL France Mapping ESEF working group](#)

Auditors challenge

- Financial and non-financial reports are digital objects
- Both the human-readable and machine-readable versions of financial and non-financial reportings must convey an equivalent level of assurance
- Auditing standards need to integrate the fact that financial and non-financial reporting are now digital
- Audit reports also need to be digitalized and digitally signed

ACCOUNTANCY EUROPE

ESEF IMPLEMENTATION - 16 May 2023

Francesca Amatimaggio, Partner EY

01. Executive Summary

Round tables	<ul style="list-style-type: none">▪ Round tables involving Regulators, Companies, Banking and Insurance associations started in 2020.▪ The aim of these round tables was firstly to analyse the ESEF legislative framework and secondly to share a unique ESEF tag mapping whose final version was identified:<ul style="list-style-type: none">a) in October 2021 for the Schemes of the financial statements (both for Banks and Insurance Companies);b) in February 2023 for the Notes to the financial statements (only for Banks).
Start of implementations	<ul style="list-style-type: none">▪ First set of ESEF tags: In some countries, depending on the timing for the financial statements closing, the main Banks started ESEF implementations in the first mid-2021▪ Notes to the financial statements: The main Banks and Insurance companies started ESEF implementations in the second mid-2022
Audit challenges	<ul style="list-style-type: none">▪ External Auditors made specific checks on the financial statements prepared according to the ESEF forma, using in particular:<ul style="list-style-type: none">a) Some specific tools aimed at identifying technical errors and checking the machine readability;b) Other tools (some of them developed internally) aimed at identifying differences between mapping shared with Regulators and mapping used by the single Financial Institution.▪ Auditors analyzed the financial statements prepared according to the ESEF by the company and identified by a unique HASH Code. This code is then indicated in the attestation letter useful for sending the opinion. Then the Financial Institutions inserted the opinion as image within the financial statements and created a new document version of the financial statement with a new HASH Code.▪ As regards the machine readability, in certain jurisdictions, such as Italy for instance, Auditors have included in their statement a similar sentence: <i>“Some information, when extracted from the XHTML format in an XBRL instance, due to some technical issues, may not be reproduced in compliance with the correspondent information contained in the XHTML consolidated financial statement”</i>

02. Financial Services common baselines

ESEF 2022 peculiarities

1

- In some countries, Regulators, together with the main industry associations defined a **unique ESEF tag mapping for the financial statements fixed schemes and, where applicable, for the notes to the financial statements**

2

- For some sectors, discussion round tables took place in order to define a unique ESEF tag mapping for the notes to the financial statements

3

- For other sectors, round tables did not take place and **every Company drafted its own ESEF mapping, that was then approved by the manager responsible for drafting corporate accounting documents before being implemented in the Company's systems**

4

- In some cases, tags were applied only in the notes to the consolidated financial statements, excluding Attachments to the consolidated financial statements and Management Report. In other cases, Companies applied tags also in the Attachments to the consolidated financial statements

5

- Some Players adopted the **2021 taxonomy** and they had to use the so – called monster tag *“ifrs-full:DisclosureOfNotesAndOtherExplanatoryInformationExplanatory”*. Other Players adopted the **2022 taxonomy** and they didn't apply the monster tag

6

- Many providers were involved in the IT development of the ESEF mapping. Some providers weren't able to apply more than 4 tags on the same Section of the consolidated financial statements

7

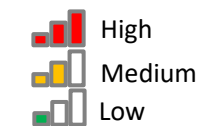
- Some papers highlighted some IT issues regarding the **machine readability** of financial statements prepared according to the XHTML format (e.g., use of a column structure instead of a linear structure). Based on those issues, Auditors inserted a **specific sentence in their opinion**

8

- Board of Directors approved the financial statements prepared according to the ESEF format

03. Main attention points and remedial actions

Legend



	<i>Defect's description</i>	<i>Impact</i>	<i>Remedial action</i>
1	Timing of preparation of the ESEF Financial Statements: <ul style="list-style-type: none"> Every modification, even if minimal (wording change, etc.), causes the restart from the beginning of the process for the preparation of the ESEF financial statements. Consequently, the Auditor had to analyze the new zip file provided by the company (each new zip has a unique code, the so-called HASH Code). This makes it complex to control especially the notes to the financial statements because it is a qualitative control therefore difficult to automate. The same control activities must also be performed on the English version of the ESEF financial statements, where this is prepared for the purpose of filing in other jurisdictions 		The activities aimed at preparing the ESEF Financial Statements were performed based on the new timing
2	Missing / incorrect tagging of elements in the financial statements		Identification of the missing / incorrect tags and of the resulting adjustments to be made within the systems
3	Machine readability		In certain countries auditors inserted in their opinion a specific sentence
4	Differences in the tagging between the Version produced in the language of the specific jurisdiction and the English Version		Identification of the adjustments to be made within the systems



PANEL DISCUSSION

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FOR YOUR
PARTICIPATION!**