

To: European Securities and Markets Authority (ESMA)
Subject: Response to ESMA Consultation on ESEF and EEAP

Dear Madam or Sir,

We thank you for the opportunity to provide feedback on the consultation. We strongly support the direction towards detailed tagging of financial statements and the digitalisation of sustainability disclosures.

Enclosed is the response prepared by XBRL Europe for the consultation, endorsed by the XBRL Europe's Executive Committee. This response has been developed by two of our working groups (ESEF-BPTF and ESG-WG), which include issuers, auditors, service, and software providers operating in Europe, in coordination with the responses prepared by XBRL International. We have addressed all questions with the aim of outlining our views on alternatives that ESMA should consider facilitating a smooth and flexible transition to the full digitalization of annual reports, while minimizing unnecessary costs and complexity for issuers.

Overall, we view the initiative very positively and believe it will significantly improve the usability of corporate data for investors, regulators, and other stakeholders and enable effective and integrated capital market across the EU which drives growth on the European region. At the same time, we believe the success of this transition depends on clear, practical, and proportionate implementation. We would like to take this opportunity to share the main observations that we believe are essential for achieving this.

Firstly, we believe a full digital-first implementation from the outset is more effective than a multi-phase approach based on tagging levels. While we understand the intention to ease the transition, the complexity introduced by phasing, as proposed, will increase preparer burden and delay the benefits of digital access. Simplification of the filing requirements (as discussed in our response) would be more effective in delivering short term value to both regulators and the public while keeping transactional costs as low as feasible.

Secondly, clarity in the taxonomy structure, tagging, validation and filing rules is critical. We recommend avoiding inconsistencies between the RTS and the reporting manual. To support preparers and vendors alike, we suggest embedding level indicators directly in taxonomy elements and having clear guidance on the granularity level of tagging to avoid excessive multiple block tagging or extensions, especially in IFRS notes. We also encourage leveraging the existing EFRAG taxonomies with minimal modification to reduce duplication and ensure alignment.

Lastly, we believe the cost and readiness assessments could be more optimistic. Software providers are already well-prepared, and tagging costs decrease over time when integrated early into report preparation processes. In our view, a flexible fully digital approach is not only more efficient but also more cost-effective than managing a phased model for the filers. We strongly support periodic review mechanisms, decoupling taxonomy updates and translations from regulation to allow greater flexibility.

In summary, XBRL Europe supports the goals of this initiative and encourages ESMA to proceed with a rapid, clear, consistent, and digitally ambitious implementation that benefits all market participants. We remain at your disposal for further dialogue and technical collaboration.

Yours sincerely,

Elina Koskentalo



Chief Executive Officer, XBRL Europe