FINANCE DENMARK

F&P INSURANCE AND PENSION DENMARK

DANISH AUDITORS FSR

Danish Industry

DANSK ERHVERV
Danish Chamber of Commerce

ESMA - European Securities and Markets Authority
201-203 rue de Bercy
CS 80910
75589 Paris Cedex 12
France

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Consultation on 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 etc.

The above-mentioned organisations representing large parts of the Danish Business Community and both preparer and user perspectives (we) welcome the opportunity to comment on the draft RTS.

Since this hearing takes place during the busy year-end period for both preparers, users and auditors, we unfortunately can only provide the following high-level comments:

Sustainability reporting
Considering the ongoing Omnibus 1 regarding CSRD, the EU Taxonomy for Sustainable Activities and CSDDD, we question the timing of this consultation. In our opinion, all initiatives regarding marking-up of sustainability reports, including marking up of the EU Taxonomy art. 8 reporting, should be **paused until updated CSRD and ESRS standards are available**.

Thus, it would be both unreasonable and disproportionately burdensome to require undertakings to establish systems and procedures for marking-up according to the current CSRD and ESRS, which are about to be significantly revised and simplified. Additionally, many of the undertakings currently in scope of CSRD can expect to be out of scope if the EU Commission's Omnibus 1 proposal is adopted.

IFRS Tagging
In general, we recognise the need for improvement of the marking-up process, and concur with the predominately negative feedback from issuers, as discussed in paragraph 145. There seems to be an imbalance between how much work and time required from

issuers for marking-up and its current utility. The proposed improvements seem to impose even greater burdens on issuers without addressing most of the identified issues.

We understand that automated analysis is better suited to numerical values, but it is unclear to what extent such analysis is conducted or required by users, and how much additional benefit the revised and additional marking-up rules will provide. Instead of imposing additional requirements for marking-up, we urge ESMA to consider how Artificial Intelligence (AI) can be utilized - to the benefit of both preparers and users.

We agree to apply a **phased approach** but disagree with the proposed timeline and the proposed Phase 2 requirements.

As regards the **proposed timeline**, our main concern relates to the implementation of IFRS 18 with effect from 2027 which is after Phase 1 but before Phase 2. If Phase 1 is implemented in 2026, the marking-up will need to be significantly revised after just one year due to the IFRS 18 implementation. In our opinion, this would be disproportionately burdensome for the issuers, which in addition would have to revise the mark-up at the same time as implementing IFRS 18.

We propose to **postpone Phase 1** until earliest FY 2028 to avoid the need to revise marking up after just one year as per the current proposed timeline, and to avoid coinciding with the IFRS 18 implementation in 2027.

In this regard, publication of amended final RTS on ESEF by 30 September is very late in the year, and leaves very little time for review and implementation, particularly for undertakings which publish quarterly reports. We propose this deadline is moved to 31 July.

As regards **Phase 2**, the individual mark-up of numerical data will be disproportionately burdensome for issuers, especially considering the already time-pressured annual reporting process. One advantage of the current block mark-up is that it can largely be prepared prior to the year-end, as most subsequent changes to the financial statements can be managed within the text blocks. The proposal for Phase 2 will lead to significant practical difficulties as well as additional work for the auditors. Against this backdrop, we disagree with the content of Phase 2.

Furthermore, we do not agree with the proposal to remove the current **list of mandatory core elements** and replacing it with a list of mandatory taxonomy elements. In our opinion, this would not solve the underlying issue of the organisation of the Notes and will only lead to greater complexity and additional burdens.

We agree with the revised approach towards **extension taxonomy elements** for the Notes to the IFRS consolidated financial statements and the inclusion of a **review clause**, however an early warning will be necessary when significant adjustments are to be made.

Kind regards,

Confederation of Danish Industry
Tina Aggerholm

Insurance & Pension Denmark
Anne Barrett

FSR – Danish Auditors
Marianne Ploug

Danish Chamber of Commerce
Mikkel Møller Rasmussen

Finance Denmark
Martin Thygesen