

# Report on 2024 Corporate reporting enforcement and regulatory activities





# Purpose of Report

This report provides an overview of the activities related to the supervision and enforcement of corporate reporting carried out from **1 January 2024 to 31 December 2024** by the national enforcers (hereafter, enforcers) in the European Economic Area (EEA), and by ESMA. The report provides:

1

Key messages to improve future financial and non-financial reports by assessing how issuers comply with International Financial Reporting Standards (IFRS), non-financial and digital reporting obligations.

2

An overview of the activities carried out by ESMA and enforcers in three areas of corporate reporting to promote transparency and accountability to the market.

## Who is this report for?

The main addressees of the report are issuers, auditors and other corporate reporting professionals.

## What areas does this report cover?

The report is structured and colour-coded around three areas of enforcement activities: financial reporting (**blue**), non-financial reporting (**green**), and digital reporting (**purple**).

## What should be kept in mind?

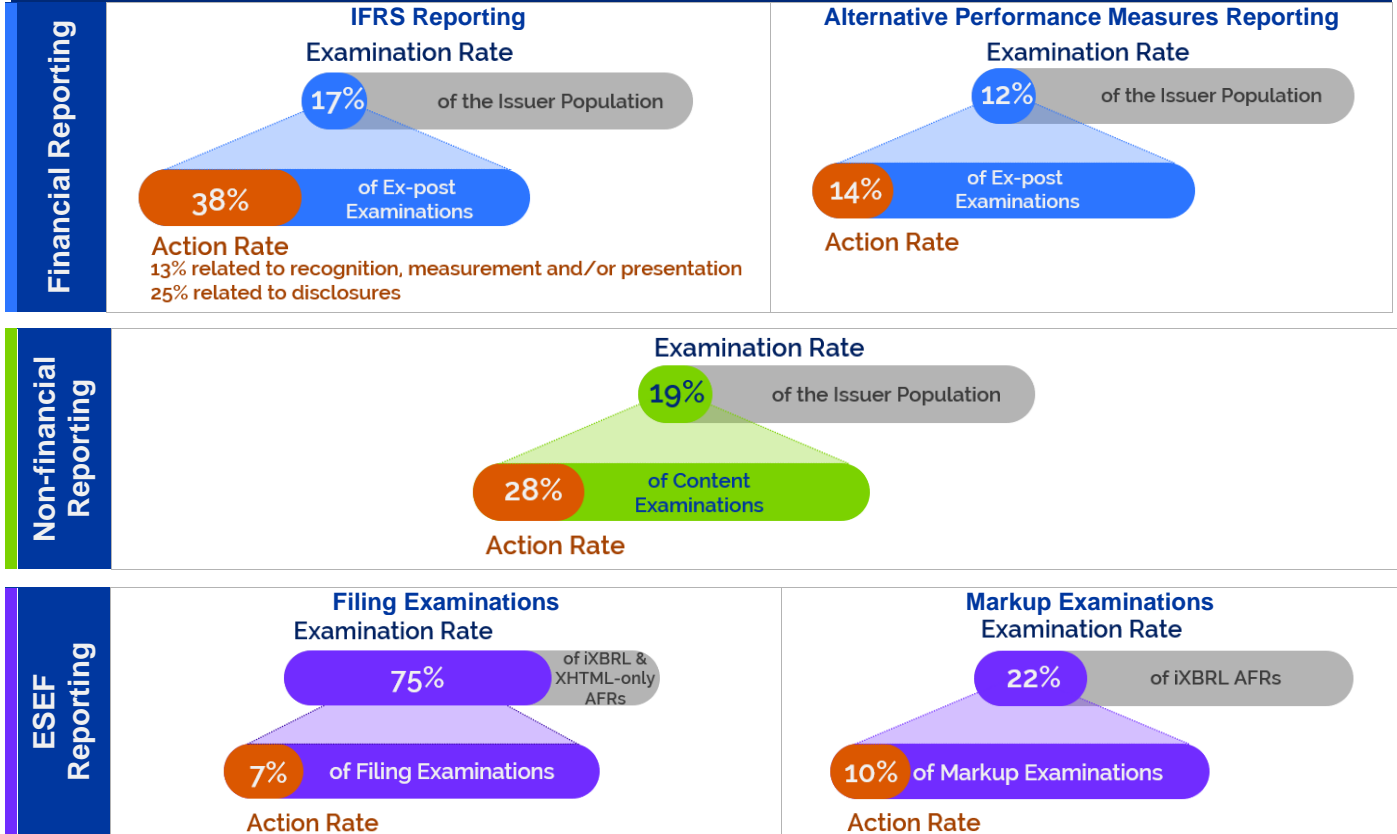
The scope of enforcement and regulatory activities reported here relates to issuers whose securities are admitted to trading on regulated markets. As such, the report does not cover all enforcement and regulatory activities undertaken by enforcers.

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# 2024 in review

## Main annual enforcement statistics

Each year, ESMA collects data on the number of examinations performed and the number of actions taken by enforcers. "Action rate" relates to a sample of issuers selected using an approach, which, amongst others, considers the risk of misstatement. As such, action rates are not representative of the total population of issuers.



## Assessment of compliance with the 2023 European Common Enforcement Priorities Statement (ECEP)

Financial	<b>Refinancing risk and other financial risks</b> <i>Although there remains room for improvement, generally satisfactory disclosures allow users of the financial statements to understand the impacts of inflation and changes in interest rates.</i>	<b>Fair-value measurement &amp; disclosures</b> <i>Mostly satisfactory disclosures allow users of the financial statements to understand how fair values of investment properties were determined.</i>	<b>Climate-related matters</b> <i>Generally satisfactory disclosures provided enable users of the financial statements to understand the impacts of climate matters.</i>
	<b>Article 8 Taxonomy Regulation disclosures</b> <i>Some difficulties persist in the reporting on certain economic activities. The complementary information on the eligibility/alignment assessments and the calculation of the ratios are subject to improvement.</i>	<b>Climate-related targets, actions &amp; progress</b> <i>Climate-related and emission reduction targets are widely used, but disclosures need more detail, particularly regarding strategy, decarbonisation methods, and required financial resources.</i>	<b>Scope 3 emissions</b> <i>Most issuers disclosed information on scope 3 emissions. However, fewer provided essential disclosures to understand the scope, assumptions and methodologies underlying the disclosed amounts.</i>
Non-Financial			



# Overview of Corporate Reporting Enforcement & Supervisory Convergence in the European Economic Area (EEA)

This chapter showcases some key aspects of corporate reporting enforcement and supervisory convergence activities in the EEA. Two infographics visually summarise key concepts related to how financial, non-financial and ESEF reporting is enforced in the EEA, as well as how supervisory convergence work is organised under the auspices of ESMA's Issuers Standing Committee (ISC)'s working groups and project teams. A more detailed account of the former is available under [Annex I](#).

# Overarching Principles of Enforcement

The following infographic visualises, at a high-level, the principles underpinning supervision and enforcement of financial, sustainability and ESEF reporting of issuers whose securities are admitted to trading on regulated markets in the EEA (issuers).



For a more comprehensive overview of the corporate reporting enforcement process in the EEA, refer to [Annex I](#).

# Coordination of Enforcement

Enforcement and other supervisory activities are coordinated at the EEA level through the interactions of enforcers in ESMA’s designated Working Groups and Project Team, which operate under the auspices of ESMA’s Issuers Standing Committee.

FINANCIAL REPORTING	NON-FINANCIAL REPORTING	ESEF REPORTING
<p><b>Financial Reporting Working Group EECS* (FRWG (EECS))</b></p> <ul style="list-style-type: none"> <li>• Forum of 36 EEA enforcers</li> <li>• Coordinates the supervisory convergence of ~3,900 listed issuers preparing IFRS financial statements</li> </ul> <p><small>(*EECS – European Enforcers Coordination Session)</small></p>	<p><b>Sustainability Reporting Working Group (SRWG)</b></p> <ul style="list-style-type: none"> <li>• Forum of 35 EEA enforcers</li> <li>• Coordinates the supervisory convergence of ~2,100 listed issuers preparing non-financial statements</li> </ul>	<p><b>ESEF Project Team (ESEF PT)</b></p> <ul style="list-style-type: none"> <li>• Forum of 23 EEA enforcers</li> <li>• Coordinates the supervisory convergence related to the application of the RTS on ESEF</li> </ul>

reporting to the  
**ESMA**  
**ISSUERS STANDING COMMITTEE,**  
the groups are responsible for:

Exchange of views on methods for enforcement of financial, non-financial and ESEF reporting of issuers whose securities are already admitted to trading on an EEA regulated market

Suggestion of common supervisory or enforcement priorities at European level and communication of such areas to the market

Publish reports and sharing best practices and good examples of disclosure

Drafting of guidelines, supervisory briefings, ESEF Reporting Manual or Questions & Answers (Q&As)

Analysis and discussion of emerging issues and enforcement decisions taken by enforcers

Closely following the market and standard-setting developments in the areas of financial, non-financial and ESEF reporting





# Enforcement of Financial Reporting

This chapter describes the main activities conducted by enforcers and by ESMA during 2024 regarding financial reporting. The focus of ESMA's enforcement activity in this area is on the requirements of the Transparency Directive<sup>1</sup> in relation to the application of the IAS Regulation<sup>2</sup> and, as such, on issues related to the application of International Financial Reporting Standards (IFRS) in the EU. In addition, this section presents the enforcement activities regarding alternative performance measures (APMs), which are disclosed outside IFRS financial statements but in documents within the scope of regulated information, such as management reports disclosed in accordance with the Transparency Directive<sup>3</sup>.

Finally, this chapter reports on the enforcers' examinations of a sample of issuers with respect to assessing compliance with the financial reporting priorities set out in the 2023 ECEP.

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<sup>1</sup> Directive 2004/109/EC

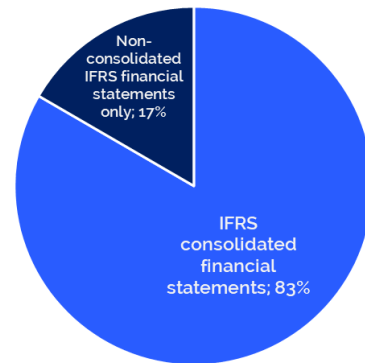
<sup>2</sup> Regulation (EC) No 1606/2002

<sup>3</sup> Note that APMs included in ad-hoc disclosures made to the market under Article 17 of the Market Abuse Regulation (MAR, Regulation (EC) No 596/2014) or in a prospectus are also subject to the ESMA Guidelines on APMs.



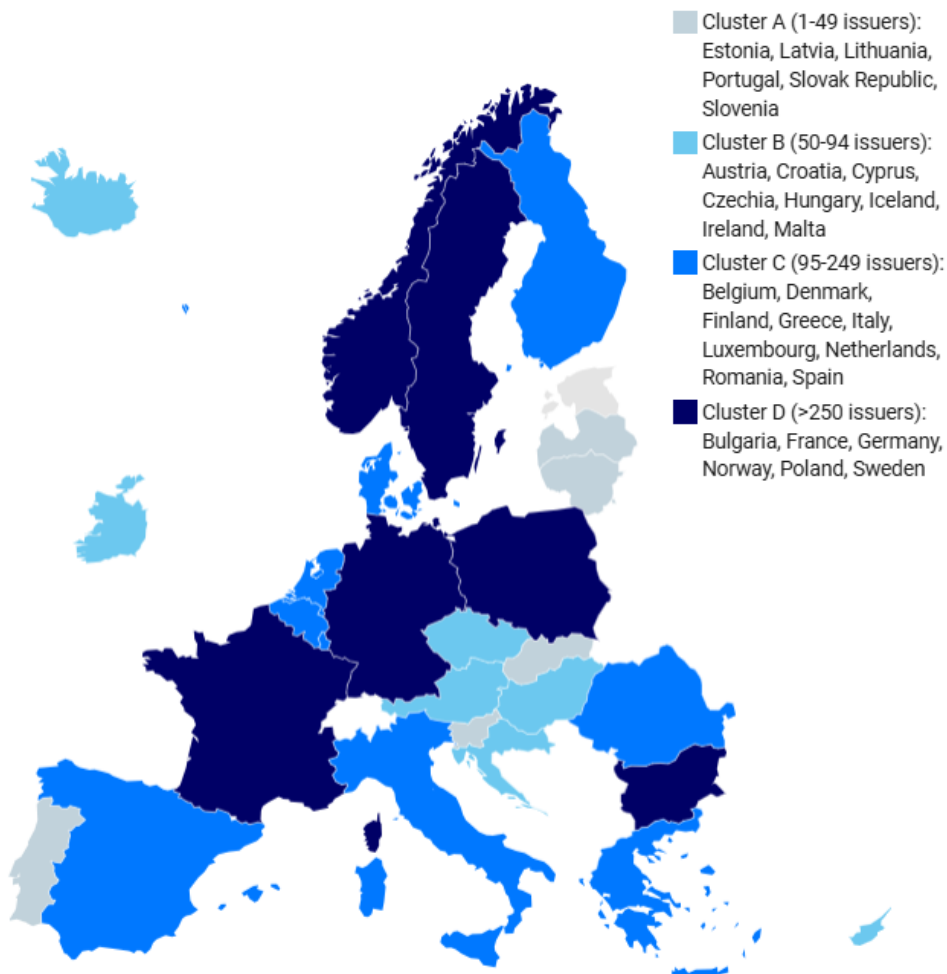
### Number of issuers under enforcement

At the end of 2024, **approximately 3,900 issuers** preparing IFRS financial statements were admitted to trading on regulated markets within the EU, of which around 3,250 prepared IFRS consolidated financial statements and around 650 prepared IFRS non-consolidated financial statements. These numbers decreased slightly compared to 2023. For country-by-country information on the number of issuers, please refer to [Annex 2](#).



### Geographical clusters of number of issuers

The following map chart categorises the EEA countries into clusters, depending on how many issuers prepare IFRS financial statements (see [Annex 2](#) for more detail).



## 1.1 Main indicators of national enforcement activity

### 1.1.1 IFRS Reporting

To monitor enforcement activity, ESMA collects data on the number of examinations performed and the number of actions taken by enforcers. The examination and action rates presented in this section are based on the number of issuers which prepared IFRS financial statements at the end of 2023. Additionally, 27 issuers prepared consolidated financial statements under third country GAAP deemed equivalent to IFRS<sup>4</sup>.

#### Examinations

In 2024, the financial statements of 685 issuers, corresponding to 17% of all issuers preparing financial statements under IFRS in the EEA, were subject to examination by enforcers (17% in 2023). Of these, 660 IFRS issuers were subject to ex-post examinations (669 in 2023). Furthermore, enforcers performed follow-ups of examinations completed in previous years on 148 issuers. Such follow-ups are not included in the statistics that follow.

The table below aggregates information on the number of issuers whose financial information was examined by enforcers over 2024. Notably, 62% of examinations performed were unlimited scope examinations of the financial statements of IFRS issuers, while 38% of examinations were focused examinations.



Number of issuers examined				Unlimited scope		Focused		
				Desktop	Interactive	Desktop	Interactive	
<b>685</b> (2023: 703) issuers preparing IFRS financial statements subject to examination	<b>663</b> refer to financial statements in Financial Reports	<b>660</b> Ex-post Exams	Annual	68	331	98	101	
			Interim <sup>5</sup>	4	7	26	25	
		<b>3</b> Ex-ante Exams	Pre-clearance	-		3		
	<b>22</b>	Refer to financial statements in Prospectuses <sup>6</sup>			2	14	1	5
<b>Total 2024</b>				<b>685</b>	<b>74</b>	<b>352</b>	<b>125</b>	<b>134</b>
Ex-post examinations of financial statements prepared using third country GAAP deemed equivalent to IFRS					1	4	1	0

<sup>4</sup> Each enforcer's selection of issuers for examination is based on a mixed model whereby a risk-based approach is combined with random sampling and rotation. For more details, see [Annex I, section 5.1.1](#).

<sup>5</sup> Where both the interim and annual financial statements of an issuer were examined, only the latter examination is counted.

<sup>6</sup> Please note that only examinations of financial statements in prospectuses relate to successful initial public offerings (IPOs) and first admissions to trading carried out in accordance with Guidelines 4 and 6 of ESMA's GLEFI are counted in these statistics (examinations of prospectuses that do not effectively lead to a listing are not counted). Reviews of financial statements contained in prospectuses as part of their procedures to approve prospectuses which are not carried out following the GLEFI, are not considered for the purpose of this report.

## Actions

Altogether, enforcers took actions in 38% of the ex-post examinations performed during 2024 (37% in 2023). The action rate<sup>7</sup> in relation to recognition, measurement and/or presentation issues is 13% (13% in 2023), while the action rate in relation to disclosures represents 25% (24% in 2023).

ESMA emphasises that the concept of materiality is pervasive to the financial statements as a whole and that omitting, obscuring, or misstating material information in the notes could reasonably be expected to influence decisions that primary users of the financial statements make based on those financial statements.



The table below illustrates the overall distribution of the actions taken by enforcers during 2024 across the type of action, the type of financial statements and the type of issue to which they related. Around 34% of all actions taken during 2024 related to issues regarding recognition, measurement and/or presentation, while 66% of all actions related only to disclosure issues. Similar to 2023, in around 14% of the actions taken, enforcers required issuers to make immediate disclosure to the market by reissuing the financial statements or publishing a corrective note. For the remaining 86% of the actions taken, enforcers considered that a correction in the future financial statements was sufficient.

Actions taken		IFRS Financial Statements	Reissuance of financial statements	Public corrective note	Correction in future financial statements	
<b>253</b> (2023: 250) total actions	<b>87</b> recognition, measurement and/or presentation	Annual	1	19	57	
		Interim	2	1	7	
	<b>166</b> disclosure <sup>8</sup>	Annual	1	9	146	
		Interim	1	1	8	
	<b>Total 2024</b>		<b>253</b>	<b>5</b>	<b>30</b>	<b>218</b>

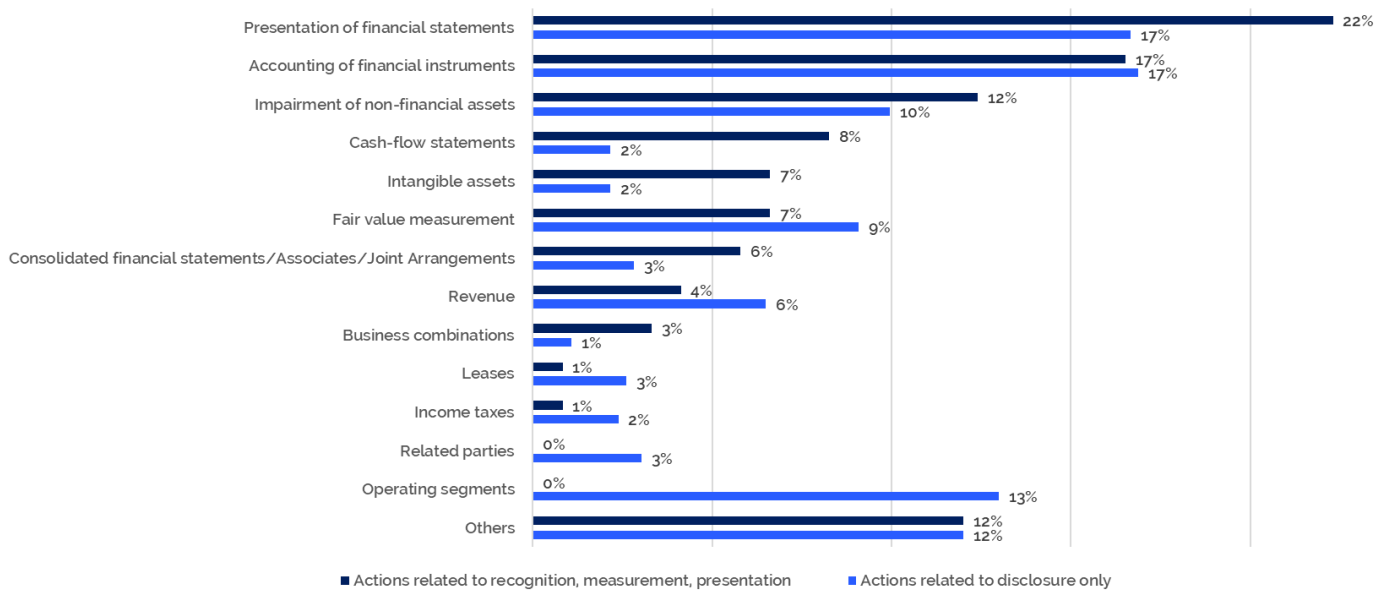
## Areas addressed with enforcement actions in 2024

The following figure presents the areas in which enforcers took actions in 2024 (presentation, recognition, measurement, and disclosures). Similar to 2023, most actions were taken in four areas, namely financial instruments, impairment testing of non-financial assets, presentation of financial statements and operating segments<sup>9</sup>. The following box also outlines some key messages that arise from main areas where enforcers took actions as well as good practices that issuers may consider in their future financial statements.

<sup>7</sup> The action rate included in the report represents the number of issuers for which actions were taken divided by the number of issuers subject to ex-post examinations.

<sup>8</sup> Actions defined as “Relating to disclosure only” do not include actions which in addition to disclosures also related to measurement, recognition or presentation (such actions are included in actions “Relating to recognition, measurement and/or presentation”).

<sup>9</sup> With respect to the “Other” areas addressed with enforcement actions in 2024, the issues identified with recognition, measurement and/or presentation related, among other things, to investment properties and provisions, contingent liabilities & contingent assets, while the issues identified with respect to disclosures primarily related to disclosures about provisions, contingent liabilities, and contingent assets, investment properties, and earnings per share.



## 2024 ESMA and enforcer key messages

- Presentation of financial statements (IAS 1 and IAS 8):** Enforcers took actions to address inappropriate aggregation/disaggregation of line items and separate presentation of certain items included in the primary financial statements, as required by IAS 1. While disclosures concerning assumptions about the future and other major sources of estimation uncertainty may provide information on the issuers' operations and general impact for business, enforcers noted that they sometimes lack specificity about how they affect financial statements. ESMA highlights that, when complying with disclosure requirements of IFRS, including IAS 1, issuers should ensure that disclosures enable users of financial statements to understand how particular events and assumptions have affected the recognition, measurement and presentation of assets, liabilities, profit or loss or how the carrying amounts of assets and liabilities may be significantly affected in the near future.
- Financial instruments:** Some corporate issuers did not provide sufficient disclosure on credit risk concentrations resulting from trade receivables (for example, the gross value and impairment of receivables broken down by age) and/or a description of the impairment methods used for trade receivables. In some cases, enforcers have also asked corporate issuers (i) to disclose the nature and extent of risks arising from financial instruments, and (ii) to supplement their financial statements with quantitative and qualitative information on credit, liquidity and market risks. Issuers are also reminded to be mindful of the proper estimation of expected credit losses, carefully considering the ever-present credit risk of any debtor – including own investees and other related parties.
- Impairment tests:** The presentation of the key assumptions used in the impairment tests, and the disclosure of sensitivity analyses of key assumptions were sometimes lacking, and the range of the sensitivity analysis considered as a reasonably possible variation was not always relevant (in particular, in light of the recent volatility in the market). When issuers use fair value less cost of disposal in their impairment tests, the methods used to determine the fair value (for example, the multiples used and how they were defined) should be disclosed and, where relevant, a sensitivity analysis may be required. Enforcers also draw attention to the need for robust monitoring of impairment indications and the subsequent impairment testing of any non-financial assets that may be affected.
- Operating segments:** Some issuers did not provide sufficient disclosures regarding the factors used to identify reportable segments together with the judgements made by management in applying the aggregation criteria set out in the IFRS 8. In several instances, actions related to incomplete disclosures about geographical areas, in particular when issuers did not present material revenues from external customers attributed to an individual foreign country and/or material non-current assets held in an individual foreign country. ESMA notes that the information about geographical areas enables users of the financial statements to understand where the issuer conducts its operations and its exposure to associated risks. In addition, enforcers also noted several instances where issuers did not properly disclose the fact that revenue from transactions with a single external customer amounted to 10 per cent or more of revenue, nor disclose revenues from transactions with other operating segments of the same entity.

## 1.1.2 APM Reporting

### Examinations

During 2024, enforcers performed 492 ex-post examinations of management reports to evaluate the presentation and disclosure of APMs. Around 72% of the examinations covered all principles of the Guidelines on APMs.

The overall ex-post examination rate was 12% (12% in 2023), and the overall action rate was at 14% (18% in 2023).



Number of issuers examined				Desktop	Interactive	
<b>513</b> (2023: 510) number of examinations performed following Guidelines 4 and 6 of the GLEFI	<b>371</b> Exams of all principles of the Guidelines	<b>354</b> Ex-post Exams	Annual	106	236	
		<b>17</b> Ex-ante Exams	Interim	12	0	
	<b>142</b> Exams of selected principles of the Guidelines		<b>138</b> Ex-post Exams	APMs in Prospectuses	8	9
		Annual		81	42	
			<b>4</b> Ex-ante Exams	Interim	11	4
				APMs in Prospectuses	1	3
<b>Total 2024</b>			<b>513</b>	<b>219</b>	<b>294</b>	

### Actions

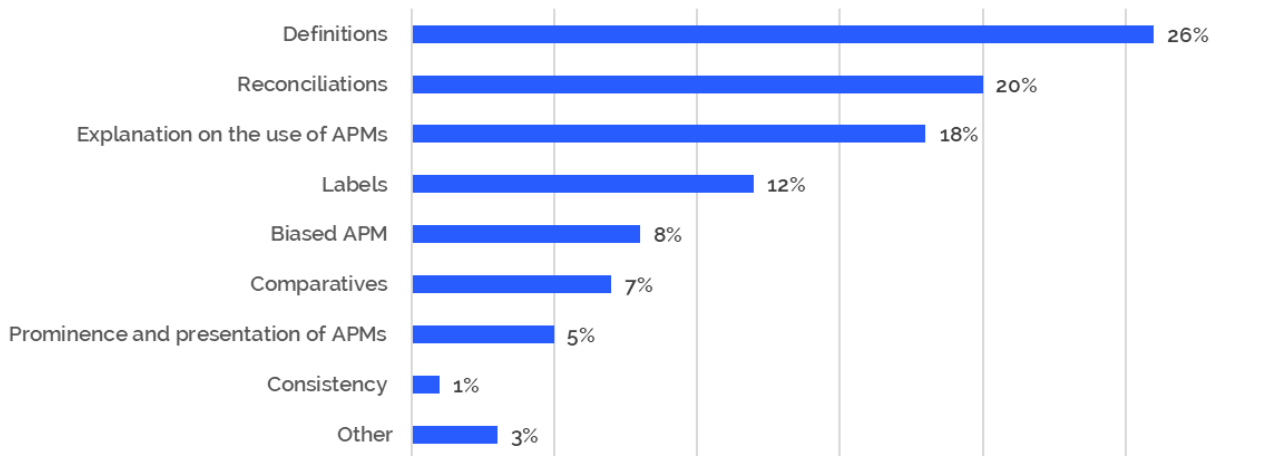
Providing further detail regarding the actions taken on the management reports of listed IFRS issuers in 2024, the following table shows whether actions related to the annual or the interim management report and which type of action was taken. As in 2023, most actions consisted of enforcers requiring a correction in a future management report. Other measures relate mainly to enforcement of financial information contained in prospectuses. Please note that a single enforcement action may relate to multiple areas of non-compliance.



Actions taken		Reissuance of the management report	Public corrective note	Correction in future management report	Other Measures
<b>71</b> (2023: 87) total actions	<b>62</b> Annual Management Report	0	4	58	1
	<b>9</b> Interim Management Report	0	0	9	0
<b>Total 2024</b>		<b>0</b>	<b>4</b>	<b>67</b>	<b>1</b>

### Areas addressed with enforcement actions in 2024

The following figure presents the topics on which enforcement actions related to compliance with ESMA's Guidelines on APMs were taken. The figure shows that, similarly to last year, the areas in which most infringements were identified were definitions, reconciliations and explanations, followed by labels.



### 2024 ESMA and enforcer key messages

- As mentioned in the ECEP 2024, ESMA reminds issuers that, with the application of IFRS 18 *Presentation and Disclosure in Financial Statements* in 2027, some APMs related to profit or loss may also meet the definition of management-defined performance measures under this standard<sup>10</sup>. This means that certain APMs and related disclosures (such as reconciliations) must be included inside audited financial statements in the future. ESMA urges issuers to **start assessing the effects of the implementation of IFRS 18 on the APMs disclosed to the market** and, where necessary, consider adjusting their reporting processes and systems to enable a smooth implementation of the standard.
- Issuers should ensure that **all measures that meet the definition of an APM are identified and that disclosures are provided as required by the Guidelines on APMs**. In particular, ESMA notes that the Guidelines on APMs require issuers to provide specific disclosures when issuers change or stop disclosing APMs previously used.
- **Usefulness of APMs for users' decision making**: To ensure a fair presentation, issuers should avoid presenting biased APMs (e.g., excluding on-off expenses and costs, when including on-off gains or presenting net financial debt without including all its components such as excluding subordinated debt when the amount of subordinated debt is significant).<sup>11</sup>

<sup>10</sup> According to paragraph 117 of IFRS 18, management-defined performance measures are subtotals of income and expense that (i) an entity uses in public communications outside financial statements, (ii) an entity uses to communicate to users of financial statements management's view of an aspect of the financial performance of the entity as a whole, and (iii) is not listed in paragraph 118 of IFRS 18 or disclosed by IFRS Accounting Standards.

<sup>11</sup> Please refer to [ESMA QA 1883](#) in the ESMA Q&A webtool (previously Q&A 17, ESMA Questions and Answers: [ESMA Guidelines on Alternative Performance Measures \(APMs\)](#)).

## 1.2 Assessment of compliance with ESMA’s 2023 ECEP

Establishing European Common Enforcement Priorities (ECEP) is one of the important ways of fostering supervisory convergence across the EEA. Annual ECEP have been published since 2012 and are essential to prevent misstatements and to enhance the quality and consistency of corporate reporting across the EEA. ESMA published the priorities to be considered in the preparation of 2023 annual financial statements in October 2023 (hereafter referred to as the 2023 ECEP)<sup>12</sup>:

2023 ECEP (Financial reporting)		
The macroeconomic environment...		Climate-related matters...
Refinancing and other financial risks	Fair-value measurement & disclosures	
Increase in interest rates and impact on re(financing), liquidity risk and hedge accounting requirements	Fair values of investment properties, fair values of financial instruments measured at amortised cost	Consistency between IFRS financial statements and non-financial information, accounting for emission trading schemes and renewable energy certificates, impairment of non-financial assets and PPAs <sup>13</sup>
In addition to specific considerations for financial institutions in relation to the above-noted priorities.		



To analyse how the 2023 ECEP were applied, enforcers examined the annual financial statements of a sample of 178 issuers from 29 EEA countries. Issuers in the sample represent a subset of all issuers selected based on risk, rotation or random sampling, and, therefore, the findings in the sections below should not be extrapolated to the wider population of issuers in the EEA. All findings in the following sections refer to the sub-sample of issuers for whom a given topic was material<sup>14</sup>.

### Enforcement actions related to the 2023 ECEP



Overall, enforcers took **enforcement actions for 29 issuers**, based on the examination of the 178 issuers in the sample. These actions mainly consisted of requiring the issuer to correct the relevant matter in future financial statements. The sample action rate was 16% (2023: 7%).



In addition to those actions undertaken in 2024, 29 ECEP examinations of 2023 IFRS annual financial statements were still ongoing as of the publication date of this report. Considering this, certain potential compliance deficiencies observed during this ECEP assessment may be subject to potential additional enforcement action.

The following sub-sections present a summary of the key findings and recommendations derived from the 2023 ECEP assessment, per priority. The full assessment of the sample examined can be found under [Annex II, section 4.2.6](#).

<sup>12</sup> [ESMA32-193237008-1793](#) Public Statement – *European common enforcement priorities for 2023 annual financial reports*, 25 October 2023.

<sup>13</sup> Power Purchase Agreements.

<sup>14</sup> When selecting issuers for examination for the purpose of the 2023 ECEP assessment, enforcers took into account if at least one of the 2023 ECEP priority topics (macroeconomic environment or climate-related matters) was material in the issuer’s financial statements.

## 1.2.1 Macroeconomic Environment

### 1.2.1.1 Priority 1a: Refinancing and other financial risks

**Key Finding: Although there remains room for improvement, generally satisfactory disclosures allow users of the financial statements to understand the impacts of inflation and changes in interest rates**

- Generally, issuers have assessed and appropriately reflected the impacts that macroeconomic factors such as inflation, as well as the increase in interest rates and in commodity prices on their financial statements.
- Examples of useful information disclosed by issuers include disclosure of the proportion of fixed rate debt, average interest rates, level of hedging and average fixed interest rate periods, together with sensitivity analyses for changes in interest rates at varying levels. Some issuers additionally highlighted their geographical exposure to interest rate fluctuations.
- Most issuers disclosed **sufficiently detailed sensitivity analyses for reasonably possible changes in interest rates**, showing how profit or loss and equity could have been affected. The details provided by the issuers included the range of the reasonable change, showing calculations for the impact of potential market interest rate changes on the interest margin in the future periods, considering interest rate resetting/re-fixing dates with respect to the balance sheet assets and liabilities, providing separate sensitivity analyses for the different market interest rates for all currencies in which the issuer had borrowings, and in case of financial issuers, providing information on supervisory shock scenarios and detailed modelling and parameter assumptions.
- Enforcement actions and recommendations for improvements in relation to this priority mainly concerned missing or insufficient disclosures on the **sensitivity analysis for interest rate risk**, disclosures on **asset valuation** in light of liquidity risks, the accounting treatment of **factored trade receivables** under IFRS 9, and **hedge accounting** disclosures.
- Regarding **reverse factoring (supplier finance) arrangements**, ESMA highlights the new disclosure requirements in IAS 7 *Statement of Cash Flows*, including the effects of these arrangements on the issuers' exposure to liquidity risk (see ESMA's 2024 ECEP Statement).

[> Section 4.2.6.1.1](#)

*Jump to the full assessment of this priority*

### 1.2.1.2 Priority 1b: Fair value measurement and disclosures

**Key Finding: Mostly satisfactory disclosures allow users of the financial statements to understand how fair values of investment properties were determined**

- Issuers in many cases disclosed detailed information about the **valuation inputs, techniques and outcomes used to determine fair values of their investment properties**. Better disclosures around key inputs typically provided detailed information regarding, but not limited to, the capitalisation rate, discount rate, vacancy rate, maintenance and operating cost, expected rental income, often organising the presentation of the data by country or type of property owned. Comprehensive information regarding valuation methods included information around the methodology used, and how Level 3 fair values are determined, when applicable. In some cases, however, the disclosures included a wide range between the minimum and maximum value of the assumptions used to determine fair value<sup>15</sup>.
- Enforcers emphasise the importance of presenting relevant **categories for valuation inputs by geography and property type** including comparative information for the preceding year. Issuers should provide sensitivity disclosures for all key assumptions used in measuring the fair value of the investment properties.
- Issuers that used **multiple valuation techniques for the same assets** have in most cases provided appropriate explanations in the notes regarding how they have considered the results of these multiple techniques. Useful disclosures included explanations on identification of the main methodology(ies), reasons for which the main methodology used was the preferred one (e.g. per asset type), and weightings of the multiple methodologies employed.

[> Section 4.2.6.1.2](#)

*Jump to the full assessment of this priority*

<sup>15</sup> Please refer to Decision ref EECS/0125-05 – Fair Value Disclosures, [29th Extract from the FRWG \(EECS\)'s Database of Enforcement](#).



## 1.2.2 Climate-related matters

**Key Finding: Generally satisfactory disclosures were provided that enable users of the financial statements to understand the impacts of climate matters**

- Generally, issuers have provided **quantitative or qualitative information regarding material climate-related matters** in their financial statements. In a small number of cases, information regarding climate matters were only disclosed outside financial statements (e.g. management report). Enforcers also found that the information included inside financial statement was generally consistent with the information included elsewhere (management report, prospectus).
- A significant portion of the issuers included in the sample engaged in **carbon or greenhouse gas emission trading schemes and/or hold renewable energy certificates**. When this was the case, issuers generally included information regarding **accounting policies used, measurement basis, terms and conditions of such schemes and their impacts on financial statements**. In this respect, ESMA urges issuers to consider the statement: *Clearing the smog: Accounting for Carbon Allowances in Financial Statements*<sup>16</sup>, which provides useful insights regarding the accounting as well as disclosures that issuers should consider in their financial statements concerning carbon allowances.
- A significant portion of issuers<sup>17</sup> that held material non-financial assets subject to the impairment test requirements of IAS 36, recognised **impairment losses in non-financial assets due to, amongst others, climate matters considerations**. ESMA also notes that a significant portion of the issuers analysed in ECEP already provided specific disclosures regarding the assumptions related to climate matters that they used when testing assets for impairment. ESMA highlights that disclosures are more useful if issuers provide tailored and entity-specific information such as quantitative information regarding the assumptions used (such as prices or ranges of the prices used) and clearly disclose the basis used to determine such assumptions (internal vs external sources). To this end, ESMA invites stakeholders to consider the report the *Heat is On: Disclosures of Climate-Related Matters in the Financial Statements*<sup>18</sup>.

[> Section 4.2.6.2](#)

*Jump to the full assessment of this priority*

## 1.2.3 The 2023 ECEP, specific to financial institutions

**Key Finding: Improvements in disclosures on the consideration of climate-related risks in the ECL-measurement with room for improvement in the details on green financial instruments**

- The financial institutions in the sample generally provided a good level of disclosures as per IFRS 7 regarding their **significant risk concentrations arising from financial instruments**, disclosing information both on the assets (e.g. credit risk) and liabilities side (e.g. customer deposits), as well as explained how they manage such risks.
- Sufficient information was also mostly provided on the accounting policies regarding the **determination of when a substantial modification of the terms of an existing financial asset or financial liability results in the derecognition** of the financial asset or financial liability.
- Enforcers noted an increase in the proportion of financial institutions providing information on how the **climate-related risks are incorporated in the calculation of expected credit loss (ECL)** compared to previous years. For example, some issuers indicated that they have used a sectorial approach, others explained that they have used model adjustments to account for climate-related matters in the probability of default, loss given default and collateral valuation.
- ESMA encourages issuers to disclose more detailed information on the **characteristics of green financial instruments** and the accounting policies applied to these instruments.

[> Section 4.2.6.3](#)

*Jump to the full assessment of this priority*

<sup>16</sup> [ESMA32-483087481-68](#), Clearing the Smog: Accounting for Carbon Allowances in Financial Statements, 8 October 2024.

<sup>17</sup> Six issuers out of 31, representing 19% of the issuers of the sample.

<sup>18</sup> [ESMA32-1283113657-1041](#) Report – The Heat is On: Disclosures of Climate-Related Matters in Financial Statements, 25 October 2023.

## 1.3 Other activities in financial reporting

This section summarises the main activities and output of the FRWG (EECS) and its substructures during 2024.

### FRWG (EECS) and substructures

FRWG (EECS) provides technical input on the issuance of ESMA statements and opinions on accounting matters which deserve specific focus. It also reviews accounting practices applied by European issuers to enable ESMA to monitor market developments and changes in those practices.

The coordination within the FRWG (EECS) enables ESMA and enforcers to identify areas in which there appears to be a lack of guidance or divergent understanding of IFRS. Such areas are subsequently referred to the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (IFRS IC), as appropriate. Given the specificities and complexity inherent to certain topics, the FRWG (EECS) has set up under its auspices project teams and taskforces composed of (i) IFRS experts following IFRS development and endorsement in the EU, (ii) financial institutions and insurance companies' experts, and (iii) climate in financial information experts.

### Case Discussions

Enforcers discuss and share experiences with the application and enforcement of IFRS in regular meetings, ad-hoc conference calls or through written procedure. The enforcement cases discussed fulfil the submission criteria set out in GLEFI, either before or after decisions are taken.

Case discussions enable enforcers to learn about the experience of other enforcers who have already encountered similar issues and to gather useful input for the analysis of technical issues. Enforcers are to take account of the outcome of discussions in the FRWG (EECS) when taking enforcement decisions, promoting a consistent European approach in the application of IFRS. In addition, ESMA gains a sense of the application of IFRS in Europe and of the main topics which pose challenges to issuers.

<b>7</b>	FRWG (EECS) Regular Meetings
<b>41</b>	Emerging issues discussed (35 in 2023)
<b>58</b>	Decisions submitted [14 discussed] (51/13 in 2023)

### Spotlight: Main Topics Discussed at the FRWG (EECS)

These examples are neither intended to represent all types of issues discussed nor all areas where the application of IFRS was challenged by enforcers. The examples serve to illustrate some of the issues found and discussed during the year.

#### IAS 38 Intangible Assets

Issues were discussed regarding the fulfilment of conditions for recognising an intangible asset arising from development (e.g. for development costs incurred by issuers in the pharmaceutical industry) and determining the useful life (definite vs. indefinite) for contracts for distribution rights. Moreover, in a case related to a recognised but unused trademark, it was discussed whether future economic benefits are expected from its use or disposal.

#### IFRS 8 Operating Segments

Issues discussed in relation to operating segments included determining whether segments can be aggregated if there are differences in certain economic characteristics (e.g. different functional currencies), the appropriateness of various bases used for attributing revenues from customers to individual countries and the assessment of whether certain governmental bodies should be considered as single customers.

#### IFRS 10 Consolidated Financial Statements

The enforcers discussed various issues related to the assessment of de facto control and the determination of whether an entity meets the definition of an investment entity (in particular, the definition of an exit strategy). Enforcers also discussed the interaction of IFRS 10 and IFRS 5 concerning the elimination of intragroup transactions between discontinued and continuing operations (i.e. how to account for the intragroup transactions between an issuer and a subsidiary classified as discontinued operation under IFRS 5). Enforcers agreed that the IFRS IC tentative agenda decision on *Presentation of intragroup transactions between continuing and discontinued operations* was clear when it noted that neither IFRS 5 nor IAS 1 include requirements regarding the presentation of discontinued operations that override the consolidation requirements in IFRS 10. As such, any transactions between discontinued and continuing operations should be eliminated as part of the consolidation process.

### IAS 36 Impairment of Assets

The discussions focused on issues such as determining an appropriate cash flow projection period for a cost-generating unit (CGU) where the useful life of assets essential to the ongoing operation of the CGU can be extended, the use of various scenarios under the expected cash flow approach and some issues related to the identification of cash-generating units and the interaction between the disclosure requirements in IAS 36 and the overarching disclosure principles in IAS 1.

### IFRS 15 Revenue from Contracts with Customers

The discussions revolved around the questions of whether an entity acts as an agent or as a principal (e.g. consideration of inventory risk and pricing discretion), when the issuer stores the inventory for the customer (bill and hold) until the opportunity arises for the customer to use the product for its activities, or when the entity's performance creates an asset with an alternative use to the entity (e.g. in relation to contracts to sale property under development).

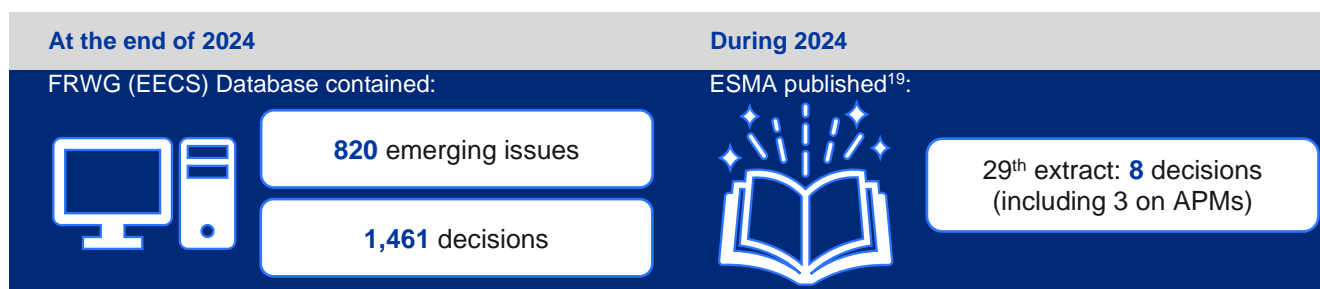
### IAS 7 Statement of Cash Flows

Enforcers discussed several issues related to the classification of cash flows notably as to whether cash flows from entities operating in the debt sector (acquiring, selling and receiving cash flows from debt portfolios) should be classified as operating or investing.

## Database & Extracts of Decisions

ESMA manages an internal database to which enforcers submit, as per GLEFI, emerging issues and decisions taken within their national enforcement process. The database is an important source of information for enforcers when they make enforcement decisions.

ESMA regularly publishes enforcement decisions extracted from the FRWG (EECS) Database, to help market participants understand which accounting treatments enforcers consider to be (non) compliant with IFRS and the ESMA Guidelines on APMs on specific cases.



## Publications

<b>Follow-up Report on Wirecard review<sup>20</sup></b>	Follow-up to the fast-track peer review on the application of the guidelines on the enforcement of financial information by BaFin and FREP in the context of Wirecard.
<b>2024 ECEP Statement<sup>21</sup></b>	ECEP related to IFRS financial statements, released ahead of the preparation, audit and publication of 2024 annual financial reports.
<b>Public Statement on Carbon Allowances<sup>22</sup></b>	Short and targeted statement highlighting observed accounting practices in relation to carbon allowances in the financial statements.
<b>IFRS 17 Report<sup>23</sup></b>	Summary of observations and recommendations on the first-year application of IFRS 17.

<sup>19</sup> [ESMA32-193237008-8267](#) 29th Extract from the EECS's Database of Enforcement, 27 May 2024.

<sup>20</sup> [ESMA42-2004696504-7690](#) Report - *Follow-up Report to the fast-track peer review on the application of the guidelines on the enforcement of financial information by BaFin and FREP in the context of Wirecard (ESMA42-111-5349)*, 18 July 2024.

<sup>21</sup> [ESMA32-193237008-8369](#) Statement – *European common enforcement priorities for 2024 annual financial reports*, 24 October 2024.

<sup>22</sup> [ESMA32-483087481-68](#) Statement - *Clearing the smog: Accounting for Carbon Allowances in Financial Statements*, 8 October 2024.

<sup>23</sup> [ESMA32-1188985980-1046](#) Report From "black box" to "open book"? Evidence from the first application of IFRS 17 Insurance Contracts, 25 October 2024.

## Contribution to the European endorsement process

ESMA addressed the enforceability of IFRS and shared the experience of enforcers on the application of IFRS in Europe:

- in European Financial Reporting Advisory Group (EFRAG)'s Financial Reporting Board and in its Financial Reporting Technical Expert Group (TEG).
- In EFRAG's Connectivity Advisory Panel, comprised as part of a proactive research project on the connectivity between financial reporting and sustainability reporting information.

ESMA also continued to contribute actively to the European endorsement process by participating as an official observer in the Accounting Regulatory Committee.

## Cooperation with the IASB

FRWG (EECS) met twice with some members of the IASB's technical staff and some IASB members, in their personal capacity, to discuss complex issues identified by enforcers and for which there is no specific IFRS guidance or where widely diverging application appeared to exist. Whenever relevant, these discussions are taken into consideration by enforcers when conducting their enforcement activities.

Moreover, ESMA contributed to the IFRS IC work by submitting a comment letter to a committee's tentative agenda decision and by attending IFRS IC meetings in its capacity as adviser to the European Commission which is an observer at the Interpretations Committee.

ESMA also participated in the IFRS Advisory Council, which advises the IFRS Foundation, the IASB and the International Sustainability Standards Board (ISSB).

## Technical input to EFRAG and the IASB

ESMA published the following letters providing feedback to EFRAG and IASB proposals on:

- Agenda Item Request and comment to IFRS IC's Tentative Agenda Decision related to the classification of cash flows related to variation margin calls on "Collateralised-to-Market" contracts<sup>24</sup>
- IASB's Exposure Draft *Financial Instruments with Characteristics of Equity*<sup>25</sup>
- IASB's Exposure Draft on *Business Combinations – Disclosures, Goodwill and Impairment*<sup>26</sup>
- IASB's Exposure Draft *Contracts for Renewable Electricity*<sup>27</sup>
- IASB's Exposure Draft *Climate-related and Other Uncertainties in the Financial Statements*<sup>28</sup>

<sup>24</sup> [ESMA32-1283113657-1108](#) Letter to IFRS IC on the *presentation of cash flows from margin calls for certain contracts for the sale or purchase of commodities (IAS 7)*, 19 January 2024, and [ESMA32-1283113657-1166](#) Letter to IFRS on the *Classification of Cash Flows related to Variation Margin Calls on "Collateralised-to-Market" Contracts (IAS 7)*, 30 July 2024.

<sup>25</sup> [ESMA32-1188985980-348](#) and [ESMA32-1188985980-347](#) Letters to IASB and EFRAG on IASB's Exposure Draft *Financial Instruments with Characteristics of Equity*, 20 March 2024.

<sup>26</sup> [ESMA32-644431002-523](#) and [ESMA32-644431002-524](#) Letters to IASB and EFRAG on the *Exposure Draft Business Combinations – Disclosures, Goodwill and Impairment*, 15 July 2024.

<sup>27</sup> [ESMA32-1283113657-1167](#) and [ESMA32-1283113657-1168](#) Letters to IASB and EFRAG on the *Exposure Draft Contracts for Renewable Electricity*, 30 July 2024.

<sup>28</sup> [ESMA32-483087481-78](#) and [ESMA32-483087481-397](#) Letters to IASB and EFRAG on the *Exposure Draft Climate-related and Other Uncertainties in the Financial Statements (proposed illustrative examples)*, 2 December 2024.

# Enforcement of Non-financial Reporting

This chapter describes the main activities conducted by enforcers and by ESMA during 2024 regarding non-financial reporting. The main focus of ESMA's enforcement activity in this area is on the non-financial statements prepared in accordance with Article 19a or Article 29a of the Accounting Directive (Directive 2013/34/EU).

Additionally, this chapter reports on the enforcers' examinations of a selected sample of issuers with respect to assessing compliance with the non-financial reporting priorities set out in the 2023 ECEP.

## Issuers under enforcement

At the end of 2024, approximately **2,100 issuers** were within the scope of enforcement activities for the purpose of assessing the disclosures in the non-financial statements. For country-by-country information on the number of issuers, refer to [Annex III, section 4.3.1](#).

## Geographical distribution of enforcement powers

The following map chart illustrates the EEA countries by enforcement powers currently available with respect to the examination of non-financial statements.



## 2.1 Main indicators of national enforcement activity

### Examinations

During 2024, enforcers undertook 573 examinations of non-financial statements. Examinations were distributed across issuers who included the non-financial statement in the annual management report and issuers who presented it as a separate document. Some of the examinations related to checking only whether the non-financial statement had been prepared (“existence only” – 26%) while most examinations related to checking whether the information provided in the non-financial statement met the requirements of Articles 19a and 29a of the Accounting Directive (“existence and content” – 74%). The examination rate in 2024 on content examinations was 19%. The table below provides the detailed breakdown of the examinations performed during 2024.



Number of issuers examined		Non-Financial statement included in annual management report		Non-Financial statement presented as separate document	
		Desktop	Interactive	Desktop	Interactive
<b>425</b> (2023: 389) issuers examined on content	<b>220</b> Unlimited Examinations	41	136	14	29
	<b>205</b> Focused Examinations	53	55	49	48
<b>Content examinations Total 2024</b>		<b>425</b>	<b>191</b>	<b>63</b>	<b>77</b>
<i>Existence only examinations Total 2024</i>		<b>148</b>	<b>129</b>	<b>19</b>	
<i>All examinations Total 2024</i>		<b>573</b>	<b>414</b>	<b>159</b>	

### Actions

As detailed in the following table, the 425 content examinations of non-financial statements in 2024 led to enforcement actions related to content towards 121 issuers, causing an action rate of 28%<sup>29</sup>, compared to 23% in the previous year. Most actions required the issuer to make a correction in a future non-financial statement. Please note that one enforcement action can relate to multiple areas of non-compliance. The "other measures" relate to enforcers' recommendations which were not formalised into any of the other actions and which were voluntarily adhered to by the concerned issuers.

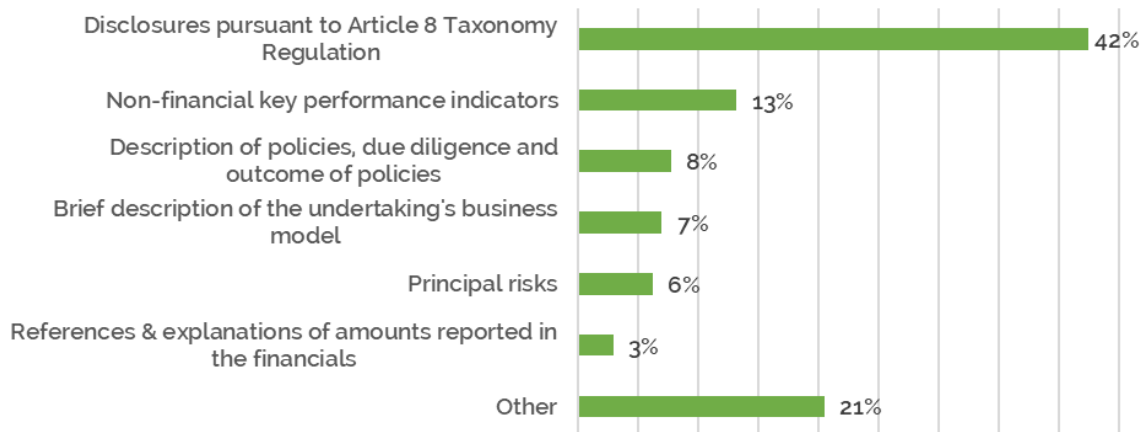


Actions taken		Location of the non-financial statement	Reissuance of non-financial statements	Public corrective note	Correction in future non-financial statements	Other measures
<b>125</b> (2023: 91) total actions	<b>121</b> Actions stemming from a content exam	Management report	0	0	79	20
		Separate document	0	2	40	9
	<b>4</b> Actions stemming from an existence-only exam	Management report	0	1	3	0
		Separate document	0	0	0	0
<b>Total 2024</b>		<b>125</b>	<b>0</b>	<b>3</b>	<b>122</b>	<b>29</b>

<sup>29</sup> ESMA did not account in this rate for the existence-only checks performed by enforcers that also have a content supervision mandate.

### Areas addressed with enforcement actions in 2024

The following figure illustrates the topics on which enforcement actions were taken during 2024. Close to half of all actions related to the disclosures pursuant to Article 8 Taxonomy Regulation – or the lack thereof – followed by disclosures related to non-financial key performance indicators (KPIs) and description of policies, due diligence and outcome of policies. Other actions related to issues such as the reporting perimeter (lack of transparency on it or insufficient coverage of the reporting), reporting on environmental, social and governance (ESG) -related governance issues and ESG ratings.



### 2024 ESMA and enforcer key messages

- Interactive examinations remain the predominant means of examination. This signals enforcers' willingness to engage in dialogue with issuers, also reflecting the importance of exchanging on the different issues in the current learning phase of the sustainability reporting journey.



## 2.2 Assessment of compliance with ESMA’s 2023 ECEP

In October 2023, ESMA published the following 2023 ECEP<sup>30</sup> to be considered in the preparation of 2023 annual non-financial statements, which included several recommendations related to:

2023 ECEP (Non-financial reporting)		
Disclosures relating to Article 8 of the Taxonomy Regulation	Disclosures of climate-related targets, actions and progress	Scope 3 emissions
The taxonomy eligibility, but also the taxonomy alignment, of their economic activities vis-à-vis the climate change mitigation and adaptation objectives	Increased transparency in reporting on climate-related matters, which gains further relevance in light of the forthcoming application of the enhanced disclosure regime set out in the CSRD <sup>31</sup> .	Disclosures on Scope 3 greenhouse gas (GHG) emissions are part of the information that investors would consider as necessary input to sustainable investment decisions.



To analyse how the 2023 ECEP were applied, enforcers examined the annual non-financial statements of a sample of 137 issuers from 25 EEA countries. Issuers in the sample were selected based on risk and not randomly<sup>32</sup>, and, therefore, the findings in the sections below should not be extrapolated to the wider population of issuers in the EEA. All findings in the following sections refer to the sub-sample of issuers for whom a given topic was relevant.

### Enforcement actions related to the 2023 ECEP



Overall, enforcers took **22 enforcement actions** based on the examination of the 137 issuers in the sample, all in the form of requiring the issuer to correct the relevant matter in future non-financial statements.



In addition to those actions undertaken in 2024, 40 ECEP examinations of 2023 annual non-financial statements were still ongoing as of the publication date of this report. Considering this, certain potential compliance deficiencies observed during this ECEP assessment may be subject to potential additional enforcement action.

The following sub-sections present a summary of the key findings and recommendations derived from the 2023 ECEP assessment, per priority. The full assessment of the sample examined can be found under [Annex III, section 4.3.2](#).

<sup>30</sup> [ESMA32-193237008-1793](#) Public Statement – *European common enforcement priorities for 2023 annual financial reports*, 25 October 2023.

<sup>31</sup> Corporate Sustainability Reporting Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022.

<sup>32</sup> When selecting issuers for examination for the purpose of the 2023 ECEP assessment, enforcers took into account if at least one of the 2023 ECEP priority topics was material in the issuer’s non-financial statements.

## 2.2.1 Disclosures relating to Article 8 of the Taxonomy Regulation

**Key Finding: Some difficulties persist in the reporting on certain economic activities. The complementary information on the eligibility/alignment assessments and the calculation of the ratios are subject to improvement**

- Generally, issuers whose reports were reviewed have adopted the **new reporting templates introduced by Commission Delegated Regulation (EU) 2023/2486**.
- The vast majority of issuers did not indicate that they had excluded any of their economic activities from the taxonomy reporting exercise. However, **some difficulties were flagged with the application of the activity-based reporting set out in the taxonomy regime for integrated business models or for economic activities whose management is typically outsourced** although a substantive portion of the associated costs and benefits are retained by the reporting entity which may act as a principal in an agency relationship.
- A significant proportion of issuers in the sample still **did not provide entirely satisfactory complementary disclosures** to explain the methodologies and the conclusions underlying the eligibility and alignment assessments as well as to explain the quantitative information in the reporting templates, most notably on the main taxonomy ratios.
- Lastly, notwithstanding its theoretical relevance as a tool to communicate the transition potential of a business, **the disclosure of CapEx plans remained very limited** with sometimes insufficient accompanying contextual information.

[> Section 4.3.2.1](#)

*Jump to the full assessment of this priority*

## 2.2.2 Disclosures of climate-related targets, actions and progress

**Key Finding: Widespread use of climate-related targets and emission reduction targets. However, the level of specificity of the related disclosures can be improved, especially in relation to the strategic dimension of the targets, the specific decarbonisation levers used and the financial resources necessary to fulfil the targets**

- The vast majority of the issuers whose reports were reviewed disclosed climate-related targets. The Non-Financial Reporting Directive (NFRD) requirements are not specific as to the basic elements that disclosures on targets should contain. However, once they are disclosed, targets should be consistent with the disclosure objective set out in Article 19a and 29a of the Accounting Directive and therefore provide useful information for the users of the non-financial statements. While this was often the case within the information reviewed, **in many occurrences the disclosures lacked basic elements, such as the scope of the target, the baseline value and base year, the underlying methodologies and assumptions and whether the target is based on scientific evidence**.
- Although a majority of issuers disclosing climate-related targets explained the **relationship between the targets and the strategic dimension**, this aspect was often missing for a sizeable part of the sample. Explaining this relationship contributes to a user's assessment of the relevance of the targets and the progress (or the lack thereof) in meeting them.
- The vast majority of issuers disclosing climate-related targets provided specific emission reduction targets which, for the majority, generically referred to the alignment with the Paris Agreement. However, **for many issuers, these disclosures lacked specificity**, e.g., in relation to decarbonisation levers, the science-based nature of the targets and the absence of intermediate milestones. The compatibility with international public policy objectives was explained only in a minority of cases, and when disclosing decarbonisation levers issuers often provided only qualitative information. **The disclosure of financial resources necessary to support the achievement of the targets disclosed was often missing or lacking specificity**, for example not providing specific breakdowns to assess the relationship between a specific target and the related investments.
- Overall, the review of the disclosures on targets confirms the **importance of relying on sufficiently detailed disclosure rules focusing on minimum basic requirements** to enable the comparability of disclosures and the assessment of the credibility of individual issuer's commitments.

[> Section 4.3.2.2.1](#)

*Jump to the full assessment of this priority*

### 2.2.3 Scope 3 emissions

**Key Finding: Most issuers disclosed information on scope 3 emissions, however, fewer provided essential disclosures to understand the scope, assumptions and methodologies underlying the disclosed amounts**

- The majority of issuers in the sample provided disclosures on scope 3 emissions and, of those, most provided transparency on the boundaries of the emissions calculations. However, significant **shortcomings remain in terms of transparency on the exclusions from the scope 3 calculation and transparency on the use of estimates** to calculate the emissions.
- While a majority of the issuers reviewed provided disaggregation of scope 3 emissions across lines of business and relevant geographical segments, only in a **minority of cases were disclosures of the gross amounts of GHG emissions provided separately from the effect of carbon credits and other measures**.
- Comparative information on scope 3 emissions was provided by many issuers, but in many cases, it was **not sufficient to get an understanding of the factors driving the evolution** of the reported information.
- The lacking or insufficient information will be required under the European Sustainability Reporting Standards (ESRS) which is expected to increase the comparability and overall quality of GHG emissions reporting.

[> Section 4.3.2.2.2](#)

*Jump to the full assessment of this priority*

## 2.3 Other activities in non-financial reporting

The following sub-sections provide a snapshot of the main activities and output of the SRWG in 2024.

### Case Discussions

Enforcers discuss and share experiences with the application and enforcement of the sustainability information framework in regular meetings, ad-hoc conference calls or through written procedure. Enforcement cases are generally discussed before decisions are taken.

Case discussions enable enforcers to learn about the experience of other enforcers who have already encountered similar issues and to gather useful input for the analysis of technical issues. Enforcers are to take account of the outcome of previous discussions in the SRWG when taking enforcement decisions, promoting a consistent European approach in the supervision and enforcement of the sustainability information framework.

In addition, ESMA gains an understanding of the application of the sustainability information framework in Europe and of the main topics which pose challenges to issuers.

### Spotlight: Main Topics Discussed at the SRWG

These examples are neither intended to represent all types of issues discussed, nor all areas challenged by enforcers. The examples serve to illustrate some of the issues found and discussed during the year. For sustainability reporting supervision and enforcement, 2024 was a transition year due to the entry into application of the Corporate Sustainability Reporting Directive (CSRD) which, once transposed into national legislation, empowers all EU national authorities to perform supervision and enforcement on the sustainability statements prepared by listed undertakings in accordance with European Sustainability Reporting Standards (ESRS) and the disclosure requirements pursuant to the Taxonomy Regulation. Therefore, a large part of the case discussions in 2024 addressed theoretical questions relating to the forthcoming application of the CSRD alongside proper enforcement cases linked to the application of the EU taxonomy. Where relevant, technical issues underlying some of the case discussions benefitted from informal input from technical experts of the Commission and EFRAG. In some instances, matters discussed within the SRWG were clarified in FAQ documents published by the Commission afterwards.

#### Sustainability cases

##### ESRS

##### **Disclosure of carbon capture and storage systems and emission reduction levers**

The issue discussed related to whether an issuer planning to rely on carbon capture and storage as a decarbonisation lever for reaching its climate mitigation target at one of its operations would be allowed to report this approach under ESRS E1. The discussion explored the cases where such technology would lead to emission reductions as opposed to emission removals.

##### **Use of carbon credits to meet net zero targets and use of alternative labels to “net zero target”**

The discussion concerned the use of carbon credits in relation to the net zero and neutrality claims under ESRS E1. The questions raised related to the comparability of issuers making similar neutrality claims, with some relying massively on carbon credits, while others use them only marginally. Regarding net zero targets, the possibility to rely on carbon credits of the removal type for neutralising residual emissions was also discussed, as was the use of alternative labels by issuers.

##### Article 8 of the Taxonomy Regulation

##### **Mandatory use of the OpEx template in case of materiality exemption for the OpEx KPI**

The discussion concerned whether an issuer using the exemption in reporting the OpEx KPI, under the conditions and as allowed in Annex I of the Article 8 Disclosure Delegated Act, would still have to disclose the template for the OpEx KPI (Annex II) and if not, whether an absence of disclosure could have potential consequences on future tagging practices.

##### **Eligibility and alignment of certain economic activities**

The discussion related to the description of activities 6.15 (road infrastructure) and 3.9 (manufacture of iron and steel) regarding climate change mitigation and addressed how different understandings of the scope of activities may directly impact the calculation of the eligibility and alignment KPIs. The discussion also addressed situations where a business activity is vertically integrated, with some steps of the production associated with Taxonomy eligible activities while the final product may not be, and how to account for the related revenue under the Taxonomy in those circumstances.

***Inclusion of non-material sustainability information in the sustainability statement***

Questions were raised on whether, and which type of, non-material sustainability information is allowed under the ESRS framework, or in other parts of the annual report, considering the 'qualitative characteristics of information' requirements of the ESRS and taking into account the implementation guidance developed by EFRAG on that matter.

**Contribution to the European standard setting process**

In 2024, ESMA continued to contribute as an observer to the work of the EFRAG Sustainability Reporting Technical Expert Group and Board. In this capacity, ESMA monitored the development of future ESRS and contributed its views from an enforcement perspective, notably on topics such as investor protection, alignment with other EU legislation and interoperability with international standard-setting. ESMA furthermore monitored the implementation support workstream. In May 2024, ESMA published its response to the EFRAG consultation on the Exposure Draft on the ESRS for Listed Small and Medium-sized entities (LSME)<sup>33</sup>.

**International cooperation**

ESMA engaged in discussions on sustainability reporting and its supervision and enforcement with various relevant non-EU bodies throughout 2024. These discussions included dialogue with the International Sustainability Standards Board (ISSB), the Global Reporting Initiative (GRI), the United States Securities and Exchange Commission (US SEC) and participation in the relevant workstreams of the International Organization of Securities Commissions (IOSCO). In May 2024, ESMA also issued its response to the Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting<sup>34</sup>.

**Support for first application of ESRS**

In July 2024, with a view to supporting the implementation of the ESRS by large issuers, ESMA issued a public statement to: (i) point to elements of guidance by the European Commission and EFRAG; and (ii) highlight the following key areas of attention which, in ESMA's view, are of particular relevance in the preparation of ESRS sustainability statements<sup>35</sup>.

<sup>33</sup> [ESMA32-992851010-1454](#) – Response to EFRAG's consultation on its Exposure Draft on the ESRS for Listed SMEs, 23 May 2024.

<sup>34</sup> [ESMA32-992851010-1469](#) – Response to IESBA's Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting, 10 May 2024.

<sup>35</sup> [ESMA32-992851010-1597](#) – Public Statement *Off to a good start: first application of ESRS by large issuers*, 5 July 2024.

# Enforcement of ESEF Reporting

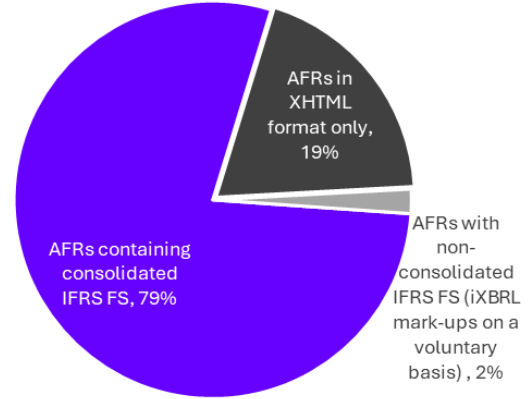
This chapter describes the main activities conducted by enforcers and by ESMA during 2024 to assess compliance with the requirements set out under the regulatory technical standards (RTS) on the European Single Electronic Format (ESEF). The RTS on ESEF requires all issuers subject to the requirements contained in the Transparency Directive to publish their annual financial reports (AFRs) in the Extensible Hypertext Markup Language (XHTML) format. Where issuers prepare IFRS consolidated financial statements, they shall mark up these IFRS consolidated financial statements using the XBRL markup language. The markups are embedded in the XHTML document version of the AFR using the Inline XBRL (iXBRL) format.

## Number of issuers under enforcement

At the end of 2024, approximately 4,000 issuers were within the scope of enforcement activities for the purpose of assessing compliance with ESEF requirements. This includes issuers with:

- IFRS consolidated financial statements with mandatory iXBRL markups;
- non-consolidated IFRS financial statements with voluntary iXBRL markups
- financial statements in XHTML format only (non-consolidated IFRS financial statements without voluntary iXBRL markups and statements in local GAAP).

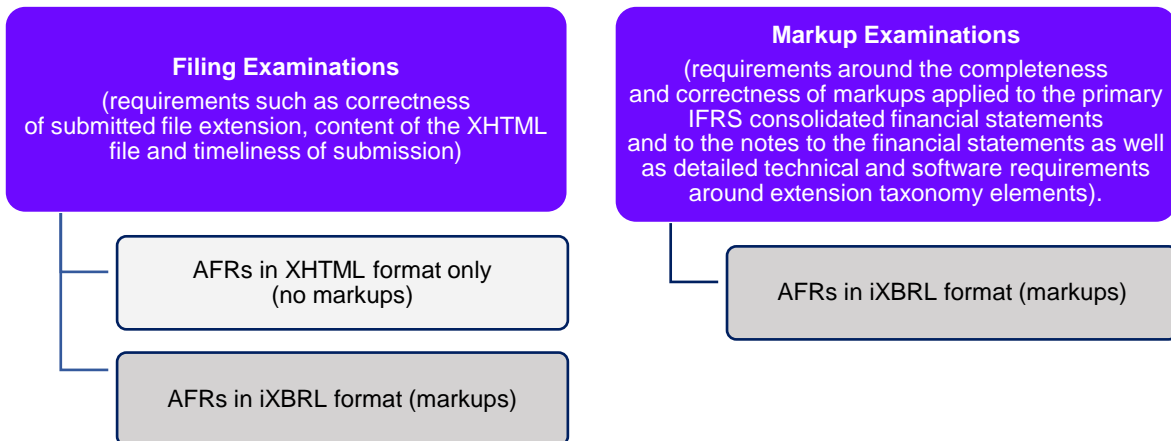
For country-by-country information on the number of issuers submitting ESEF filings with iXBRL markups vs. XHTML only, please refer to [Annex 4](#).



## Examination types

For the purposes of this report, enforcement activities are considered to involve human intervention and as such do not focus on the additional vast number of automatic checks and validations performed on ESEF annual financial reports (AFR) submissions by enforcers to ensure that a filing meets the basic criteria of ESEF. The following table summarises the examination types applicable to AFRs in the scope of ESEF. Examination types included in this report also distinguish between:

- **Desktop examinations:** entailing no interaction between the enforcer and the issuer and including checks such as, but not limited to, following up on or reviewing validation errors or warnings from an automatic examination report, performing additional checks or assessing documentation, and;
- **Interactive examinations:** including the interaction between the enforcer and the issuer, such as asking questions and/or requiring documents from the issuer.



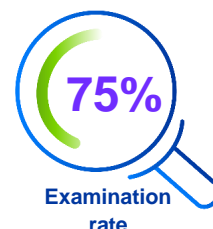
**A note in relation to examination types:** As supervisory experience has continued to develop in 2024, the examination types presented in this report were streamlined to categorise procedure sets requiring human intervention, between those that verify the technical viability of the ESEF filing and those that assess markups. This new categorisation differs from the examination categories presented in the 2023 edition of this report, and, as a result, the statistics presented for 2023 are not directly comparable with the ones presented in the current report.

## 3.1 Main indicators of national enforcement activity

### 3.1.1 Filing examinations

#### Examinations

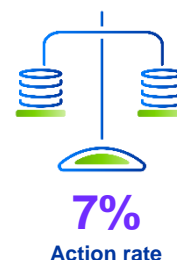
During 2024, enforcers examined the AFRs of 3,103 issuers to check the viability of the ESEF filing (for example, whether the format follows the prescribed ESEF requirements, including checking whether the content of the file submission contains the entire AFR). The overall examination rate (action rate) was 75% (7%)<sup>36</sup>. The examination rate (action rate) was 70% (8%) of the total iXBRL filers population and 96% (4%) of the total XHTML-only filers population.



Number of issuers examined		Examination type		Examination rates
		Desktop	Interactive	
<b>3,103</b> Issuers subject to a filing examination	<b>2,299</b> Exams of issuers with iXBRL format AFRs (with markups)	2,234	65	<b>70%</b> <i>of the population of issuers required to provide an ESEF AFR in iXBRL</i>
	<b>804</b> Exams of issuers with XHTML format AFRs (without markups)	793	11	<b>96%</b> <i>of the population of issuers required to provide an ESEF AFR in XHTML-only</i>
	<b>Total 2024</b>	<b>3,103</b>	<b>3,027</b>	<b>76</b>

#### Actions

Based on the filing examinations, enforcers took 222 actions in 2024. Most actions taken by enforcers with respect to filing examinations required the issuer to re-submit or re-disseminate the ESEF AFR. Other measures refer to informal requests from enforcers to issuers for improvements in future AFRs on aspects that were not identified during an examination as infringements. In 2024, enforcers took 93 such other measures, which were related to late or missing publications of the ESEF filing and reminding issuers to comply with all ESEF requirements relating to format and content and to improve the disclaimers in the PDF version of the AFR published on the issuer's website to underline that this is not the version in compliance with the Transparency Directive.



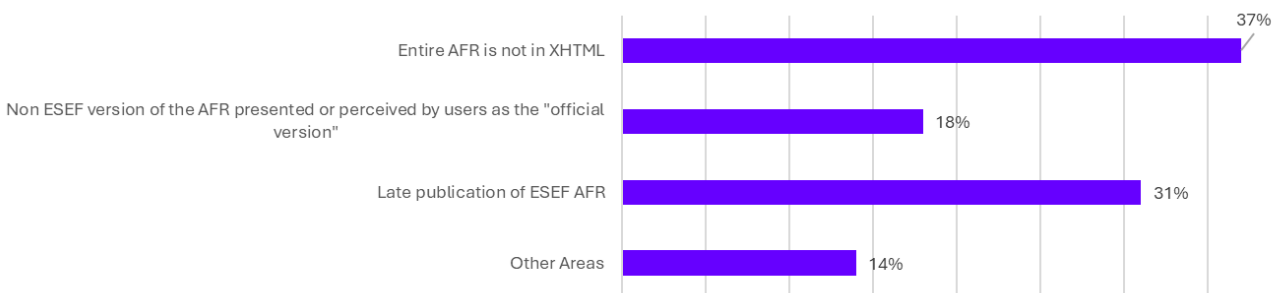
<sup>36</sup> These ratios are based on the 4,118 issuers that prepared AFRs with IFRS consolidated financial statements (in iXBRL format) and AFRs in XHTML-only, as of the end of 2023.



Actions taken		Re-submission/ re-dissemination of the ESEF AFR	Require a correction in future ESEF AFR	Require a public corrective note	Action Rates	Other measures
<b>222</b> Total actions based on filing examinations	<b>186</b>					
	Actions on iXBRL format AFRs (with markups)	161	24	1	<b>8%</b>	80
	<b>36</b>					
	Actions on XHTML format AFRs (without markups)	16	20	0	<b>4%</b>	13
	<b>Total 2024</b>	<b>177</b>	<b>44</b>	<b>1</b>	<b>7%</b>	<b>93</b>

### Areas addressed with enforcement actions and other measures in 2024

The following figures illustrate specific errors with respect to compliance with *filing* requirements on which actions and other measures were taken during 2024. The table below provides a breakdown of actions and other measures by type of error. More than one action or other measure can be depicted per issuer.



### 2024 ESMA and enforcer key messages

- Issuers and preparers shall ensure that **no relevant financial information is embedded as an image within the ESEF report**. Images can only be used for content such as branding information, graphical layout, photographs, etc.
- Issuers and preparers are reminded not to misrepresent an AFR prepared in a format that is not ESEF (i.e., a PDF version) as the “official version” of the AFR. **AFRs prepared in the ESEF format are the only “official version” of the AFRs to discharge the TD obligations**, are considered “regulated information” and are to be filed with the Officially Appointed Mechanisms (OAMs), as well as to be effectively disseminated publicly, (to the extent that this is possible)<sup>37</sup>. Issuers and preparers are reminded that any other version of the AFR (not prepared in line with the RTS on ESEF), should include a disclaimer stating that the version is not the official AFR. ESMA recommends that the disclaimer also clearly states that the ESEF version of the AFR prevails in case of any conflicts.
- **Avoid discrepancies between ESEF AFR and PDF AFR:** In 2024, enforcers continued to identify discrepancies between the official ESEF version of the AFR and the AFR published in PDF. Such discrepancies must be avoided and ESMA and enforcers expect that issuers have procedures in place to prevent this. ESMA reminds that the ESEF version prevails in case of conflict with other versions; issuers may face claims from users of the information for providing misleading or contradictory information by misrepresenting what the official version of the AFR is.

<sup>37</sup> For example, an issuer that is also publishing their ESEF AFR on their website should ensure that this publication should be as simultaneous as possible to the filing to the OAM, to avoid instances where the publication on the website is earlier than the filing to the OAM.

- Issuers and preparers are reminded that the presentation of the AFRs in ESEF must be **done within the deadline (at the latest four months after the end of the financial year)** and that the publication of other formats before the ESEF format should be duly justified by “inside information” considerations, other “legal requirements” or “third country requirements” and a justification for doing so shall be provided to the enforcer upon request. Furthermore, issuers should ensure that the publication of the AFRs on their websites should be timely aligned with the publication in the OAMs and the dissemination of information to the public.
- In jurisdictions where the audit report is required to be included as part of the AFR, issuers and preparers are reminded to ensure that the **auditor’s opinion on the ESEF AFR is publicly available at the moment that the ESEF AFR is published.**

### 3.1.2 Markup examinations

#### Examinations

During 2024, enforcers examined the primary financial statements and/or notes to the financial statements of 716 issuers, which are required to provide an ESEF AFR in iXBRL format. During these examinations, enforcers checked compliance with markup requirements, such as assessing the completeness and correctness of the markups, and, in the case of notes to the consolidated IFRS financial statements, the readability of the extracted and rendered information.

The overall examination rate was 22% (of the population of issuers required to provide an ESEF AFR in iXBRL format) and the overall action rate was at 10%.



#### Number of issuers examined

		Desktop	Interactive
<b>716</b> Issuers subject to a markup examination	<b>99</b> exams of PFS markups only	91	8
	<b>617</b> exams of PFS and Notes to the FS markups	502	115
	<b>Total 2024</b>	<b>716</b>	<b>123</b>

#### Actions

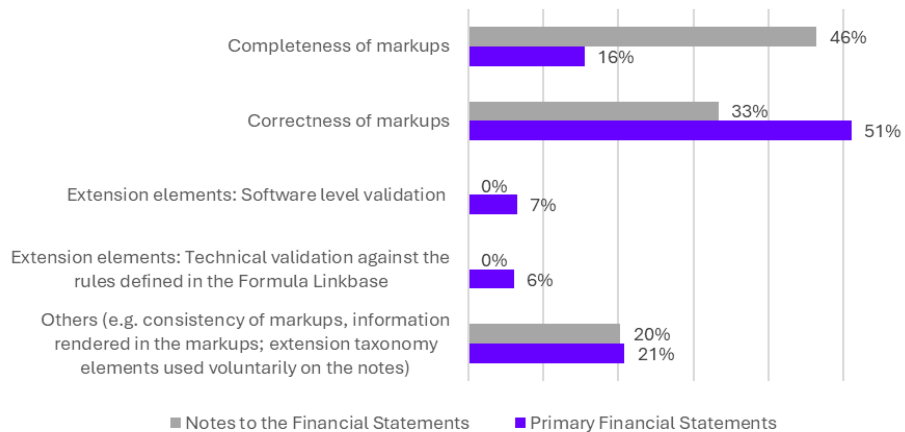
Based on the markup examinations, enforcers took actions for 72 issuers in 2024 (an action rate of 10%). Most actions required the issuer to include a correction in the future AFR. Other measures related to recommendations for improving the underlying HTML coding of text blocks elements to ensure a proper readability of rendered block-tags. Other measures also commonly related to suggested improvements in the choice of the core taxonomy element (to choose the one with closest accounting meaning to the disclosure marked up) and the creation of extension taxonomy elements.



Actions		Re-submission/ re-dissemination of the ESEF AFR	Require a correction in future ESEF AFR	Require a public corrective note	Other measures
<b>72</b> Total actions based on markup examinations	<b>2</b> actions covering PFS markups only	0	2	0	0
	<b>70</b> actions covering PFS & Notes to the FS markups	3	66	1	40
	<b>Total 2024</b>	<b>72</b>	<b>3</b>	<b>68</b>	<b>1</b>

### Areas addressed with enforcement actions and other measures in 2024

The following figure illustrates specific errors with respect to compliance with *markup* requirements on which actions and other measures were taken during 2024. The table below provides a breakdown of actions and other measures by type of error. More than one action or other measure can be depicted per issuer.



### 2024 ESMA and enforcer key messages

- On the **correctness of markups**, issuers and preparers are reminded to ensure that the selected taxonomy element reflects the closest possible accounting meaning of the tagged disclosure.
- On the **completeness of markups**, issuers and preparers are reminded to ensure that all numbers in a declared currency, including any respective footnotes, are marked up and to apply all mandatory markups contained in Annex II of the RTS on ESEF, if the disclosure is present in the financial statements.
- ESMA additionally recommends that issuers **tag empty fields or dash symbols** in the primary financial statements when the economic substance of empty fields, dashes or likewise symbols in the machine-readable version of the annual financial report is similar to the human readable version. Issuers and preparers are reminded to use appropriate transformation functions as defined by the Transformation Registry referenced by Guidance 2.2.3 of the ESMA ESEF Reporting Manual (particularly, apply the *ixt:fixed-zero* function).
- If the closest core taxonomy element for the tagging of the primary financial statements misrepresents the accounting meaning of a marked-up disclosure, the issuer should create an **extension taxonomy element that is anchored to the closest wider element**. Issuers should not create extension taxonomy elements when a taxonomy element with the same or very close accounting meaning already exists.
- **Readability of the information extracted from a block tag**<sup>38</sup>, particularly with respect to information in a tabular format, is still an issue in several cases examined during 2024. ESMA and enforcers continue to call for improvements by issuers in ensuring that the content of the information extracted and rendered in the tag can be meaningfully transcribed to resemble the original document in legibility and clarity.

<sup>38</sup> ESEF requirements to mark up the notes to the IFRS consolidated financial statements are applicable for financial years beginning on or after 1 January 2022. 2023 was the first year of enforcement activity across EU jurisdictions in this respect.

## 3.2 Other activities in ESEF reporting

The following sub-sections provide a snapshot of the main activities and output of the ESEF Project Team (ESEF PT) in 2024.

### Case Discussions

Enforcers exchange views regarding the correct application of the RTS on ESEF and share practices regarding methods for supervising the correct application of ESEF. The ESEF PT prepares updates of the RTS on ESEF on a yearly basis, if relevant, and develops the ESEF Reporting Manual<sup>39</sup>, which contains further guidance for issuers and software vendors to facilitate the correct application of the requirements arising from the RTS on ESEF.

### Amendment to the RTS on ESEF to reflect the 2023 and 2024 IFRS Taxonomy updates

ESMA announced its decision to postpone to 2024 the annual amendment of the ESEF RTS reflecting the 2023 IFRS Taxonomy, in part due to the limited changes in the 2023 update to the IFRS Taxonomy. In May 2024, ESMA submitted to the European Commission the proposed amendments to the ESEF RTS. Following the approval of the amendments by the European co-legislators at the end of December 2024, ESMA published shortly thereafter the update to the XBRL taxonomy files to be used for ESEF to reflect the 2023 and 2024 IFRS Taxonomy updates.

### ESEF Conformance Suite test files update

ESMA updated the Conformance Suite test files to facilitate implementation of the updated version of the ESEF Reporting Manual into software products used by preparers. The ESEF Conformance Suite is aimed primarily at a technical audience (i.e., XBRL software developers), to test and provide assurance that software tools can create and/or consume filings which are in line with all ESEF requirements.

### ESEF Reporting Manual update

ESMA updated the ESEF Reporting Manual aimed at all market participants involved in the implementation of the requirements set out in the ESEF Regulation. The Reporting Manual is intended to provide guidance on issues commonly encountered when creating ESEF documents and to promote a harmonised and consistent approach for the preparation of the AFRs in compliance with the ESEF Regulation.

### Upcoming developments in the ESEF space

Considering the CSRD requirement to provide the management report in the electronic format specified in Article 3 of the RTS on ESEF (i.e., XHTML) and the sustainability report, including Article 8 of the Taxonomy Regulation disclosures, to be marked up in accordance with the ESEF (i.e., iXBRL), ESMA has issued a consultation paper<sup>40</sup> until the end of March 2025 with the aim to amend the RTS on ESEF and incorporate the new sustainability taxonomy and related electronic reporting requirements. Notably, the consultation paper also includes proposals for improving the approach to marking up text block elements in the notes to the IFRS financial statements.

<sup>39</sup> [ESMA32-60-254 Rev](#), *ESEF Reporting Manual - Preparation of Annual Financial Reports in ESEF format (Update July 2024)*, 11 July 2024.

<sup>40</sup> [ESMA32-2009130576-3024](#), Consultation Paper on the RTS on the European Single Electronic Format (ESEF) for sustainability reporting and on the amendments to the RTS on the European Electronic Access Point (EEAP), 13 December 2024.

# Annexes

## 4.1 Annex I: Enforcement of Corporate Reporting in the EEA

### 4.1.1 How IFRS reporting is enforced

#### *Background*

In 2014, ESMA published its Guidelines on Enforcement of Financial Information (the Guidelines/GLEFI)<sup>41</sup>, aimed at strengthening supervisory convergence in the enforcement practices amongst the national competent authorities (NCA) designated in each EEA country<sup>42</sup>. In 2022, a revised version of the Guidelines became effective<sup>43</sup>.

Enforcers are required to confirm in writing to ESMA whether they comply, intend to comply, or do not (intend to) comply with the Guidelines<sup>44</sup>. Currently, 25 of 30 EEA countries have indicated to ESMA that they comply with the revised version of the Guidelines, while two NCAs have declared that they intend to comply in the near future.

#### *Focus*

The Guidelines define the objectives of enforcement, the characteristics of enforcers and set out the principles to be followed throughout the enforcement process, such as selection methods, examination procedures and enforcement actions. They also strengthen the convergence of enforcement activities at European level by introducing the ECEP and providing enforcers with a forum to coordinate their views on accounting matters prior to taking enforcement decisions at national level, the Financial Reporting Working Group (EECS)<sup>45</sup> (FRWG (EECS)).

Financial information of issuers is subject to enforcement, regardless of which reporting framework has been applied. Although the focus for ESMA is on financial information drawn up in accordance with IFRS as endorsed by the EU (for consolidated and non-consolidated financial statements), enforcers also examine financial information prepared in accordance with:

- National Generally Accepted Accounting Principles (GAAP) (for non-consolidated financial statements),
- IFRS as issued by the IASB
- Third country accounting standards, if those are deemed equivalent to IFRS as endorsed in the EU (for financial statements of non-European issuers).

#### *Key definitions and concepts*

“Enforcement” refers to examining compliance of financial information with the applicable financial reporting framework as well as taking appropriate measures when infringements are identified.

Enforcers identify the most effective way for enforcement of financial information. Each enforcer’s selection of issuers for examination is based on a mixed model whereby a risk-based approach is combined with random sampling and rotation. A risk-based approach considers the risk of a misstatement as well as the impact of a misstatement on the financial markets. Enforcers can use either unlimited scope examinations or a combination of unlimited scope and focused examinations of financial information of issuers selected for enforcement. Depending on the enforcer’s interaction with issuers, examinations are classified as interactive<sup>46</sup> or desktop examinations.

An unlimited scope examination entails the evaluation of the entire content of the financial information to identify issues or areas which require further analysis, while a focused examination refers to the evaluation of pre-defined issues / areas in the financial information. Both entail an assessment of whether this information is compliant with the relevant financial reporting framework. However, the depth and scope of an examination as prescribed in GLEFI cannot be equated with those of an audit of financial statements.

According to Guideline 7, when a material misstatement is detected, enforcers should, in a timely manner, take at least one of the following actions:

- Require a reissuance of the financial statements: This action leads the issuer to publish revised financial statements which may be subject to a new audit opinion,

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<sup>41</sup> On the basis of Article 16 of the ESMA Regulation (Regulation (EU) No 1095/2010).

<sup>42</sup> A list of enforcers is included in [Annex 1](#).

<sup>43</sup> [ESMA32-50-218](#) Guidelines on enforcement of financial information, 4 February 2020.

<sup>44</sup> [ESMA32-67-802](#) Guidelines compliance table – *Guidelines on the enforcement of financial information (ESMA32-50-218)*, 4 February 2022

<sup>45</sup> Also known externally as European Enforcers Coordination Sessions (EECS), as defined in [ESMA32-50-218](#), ESMA’s Guidelines on enforcement of Financial Information, 4 February 2020.

<sup>46</sup> When questions are asked to issuers and/or documents or further explanations related to financial information are required of issuers.

- Require a corrective note: This action entails that either the issuer or the enforcer itself publishes a note in relation to a material misstatement with respect to the particular item(s) included in already published financial information generally together with the corrected information (unless impracticable), or
- Require correction in future financial statements with restatement of comparatives, where relevant: When an enforcer takes this action, the issuer either adopts an acceptable treatment in the next financial statements and, where relevant, corrects the prior year by restating the comparative amounts or includes additional disclosures which may not require the restatement of comparatives.

The assessment of whether a departure from the standards is material is made in accordance with the relevant financial reporting framework. In relation to financial reports prepared in accordance with IFRS, paragraph 7 of IAS 1 *Presentation of Financial Statements* states that information is considered material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements.

Depending on the nature of the items to which the identified departure from the standards relates, enforcers consider quantitative and/or qualitative factors to determine whether a departure could reasonably be expected to influence the decisions of users. As the assessment of materiality of disclosures involves qualitative considerations to a greater extent, for enforcers it is key that the disclosures provided in financial statements are informative, comprehensive and clear to enable an understanding of the transactions or events having occurred in a given year and how the principles of recognition, measurement and presentation have been applied by issuers.

The assessment of materiality often requires judgement and depends on entity-specific facts and circumstances. Therefore, the decision regarding which specific quantitative thresholds and qualitative criteria are to be applied in the context of an individual issuer's financial statements is made by the enforcer conducting the examination of those financial statements.

The IFRS Practice Statement 2 *Making Materiality Judgements* published by the International Accounting Standards Board (IASB) in 2017, which includes an overview of the general characteristics of materiality and presents a four-step materiality assessment process, provides helpful guidance on how to make materiality judgements in specific circumstances.

When deciding which type of action to apply, enforcers should consider (subject to the existing powers of the enforcer) that the final objective is that investors are provided with the best possible information. Therefore, an assessment should be made as to whether the original financial statements and a corrective note provide users with sufficient clarity for taking decisions or whether a reissuance of the financial statements is more appropriate. Other factors should also be considered, namely timing, the nature of the decision and the surrounding circumstances. For instance, a correction in future financial statements might be appropriate when (i) the decision is very close to the date of the publication of the next financial statements (which could also be the interim financial statements of the issuer), (ii) the market is sufficiently informed at the moment the decision is taken or (iii) the decision relates merely to the way information was presented in the financial statements rather than to the substance (e.g., material information is clearly presented in the notes or elsewhere in the financial report, for instance in the management report, whereas the relevant accounting framework requires the presentation on the face of the primary financial statements or in the notes).

Furthermore, enforcers seek to improve the quality of future financial statements by engaging in activities designed to provide helpful guidance to issuers, such as defining enforcement priorities and / or a pre-clearance procedure<sup>47</sup>. Even when no enforcement actions are required, enforcers often make recommendations during the examination process on how certain disclosures could be improved by issuers.

## 4.1.2 How APM reporting is enforced

### 4.1.2.1 ESMA Guidelines on APMs

ESMA's Guidelines on APMs<sup>48</sup> were published on the basis of Article 16 of the ESMA Regulation and became effective in 2016. The Guidelines on APMs set out principles for the presentation and disclosure of performance measures outside financial statements, such as labels, reconciliations, and definitions, to ensure that issuers comply with the "true and fair view" principle when publishing APMs.

The Guidelines on APMs are addressed to issuers whose securities are admitted to trading on a regulated market and who are required to publish regulated information as defined by the Transparency Directive, as well as to persons responsible for the prospectus under Article 11(1) of the Prospectus Regulation. They are aimed at promoting the usefulness and transparency of APMs included in prospectuses or regulated information such as management reports or ad-hoc disclosures published to market pursuant Article 17 of MAR. Adherence to the Guidelines improves the comparability, reliability, and/or

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<sup>47</sup> In some jurisdictions, issuers may approach the enforcer before finalising their financial statements and seek a formal advice on whether a proposed accounting treatment is compliant with IFRS.

<sup>48</sup> [ESMA/2015/1057](#) ESMA Guidelines on Alternative Performance Measures, 20 June 2015.

comprehensibility of APMs. Issuers or persons responsible for the prospectus who comply with these Guidelines provide a true and fair view of the APMs disclosed in a prospectus.

ESMA has published several questions and answers on the Guidelines on APMs to promote common supervisory approaches and practices in their implementation<sup>49</sup>.

### 4.1.3 How non-financial reporting is enforced

#### 4.1.3.1 Legislative context

Articles 19a and 29a of the Accounting Directive, adopted in 2014 via the Non-Financial Reporting Directive (NFRD, Directive (EU) 2014/95/EU), introduced the requirement for certain issuers<sup>50</sup> to publish non-financial information. Issuers in most Member States published their first non-financial information under the NFRD in 2018 (covering financial year 2017).

While it is the Accounting Directive that places an obligation on certain issuers to publish non-financial information, it is the transposition into national law of both the Accounting Directive and the Transparency Directive that gives national competent authorities the powers to enforce this information. The link between the two pieces of legislation is established by the fact that the Accounting Directive generally requires the non-financial statement to be included in the management report<sup>51</sup>, and the management report is required by the Transparency Directive, thus making it subject to the powers given to national competent authorities therein.

In June 2020, the Taxonomy Regulation (Regulation (EU) 2020/852) was published in the Official Journal of the European Union. Article 8 of the Taxonomy Regulation sets out specific reporting obligations that shall be fulfilled by disclosing detailed information on the degree of taxonomy eligibility and alignment of an entity's economic activities. This information shall be provided within an entity's non-financial statement and therefore the taxonomy reporting generally falls under the remit of the national authorities responsible for the supervision and enforcement of the non-financial statement.

In December 2022, the Corporate Sustainability Reporting Directive (CSRD, Directive (EU) 2022/2464) was published in the Official Journal of the European Union. The CSRD amends the Accounting Directive, the Transparency Directive, the Audit Regulation (Regulation (EU) No 537/2014) and the Audit Directive (Directive 2006/43/EC) to introduce a more comprehensive reporting, supervision and assurance regime for sustainability reporting compared to that envisaged by the NFRD. Notably, the CSRD:

- extends the reporting scope to all large companies and all companies listed on regulated markets (except listed micro-enterprises),
- requires the audit (assurance) of reported information,
- introduces more detailed reporting requirements and a requirement to report according to mandatory EU sustainability reporting standards or ESRS (Commission Delegated Regulation (EU) 2023/2772),
- foresees a proportionate reporting regime for small and medium sized entities,
- requires companies to digitally “tag” the reported information, so it is machine readable and feeds into the European Single Access Point (ESAP), and
- requires ESMA to develop guidelines directed at enforcers to promote convergent supervision and enforcement of sustainability information.

ESMA finalised its Guidelines on the Enforcement of Sustainability Information (GLES<sup>52</sup>) in July 2024 with the objective of ensuring timely efforts to develop convergence in the supervision and enforcement of the sustainability reporting requirements. The Guidelines envisage a principles-based approach to supervision and enforcement of issuers' sustainability statements.

The new requirements started applying from 1<sup>st</sup> January 2024 with a phase-in approach. In its Public Statement on the European Common Enforcement Priorities<sup>52</sup> (ECEP), ESMA for the first time set out recommendations addressing the application of ESRS requirements, most notably on double materiality, presentation and scope of the sustainability statement, alongside the reporting required by the Taxonomy Regulation. In its 2024 ECEP statement, ESMA reminded issuers that:

- the new requirements will likely entail a significant learning curve when implementing the new requirements,

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<sup>49</sup> [ESMA32-51-370](#) Questions and answers - ESMA Guidelines on Alternative Performance Measures (APMs), 1 April 2022. Also retrievable on the [ESMA IT webtool for Questions and Answers](#).

<sup>50</sup> Large undertakings which are public-interest entities (PIE) exceeding on their balance sheet dates the criterion of the average number of 500 employees during the financial year. PIEs are issuers listed on regulated markets, credit institutions, insurance undertakings and other undertakings defined by EU member states as PIEs.

<sup>51</sup> The non-financial statement may also be included in a separate report.

<sup>52</sup> [ESMA32-193237008-8369](#) - Public Statement on European common enforcement priorities for 2024 annual financial reports.



- in order to support the implementation of the ESRS, the Commission has published a Notice on the interpretation of certain legal provisions in the CSRD and the related requirements,
- EFRAG – the body providing technical advice to the European Commission on the draft ESRS – has launched an online portal for technical questions<sup>53</sup> and issued already a number of explanations and implementation guidance documents which should obviously be read within the confines of the ESRS and CSRD, and
- issuers should liaise with their assurance provider to reach a shared understanding of what the assurance requirements entail in terms of the processes for identifying the information to be reported and the outcome of these processes.

## 4.1.4 How ESEF reporting is enforced

### 4.1.4.1 Legislative context

The Transparency Directive mandated ESMA to develop regulatory technical standards (RTS) on the European Single Electronic Format (ESEF)<sup>54</sup>. The RTS on ESEF requires all issuers subject to the requirements contained in the Transparency Directive to make public their annual financial reports (AFRs) in the Extensible Hypertext Markup Language (XHTML) format. Where issuers prepare IFRS consolidated financial statements, they shall mark up these IFRS consolidated financial statements using the XBRL markup language. The markups are embedded in the XHTML document version of the AFR using the Inline XBRL (iXBRL) format.

The ESEF requirements (XHTML and XBRL) started to apply to financial years beginning on or after 1 January 2020<sup>55</sup> for primary financial statements where all numbers in a declared currency need to be marked up (detailed tagging) and on or after 1 January 2022 for applying markups to larger pieces of information (block tagging) of the notes to the financial statements.

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<sup>53</sup> EFRAG's Q&A portal is accessible [here](#).

<sup>54</sup> Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council regarding regulatory technical standards on the specification of a single electronic reporting format.

<sup>55</sup> Following an amendment to the Transparency Directive, issuers in most Member States were allowed to delay the application of the ESEF requirements by one year.

## 4.2 Annex II: Financial Reporting

### 4.2.1 List of enforcers

Country	Enforcer	Abbreviation
Austria	Financial Market Authority Austrian Financial Reporting Enforcement Panel	FMA AFREP
Belgium	Financial Services and Markets Authority	FSMA
Bulgaria	Financial Supervision Commission	FSC
Croatia	Croatian Financial Services Supervisory Agency	HANFA
Cyprus	Cyprus Securities and Exchange Commission	CySEC
Czechia	Czech National Bank	CNB
Denmark	Danish Financial Supervisory Authority Danish Business Authority	Danish FSA DBA
Estonia	Estonian Financial Supervision Authority	EFSA
Finland	Finnish Financial Supervisory Authority	FIN-FSA
France	Financial Markets Authority	AMF
Germany	Federal Financial Supervisory Authority	BaFin
Greece	Hellenic Capital Market Commission	HCMC
Hungary	Central Bank of Hungary	MNB
Iceland	Central Bank of Iceland Directorate of Internal Revenue	CB RSK
Ireland	Central Bank of Ireland <sup>56</sup> Irish Auditing and Accounting Supervisory Authority	CBI IAASA
Italy	Companies and Securities National Commission	Consob
Latvia	Central Bank of Latvia	CBL
Liechtenstein	Liechtenstein Financial Market Authority	LFMA
Lithuania	Bank of Lithuania	LB
Luxembourg	Financial Markets Supervisory Commission	CSSF
Malta	Malta Financial Services Authority	MFSA
Netherlands	Netherlands Authority for the Financial Markets	AFM
Norway	Norwegian Financial Supervisory Authority	NFSA
Poland	Polish Financial Supervision Authority	PFSA
Portugal	Securities National Commission Bank of Portugal Insurance and Pension Funds Supervisory Authority	CMVM BP IPFSA
Romania	Financial Supervisory Authority	ASF
Slovakia	National Bank of Slovakia	NBS
Slovenia	Securities Market Agency	SMA
Spain	Spanish Securities Market Commission	CNMV
Sweden	Swedish Financial Supervisory Authority Council for Swedish Financial Reporting Supervision	Swedish FSA SFRS

<sup>56</sup> While CBI is the national administrative competent authority represented in ESMA's Board of Supervisors, IAASA has been designated as the sole competent authority for carrying out the obligations in Article 24(4)(h) of the Transparency Directive.

## 4.2.2 Number of IFRS issuers per EEA country

Country	Consolidated IFRS financial statements				Non-consolidated IFRS financial statements		Total IFRS Issuers	
	Issuers of equity		Issuers of bonds and securitised debt		2023	2024	2023	2024
	2023	2024	2023	2024				
Austria	57	55	20	21	0	0	77	76
Belgium	98*	96	2	2	3	3	103*	101
Bulgaria	109	108	17	22	157	153	283	283
Croatia <sup>57</sup>	59	55	5	5	26	21	90	81
Cyprus	49	49	0	0	13	13	62	62
Czechia	17	18	8	9	49	51	74	78
Denmark	105	104	14	9	14*	12	133*	125
Estonia	20	20	4	5	7	7	31	32
Finland	132	132	26	25	0	0	158	157
France <sup>57</sup>	327	316	20	19	6	5	353	340
Germany <sup>57</sup>	354	333	29	21	10	9	393	363
Greece	107	103	3	2	30	28	140	133
Hungary	35	33	4	6	15	14	54	53
Iceland	24	27	7	7	18	25	49	59
Ireland	21	18	6	7	54	50	81	75
Italy <sup>57</sup>	203	191	4	3	10	7	217	201
Latvia	4	3	6	6	3	4	13	13
Lithuania	20	19	4	5	5	6	29	30
Luxembourg	44	44	19	17	41	35	104	96
Malta	30	29	26	25	35	36	91	90
Netherlands	122	121	8	7	27	20	157	148
Norway <sup>57</sup>	192	188	56	47	30	30	278	265
Poland	295	283	2	2	57	65	354	350
Portugal	34	30	6*	7	4	4	44*	41
Romania	43*	45	9*	9	41*	41	93	95
Slovak Republic	9	7	7	7	7	6	23	20
Slovenia	21	17	1	0	2*	2	24*	19
Spain	119	120	5	4	0*	0	124*	124
Sweden	359	363	25	16	0	0	384	379
<b>TOTAL</b>	<b>3,009</b>	<b>2,927</b>	<b>343</b>	<b>315</b>	<b>664</b>	<b>647</b>	<b>4,016</b>	<b>3,889</b>

\* The 2023 value differs from the corresponding figure presented in the 2023 edition of this report as it has been updated by the respective NCAs post-publication.

## 4.2.3 Number of examinations of IFRS financial statements per EEA country

### Notes on the data

#### Scope

The table below presents the number of examinations performed during 2024 by enforcers based on the Guidelines on Enforcement of Financial Information (GLEFI). Please note that this data only includes examinations of IFRS financial statements that were concluded during 2024, whereas examinations of IFRS financial statements started in 2024 that were still ongoing at the end of 2024 will be included in next year's report.

<sup>57</sup> The total number of issuers for this jurisdiction decreased between 2023 and 2024 due to de-listings.

Examinations were counted in the table below if they were conducted on the basis of:

- Guideline 4 for pre-clearance examinations, or,
- Guideline 6 for examinations of financial statements and financial information in prospectuses. As regards prospectuses, only examinations of financial statements in prospectuses related to initial public offerings (IPOs) and first admissions to trading are counted in these statistics (if the issuer's listing was eventually not successful, even if the financial information in the prospectus was examined, the examination is not counted)<sup>58</sup>.

#### Comparability

ESMA highlights that various factors may affect the comparability of the numbers in the table. While all enforcers undertake ex-post examinations of annual consolidated financial statements drawn up in accordance with IFRS based on Guideline 6 of the GLEFI, the following differences exist between enforcers:

- Some enforcers do not examine annual separate financial statements or interim consolidated financial statements,
- Some enforcers are able to perform pre-clearances and, therefore, examine financial statements ex-ante based on Guideline 4 of the GLEFI,
- Some enforcers apply the GLEFI on a voluntary basis for the examination of financial statements contained in IPO prospectuses.

Furthermore, examination procedures across EEA countries depend on the facts and circumstances of each case (type of issuer and complexity of financial statements, type of examination, issues raised, powers at the disposal of the enforcer, time constraints, resources available and allocation of such resources, etc.). For instance, while all enforcers strive to contribute to the improvement of the quality of financial reporting, the activities they undertake to achieve this objective may vary and also include thematic reviews, providing assistance to other regulatory tasks (for example, the review of press releases), activities in relation to new developments and regulations (such as the ESEF) and so forth.

In 2022, the revised GLEFI entered into force and, therefore, four types of examinations ('desktop focused', 'desktop unlimited', 'interactive focused' or 'interactive limited') are now in use by enforcers. For this report, enforcers have classified their examinations in accordance with these definitions. However, the experience of ESMA's Peer Review on the application of certain of the Guidelines<sup>59</sup> has shown that those definitions were not consistently applied by enforcers; accordingly, the procedures in place may still not be fully comparable.

Country	Total exam.	Disaggregation by type				Disaggregation by nature		
		Unlimited scope		Focused		Ex-post	Financial information contained in prospectus	Pre-clearance
		Desktop	Interactive	Desktop	Interactive			
Austria	20		18		2	20		
Belgium	15		10	2	3	14		1
Bulgaria	46			46		46		
Croatia	3		3			2	1	
Cyprus	13		4	5	4	12	1	
Czechia	7	4	3			7		
Denmark	13		8	2	3	13		
Estonia	29		4	21	4	28	1	
Finland	21	3	9		9	20	1	
France	70	2	49	5	14	66	2	2
Germany	52		34	15	3	52		

<sup>58</sup> Please note that most enforcers review financial statements contained in prospectuses as part of their procedures to approve prospectuses. Therefore, when prospectus review is based on the Prospectus Regulation rather than on the Guidelines on Enforcement of Financial Information, they are not considered for the purpose of this report.

<sup>59</sup> [ESMA42-111-4138](#) Peer Review Report, 18 July 2017.

Country	Total exam.	Disaggregation by type				Disaggregation by nature		
		Unlimited scope		Focused		Ex-post	Financial information contained in prospectus	Pre-clearance
		Desktop	Interactive	Desktop	Interactive			
Greece	22	2	17	2	1	20	2	
Hungary	5		2		3	5		
Iceland	5	5				5		
Ireland	20	4	8	2	6	20		
Italy	51	3	24	4	20	51		
Latvia	7	6	1			5	2	
Lithuania	5			3	2	4	1	
Luxembourg	22	3	18		1	21	1	
Malta	7		3		4	7		
Netherlands	39	9	17	6	7	39		
Norway	18	11	5	1	1	18		
Poland	57	1	31	3	22	53	4	
Portugal	8			5	3	8		
Romania	17		14		3	15	2	
Slovak Republic	17	17				17		
Slovenia	3			1	2	2	1	
Spain	25		12		13	22	3	
Sweden	68	4	58	2	4	68		
<b>TOTAL</b>	<b>685</b>	<b>74</b>	<b>352</b>	<b>125</b>	<b>134</b>	<b>660</b>	<b>22</b>	<b>3</b>

#### 4.2.4 Number of IFRS issuers for which action was taken per EEA country

##### Notes on the data

###### Scope

The table below lists the number of issuers for whom enforcers took action during 2024, with reference to Guideline 7 of the Guidelines of Enforcement of Financial Information which distinguishes between requiring a reissuance of the financial statements, requiring a public corrective note and requiring a correction in the future financial statements. The purpose of the table is to show how many issuers were subjected to enforcement action in 2024 (rather than to show how many individual actions were taken). Therefore, if more than one action was taken for the same issuer, only the most severe action is counted. Actions in the table relate to ex-post examinations only and thus do not include pre-clearances and examinations of financial information in prospectuses, which, by their nature, cannot result in the actions defined by the Guidelines.

###### Comparability

The comparability of the data is restricted by the fact that the use of actions is not fully harmonised in the EEA, *inter alia* because the legal powers of individual enforcers to use specific actions differ based on national law. Furthermore, the Guidelines allow a certain degree of flexibility in application. Empty cells indicate either that the enforcer chose not to take such type of action taking into account facts and circumstances or that the national legislation does not foresee that such action can be taken.

Country	Require a reissuance of financial statements	Require a public corrective note	Require a correction in future financial statement	Total
Austria		4		4
Belgium		1	5	6
Bulgaria			10	10
Croatia			2	2
Cyprus			2	2
Czechia			3	3
Denmark			6	6
Estonia				0
Finland		1	4	5
France			51	51
Germany		8	8	16
Greece		1	1	2
Hungary		1	1	2
Iceland				0
Ireland		1	7	8
Italy		5	9	14
Latvia	1		1	2
Lithuania			1	1
Luxembourg		1	11	12
Malta		2	3	5
Netherlands		1	7	8
Norway		2	4	6
Poland	3		40	43
Portugal			1	1
Romania			4	4
Slovak Republic				0
Slovenia			1	1
Spain	1	1	6	8
Sweden		1	30	31
<b>TOTAL</b>	<b>5</b>	<b>30</b>	<b>218</b>	<b>253</b>

#### 4.2.5 Breakdown by geographical clusters

Clusters of IFRS issuers	Countries <sup>60</sup>
1-49	Estonia, Latvia, Lithuania, Portugal, Slovak Republic, Slovenia
50-94	Austria, Croatia, Cyprus, Czechia, Hungary, Iceland, Ireland, Malta
95-249	Belgium, Denmark, Finland, Greece, Italy, Luxembourg, Netherlands, Romania, Spain
≥250	Bulgaria, France, Germany, Norway, Poland, Sweden

<sup>60</sup> There are no issuers from Liechtenstein.

## IFRS Reporting – Examinations and Actions

The following table shows information regarding the number of examinations and actions taken for each cluster:

Cluster	Issuers per cluster - year end (2023)	Issuers subject to unlim. scope exam.	Unlim. scope exam. rate	Issuers subject to exam.	Exam. rate	Issuers subject to ex-post exam.	Issuers for which actions were taken	Sample action rate
1-49 issuers	164	28	17%	69	42%	64	5	8%
50-94 issuers	578	54	9%	80	14%	78	26	33%
95-249 issuers	1,229	149	12%	225	18%	215	65	30%
>250 issuers	2,045	195	10%	311	15%	303	157	52%
<b>Total</b>	<b>4,016</b>	<b>426</b>	<b>11%</b>	<b>685</b>	<b>17%</b>	<b>660</b>	<b>253</b>	<b>38%</b>

## APM Reporting – Examinations and Actions

The following table further summarises the examinations undertaken by enforcers in 2024 related to the annual and interim management reports of IFRS issuers. The table divides EEA countries into the same clusters used for the IFRS reporting section and shows the examination rate – i.e., the proportion of issuers examined – and the action rate – i.e., the proportion of examinations that led to an action.

Cluster	Issuers per cluster – year end (2023)	Total issuers subject to examinations	Examination rate <sup>61</sup>	Total issuers for which actions were taken	Action rate <sup>62</sup>
1-49 issuers	164	33	20%	1	3%
50-94 issuers	578	77	13%	25	32%
95-249 issuers	1,229	154	13%	13	8%
>250 issuers	2,045	228	11%	32	14%
<b>Total</b>	<b>4,016</b>	<b>492</b>	<b>12%</b>	<b>71</b>	<b>14%</b>

<sup>61</sup> Number of issuers examined divided by total number of issuers.

<sup>62</sup> Number of issuers for which actions were taken divided by number of examinations carried out.





sensitivity analyses for the impact on the P&L and on interest expense and earnings after tax (equity) for changes in interest rates at varying levels. Some issuers additionally highlighted their exposure to interest rate fluctuations geographically.

An additional **six issuers** identified the impact but did not provide sufficient information, while an additional **three issuers** did not identify the impact, when enforcers expected that they would. Enforcers followed up with these nine issuers: in four instances, an action was taken for a correction in future financial statements to complete the missing information, and in three instances, the enforcer issued a recommendation to the issuer to improve disclosures in future annual financial reports (AFRs), or the issuer identified itself that it will improve future disclosures on this aspect. Among the two other issuers, one examination is ongoing.

Finally, **four issuers** in the sample did not identify and disclose the impact and the enforcers, based on the information included in the annual report, did not expect that there were any missing disclosures or that improvements were necessary (the holdings were exposed to fixed interest rates).

### Sensitivity analyses

**67 issuers (79%)** disclosed sufficiently detailed sensitivity analyses for reasonably possible changes in interest rates, showing how profit or loss and equity could have been affected. The details provided by the issuers included the range of the reasonable change, showing calculations for the impact of potential market interest rate changes on the interest margin in the future periods, considering interest rate resetting/re-fixing dates with respect to the balance sheet assets and liabilities, providing separate sensitivity analyses for the different market interest rates for all currencies in which the issuer had borrowings, and in case of financial issuers, providing information on supervisory shock scenarios and detailed modelling and parameter assumptions. Enforcers considered that the assumptions used by issuers about possible changes in interest rates may be not reasonable, if, for example, the changes in interest rates used for the purpose of the analyses are significantly lower than the fluctuations of the relevant interest rates observable in the current macroeconomic environment.

An additional **4 issuers** disclosed sensitivity analyses, but the changes in interest rates used for the purpose of the analyses do not properly reflect market volatility. **14 other issuers** did not disclose any sensitivity analysis in accordance with IFRS 7 (for six issuers enforcers have asked for a correction in future financial statements while for two additional issuers enforcers have made a recommendation to improve disclosures around the sensitivity analysis; three examinations are ongoing and for three issuers, enforcers have taken no further enforcement actions).

Of the **70 issuers** that disclosed a sensitivity analysis which enforcers deemed used reasonably possible changes in interest rates:

- **40 issuers (57%)** disclosed sensitivity analyses for the total of the financial instruments held, while **30 issuers (43%)** disclosed sensitivity analyses for different classes of financial instruments, for example, differentiating between financial assets at amortised cost, financial assets measured at fair value through Other Comprehensive Income (OCI), loans and advances to customers, finance lease receivables and, on the financial liabilities side, deposits from banks, deposits from customers, lease liabilities, etc.
- **55 issuers (79%)** did not change (vs. previous period) the methods and assumptions when preparing the sensitivity analysis for interest rate risk to account for macroeconomic developments. **Six issuers (8.5%)** disclosed changes (resulting from macroeconomic developments) to their methods and assumptions used to prepare sensitivity analyses, together with reasons for changes made (for example, adjusting sensitivity analysis assumptions due to macroeconomic developments, expanding the range of interest rate increases from what was considered in the previous reporting period). An additional **3 issuers (4%)** disclosed changes (resulting from macroeconomic developments) to its methods and assumptions used to prepare sensitivity analyses, but did not disclose the reasons for the changes made. **6 other issuers (8.5%)** did not change their methods and assumptions used to prepare sensitivity analyses as a result of macroeconomic developments, and, in the enforcer's view and based on information included in the annual report, they should have. For these nine issuers, for two issuers enforcers have requested more information in future financial statements, and in the other instances, the enforcers decided that no further enforcement action is necessary, given that the information provided is immaterial or based on further communications with issuers, there is no indication to assume that the information already provided is inadequate.

### → Liquidity Risk

#### Maturity analysis for financial liabilities

**68 issuers (80%)** disclosed quantitative maturity analyses for their derivative and non-derivative financial liabilities, inclusive of remaining contractual maturities. Explanations on the determination of the data included assumptions about early repayments or about cash outflows related to put options (e.g., exercise on the earliest possible date). An additional **11 issuers (13%)** disclosed quantitative data on liquidity risk exposures, but the data was not complete or the issuers did not provide sufficient explanatory information. In addition, **three issuers** did not disclose quantitative maturity analyses for their derivative and non-derivative liabilities, inclusive of remaining contractual maturities, when enforcers expected this information to have been provided. Among these 14 issuers, four examinations are ongoing and seven examinations concluded in actions for improvements in future financial statements, while for two instances, enforcers issued a

recommendation to improve missing disclosures. Finally, for one issuer, the enforcer deemed based on further communications with the issuer that there is no missing information.

### Liquidity risk management

**75 issuers (88%)** provided descriptions of how they manage the liquidity risk inherent in financial liabilities. Issuers that provided detailed descriptions included useful information about how they manage liquidity risk when volatile conditions arise, giving consideration to situations when this risk may increase when the issuer has to post additional collateral due to margin calls on derivatives. An additional **three issuers** provided a description of how they manage the liquidity risk inherent in these liabilities but did not provide sufficient explanatory information, while **one issuer** did not provide such descriptions, which the enforcer would have expected. For these four issuers, one examination is ongoing, one has concluded with no further enforcer follow-up, while two examinations have concluded with actions (e.g., to improve qualitative and quantitative disclosures about the management of the liquidity risk). Finally, **six issuers** did not provide such disclosures and enforcers deemed that there is no missing information.

### Collateral arrangements

**42 issuers (49%)** provided qualitative and quantitative disclosures of their collateral arrangements including information required by IFRS 7, paragraph 14 on the carrying amount of financial assets pledged as collateral for liabilities or contingent liabilities disclosed together with the terms and conditions relating to the pledge. An additional **five issuers** did not provide sufficient accompanying explanations, while for the rest of the sample, enforcers deemed that there is no missing information. For the five issuers with missing disclosures, one examination is ongoing, two examinations resulted in an action and a recommendation to improve disclosures in future financial statements, while for the other two issuers, information obtained during the examination was either immaterial or resulted in the enforcer recommending that further details are provided in future financial statements.

### Changes in debt agreement terms

**12 issuers (14%)** renegotiated the terms of their existing debt during the last financial year. Most of these issuers (10) disclosed the main changes in the terms of debt agreements, together with financial impacts.

- Most changes related to changes in interest terms, extensions of repayment periods and credit lines and obtaining a formal waiver of the exercising of contractual rights in the event of a breach of covenants.
- In most cases, the modification of the terms of the existing financial liabilities was not substantial. In the seven instances where it was, only **three issuers** did account for the modification as an extinguishment of the original financial liability and the recognition of a new financial liability. Among the four other issuers, in one instance the enforcer identified that the issuer had performed an analysis and concluded that the renegotiated terms do not meet the criteria in IFRS 9 B3.3.6, which is why the issuer did not report the renegotiated bonds as an extinguishment of previous financial liability.

### Reverse factoring (supplier finance) arrangements

**18 issuers (21%)** entered into reverse factoring (supplier finance) arrangements or factoring contracts. **Nine of these issuers (50%)** provided detailed information regarding the use of such contracts/arrangements, while the other half provided only partial such information. More detailed and useful disclosures included specific information regarding how such arrangements affect the issuer's financial performance and financial position. Such disclosures also included the main terms and conditions and impacts on the issuer's financial statements (e.g., management's judgements exercised regarding presentation of liabilities and/or cash flows, or whether receivables covered by factoring contracts are still recognised on the issuer's statement of financial position).

### → Hedge Accounting Requirements

**40 issuers (47%)** used financial instruments to manage exposures arising from macroeconomic risks that could affect profit or loss (P&L) or other comprehensive income (OCI) and applied hedge accounting. Of these issuers, **38 (95%)** disclosed information regarding their risk management strategy for each risk category of risk exposures for which they applied hedge accounting including information required by IFRS 7, paragraph 24A regarding the nominal value of the hedging instruments, the fair value change of the hedging instruments, the book value of the hedged assets, the fair value change recognised for the year 2023 and the cumulated amount of recognised fair value changes. Some issuers also included specific information regarding sensitivity analysis or a breakdown by currency.

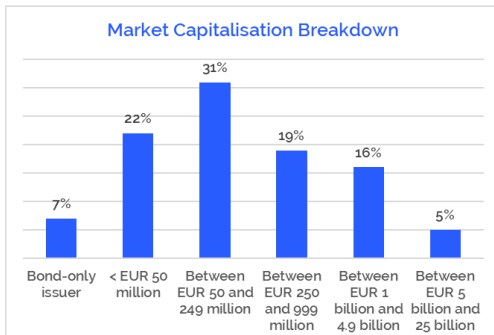
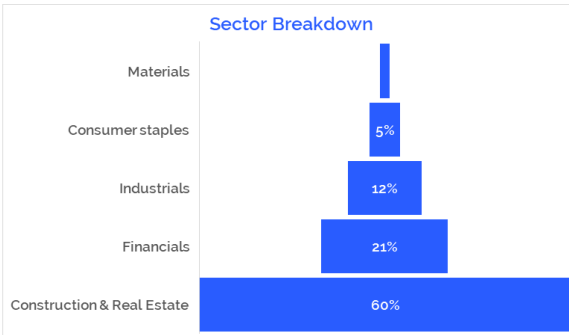
**Enforcement actions in relation to this priority**

<b>14</b> actions	<ul style="list-style-type: none"> <li>• <b>For eleven issuers, actions</b> (corrections in future financial statements) were taken in relation to disclosures. These include, among others, missing or insufficient disclosures on the sensitivity analysis for interest rate risk and on expected interest payments in the maturity analysis for non-derivative financial liabilities.</li> <li>• <b>For three issuers, actions</b> (correction in future financial statements) were taken in relation to the measurement, where the enforcers requested the issuer to reassess its year's budget used in the context of the impairment test in light of recent unexpected events (such as new market entrants, global pandemics, political changes, geopolitical conflicts or significant changes in the currency exchange rates affecting the accuracy of long-term projections).</li> </ul>
<b>8</b> other measures	<ul style="list-style-type: none"> <li>• <b>For eight issuers</b>, enforcers did not take an enforcement action but identified and communicated to the issuers areas of future improvement in disclosures, particularly concerning disclosures on asset valuation in light of liquidity risks, accounting treatment of factored trade receivables under IFRS 9, and hedge accounting.</li> </ul>
<b>12</b> ongoing exams	<ul style="list-style-type: none"> <li>• <b>Twelve examinations</b> in the sample considered for the macroeconomic environment ECEP (refinancing and other financial risks) were still ongoing as of the publication date of this report. Considering this, certain potential compliance deficiencies observed during this ECEP assessment may be subject to additional enforcement actions.</li> </ul>

**4.2.6.1.2 Fair-value (FV) measurement and disclosures**
**Assessment Sample**

Enforcers assessed how issuers addressed the aspects related to the fair-value measurement and disclosures highlighted in the 2023 ECEP, based on a **sample of 58 issuers**. Information about the sector and market capitalisation of the issuers in the sample is presented in the graphs below.

**Country Composition of Sub-Sample for Priority 1b**

**Market Capitalisation Breakdown**

**Sector Breakdown**


## Analysis of information provided

Issuers in the sample were selected as they held material investment properties measured using the fair value model, in line with IAS 40 requirements.

### → Fair values of investment properties

#### Valuation inputs, techniques and outcomes

**55 issuers (95%)** disclosed information about the valuation inputs, techniques and outcomes as per fair value (FV) disclosure requirements of IFRS 13 (38 issuers, 66% of the sample, provided all relevant information about the valuation inputs, techniques and outcomes, while 17 issuers, 29% of the sample, provided only partial such information). Better disclosures around key inputs typically provided detailed information regarding, but not limited to, the capitalisation rate, discount rate, vacancy rate, maintenance and operating cost, expected rental income, often organising the presentation of the data by country or type of property owned. Comprehensive information regarding valuation methods included information around the methodology used, and how Level 3 fair values of the Fair Value hierarchy are determined, when applicable. An additional two issuers did not make any such disclosures when enforcers expected they should have. Among these **19 issuers** where there were missing or partial disclosures provided, **nine examinations are still ongoing**, in **two instances** the enforcer followed up with the issuers and concluded that no further information should be provided and in **eight instances**, the enforcers took an action to improve disclosures in future financial statements.

**39 issuers (67%)** disclosed information explaining how they determined the key inputs (27 issuers, 47% of sample, provided all relevant information, while 12 issuers, 21% of sample, provided only partial such information). More robust disclosures included information regarding internal and external data sources, and in the absence of directly comparable and observable market data, issuers were transparent about the fact that the valuations rely on less comparable transactions and greater professional judgement. An **additional three issuers** did not make any such disclosures when enforcers expected they should have. Among these **15 issuers** where there were missing or partial disclosures provided, five examinations are still ongoing, in three instances the enforcer followed-up with the issuers and concluded that no further information should be provided and in six instances, the enforcers took an action to improve disclosures in future financial statements, while in one instance, the issuer undertook to provide more information in future financial statements.

#### Multiple valuation techniques

**18 issuers (31%)** disclosed that they used multiple valuation techniques for the same assets, with 14 issuers providing explanations in the notes regarding how they have considered the results of these multiple techniques, and four issuers providing only partial or incomplete information about the use of multiple valuation techniques and the reasonable range of values (among these four issuers, two examinations are currently ongoing, and for two issuers the enforcer asked for further disclosure improvements in future financial statements). The more robust disclosures included information regarding the identification of the main methodology(ies) and that of the methodology(ies) used for cross-checking, explanations of the reasons for which the main methodology used was the preferred one, explanations for why a methodology was preferred for a certain asset type, and weightings of the multiple methodologies employed.

#### Level 3 in the FV hierarchy inputs

**43 issuers (74%)** used Level 3 inputs in the FV hierarchy to measure the FV of their investment properties. Of these, **23 issuers (53%)** provided both a sensitivity analysis and a narrative description of the sensitivity, of the fair value measurement to changes in unobservable inputs if a change in those inputs might result in a significantly higher or lower FV measurement, while **7 issuers (16%)** provided only a narrative description. Better disclosures included quantitative information presented in a clear tabular format, accompanied by narrative descriptions per each investment property referencing the capitalisation rate, the rental income and the growth rate. In addition, **13 issuers (31%)** presented missing or partial disclosures on this aspect: six of these examinations were ongoing, while for the other six issuers, enforcers took enforcement action asking for the sensitivity analysis with sensitivity to a reasonably possible variation in all its key operational assumptions, together with narrative descriptions.

## Enforcement actions in relation to this priority

**10**  
actions

- **For nine issuers, actions** (corrections in future financial statements) were taken in relation to disclosures. These include, among others, missing or insufficient disclosures on inputs and techniques used in fair value measurement, including the need to present more relevant categories for inputs by geography and property type and more input factors and to add comparative information for the preceding year. For some issuers, enforcers requested that they provide sensitivity disclosures for all key assumptions used in measuring the fair value of their investment properties.
- **For two issuers, one of which was also included above, an action** (correction in future financial statements) was also taken in relation to measurement, where the enforcer requested the issuer to discount the terminal value with a discount rate inclusive of inflation in its DCF model.

**3** other measures

- **For three issuers**, enforcers did not take an enforcement action but identified and communicated, to the issuers, areas of future improvement in disclosures, particularly concerning disclosures on Level 3 inputs, impacts of the macroeconomic environment and regulatory and default risk on the estimations, as well as judgements regarding the certainty of rents from an issuer's only asset.

**14** ongoing exams

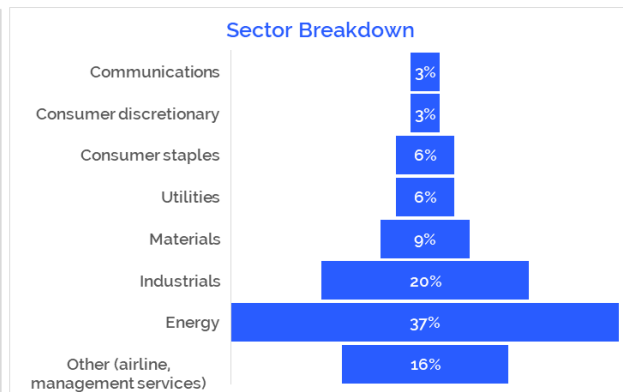
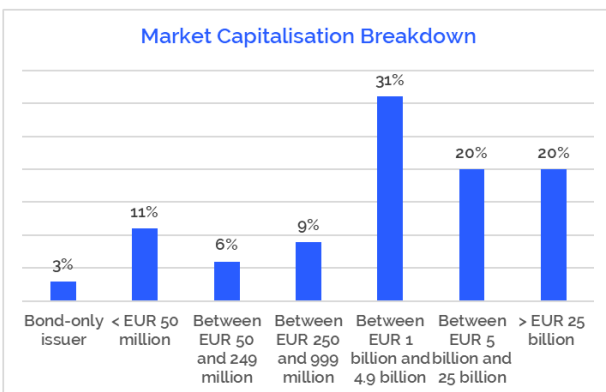
- **Fourteen examinations** in the sample considered for the macroeconomic environment ECEP (fair value measurement and disclosures) were still ongoing as of the publication date of this report. Considering this, certain potential compliance deficiencies observed during this ECEP assessment may be subject to potential additional enforcement action.

### 4.2.6.2 Climate-related matters

#### Assessment Sample

Enforcers assessed how issuers addressed in the financial statements the aspects related to climate-related matters highlighted in the 2023 ECEP, based on a **sample of 35 issuers**. Information about the sector and market capitalisation of the issuers in the sample is presented in the graphs below.

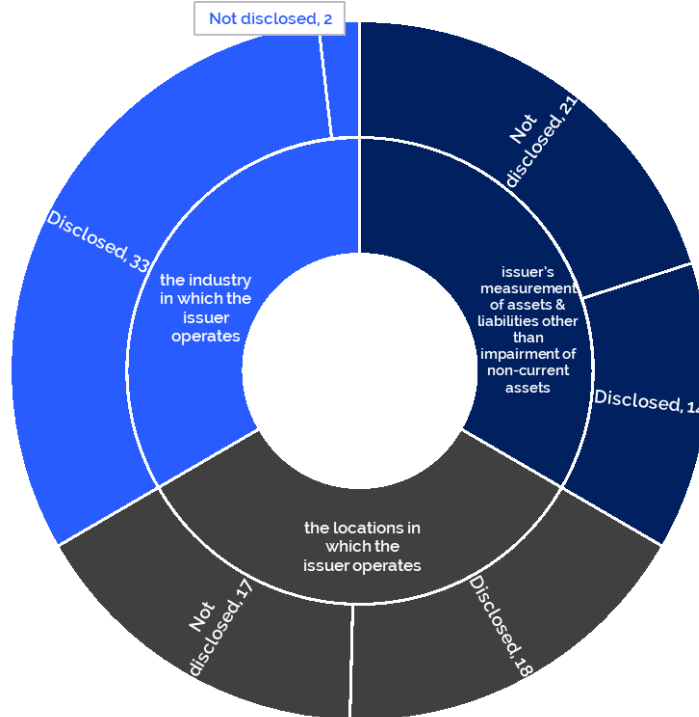
Country Composition of Sub-Sample for Priority 2



#### Analysis of information provided

Issuers in the sample were selected as they are, or are, in the near future, expected to be materially impacted by climate-related matters in one or more of three areas: impact on the industry in which the issuer operated (including, but not limited to, energy, transportation, materials and building, forest products, etc.), impact on the locations in which the issuer operated and impact on the measurement of specific assets and liabilities (particularly sensitive to climate matters) that the issuer held other than impairment of non-current assets.

The following chart breaks down the reasons why the 35 issuers included in the sample were exposed to climate-related risks (whether any information in the respective area was disclosed in the issuers' financial statements or not):



→ Consistency and connectivity between financial information disclosed within the financial statements and other information disclosed in the annual financial report

**27 issuers (77%)** provided qualitative and/or quantitative disclosures regarding material climate-related matters in their financial statements, as well as in the management report, non-financial statement or (where applicable) the prospectus. **Six issuers (17%)** presented such information only outside the financial statements, while **two issuers (6%)** made no such disclosures regarding material climate-related matters in their annual financial report.

For all of the 27 issuers that provided disclosures across the annual financial report (including the management report, the non-financial statement and annual financial statements) and (where applicable) the prospectus, enforcers did not note any significant inconsistencies or deviations between the assumptions used in estimations and measurements related to climate matters applied, either throughout the financial statements, or across the different sections of the annual financial report.

→ Accounting for emission trading schemes and renewable energy certificates

**15 issuers (43%)** are engaged in carbon or greenhouse gas emission trading schemes and/or hold renewable energy certificates that have a material effect on their financial statements. Among these issuers:

- **All but one** provided sufficient information on their accounting policies regarding these schemes and/or certificates (whether accounted for as inventory or intangible assets). For the one issuer whose disclosures on the accounting policies used for recognition, measurement on the main terms and nature of such schemes were insufficient, the enforcer has requested the issuer to provide in future financial statements a description of the accounting policies regarding: (i) emission allowances received free of charge and (ii) recognition, measurement, and presentation of guarantees of origin for electricity and renewable gases.
- **All but one** provided sufficient information on how such schemes affect their financial performance and financial position. For the one issuer whose information was insufficient, the enforcer has requested that the issuer provides in its future financial statements a description of how emission allowances received free of charge are valued and recorded, as well as the impact of such allocation on the issuer's balance sheet and income statement.
- **All but one** were subject to local legal arrangements on GHG emissions that gave rise to obligations to purchase GHG emissions rights exceeding any rights that the issuer currently held. **Eight of these issuers** recognised provisions and disclosed such information in their notes to the financial statements, while **six of these issuers** disclosed that they had sufficient GHG emissions rights and did not need to buy additional rights.

## → Impairment of non-financial assets

**31 issuers** in the sample held material non-financial assets subject to the impairment test requirements of IAS 36. Of these issuers<sup>63</sup>:

- **Nine issuers (29%)** held material intangible assets with an indefinite useful life or material intangible assets not yet available for use; **16 issuers (52%)** held material amounts of goodwill acquired in a business combination; and **14 issuers (45%)** held material assets for which there was an indication of impairment.
- Only **14 issuers (45%)** provided sufficient disclosures on judgements that management has made with respect to climate-related considerations in the process of applying the entity's accounting policies regarding impairment of non-financial assets, while an additional **three issuers (10%)** provided only partial such information (for example, lacking details on how the issuer has incorporated climate risk in its significant estimates).
- **Six issuers (19%)** recognised an impairment, according to the information provided, amongst others, based on climate-related indicators (either arising from physical or transition risks) – for example, an impairment of a cash-generating unit related to the issuer's mining business due to the development of market assumptions, in particular a significant decrease in the expected clean spread (electricity price less the market price of GHG credits).
- **Six issuers (19%)** disclosed the key assumptions used to estimate assets' recoverable amounts that included climate-related risks or commitments and provided sufficient explanations for these assumptions and an additional **five issuers (16%)** only provided partial explanations for these assumptions. **One other issuer** did not use any climate-related key assumptions but the enforcer, based on the information included in the annual report, would have expected for this information to be included. Among the six issuers that had partial or missing disclosures, two examinations are ongoing. In two cases, further to enforcers' questioning, the issuers provided additional information which indicated that climate-related matters are not expected to have a significant impact on the issuers' impairment of non-financial assets. In two cases, the enforcer took an enforcement action or measure requesting the issuer to include further information regarding key assumptions used in relation to climate and to carry out a sensitivity analysis of the recoverable value of the issuer's CGUs for which the price per tonne of carbon dioxide (CO<sub>2</sub>) is a key assumption to a reasonably possible increase in this assumption. Finally, the other **19 issuers (61%)** (of the 31 issuers in the sample that held material non-financial assets subject to the impairment test requirements of IAS 36), did not provide any disclosures around key assumptions related to climate for the purpose of the impairment test, but enforcers concluded that there are no indications of missing disclosures.
- Among the 11 issuers above that disclosed key assumptions used to estimate asset's recoverable amounts inclusive of climate-related risks or commitments:
  - **Only two (18%)** provided the quantified assumptions used (related to climate) and the basis for such quantifications, including details on items such as the price of CO<sub>2</sub> emissions, the average price of electricity, and the cost of gas.
  - **Five issuers (45%)** disclosed that climate-related matters impacted the issuer's business plan assumptions when estimating the recoverable amount of assets; two of these issuers provided sufficient disclosures on this topic, while three provided only partial information.
  - **Four issuers (36%)** disclosed that climate-related matters impacted the period considered beyond the business plan; two of these issuers provided sufficient disclosures on this topic, while two provided only partial information.
  - **Three issuers (27%)** disclosed that climate-related matters impact the issuer's financial assumptions used, such as the discount rate and the growth rate; one of these issuers provided sufficient disclosures on this topic, while two provided only partial information.
- **10 issuers (32%)** in the sample took CO<sub>2</sub> prices into account in their impairment assumptions. Of these, three issuers considered only internal sources in determining CO<sub>2</sub> prices, one issuer considered only external sources and three issuers considered both internal and external sources. The other three issuers did not provide this information.

<sup>63</sup> In some cases, the criteria were cumulative (i.e., some issuers recognised material goodwill and material assets for which there was an indication of impairment).

## → Power Purchase Agreements (PPAs)

**Eight issuers (23%)** disclosed that they have entered into (Virtual) power purchase agreements (PPAs) that have material effects on their financial statements:

- **Six issuers (75%)** provided detailed information about the PPAs/ virtual PPAs (VPPA) they held<sup>64</sup>, including contractual terms, objective, production volume and duration of the contracts.
- **Seven issuers (87%)** provided sufficiently detailed information on their accounting policies regarding their PPAs/ VPPAs<sup>65</sup>, the majority opting for the “own use” exemption under IFRS 9.
- **Six issuers (75%)** provided detailed information on how these PPAs/VPPAs affect their financial performance and financial position<sup>66</sup>.

**Enforcement actions in relation to this priority**

<b>4</b> actions	<ul style="list-style-type: none"> <li>• <b>For four issuers</b>, actions (corrections in future financial statements) were taken in relation to disclosures and for one of these issuers, an action (correction in future financial statements) was also taken in relation to recognition of restoration liabilities, which based on a materiality assessment were impacted, among others, by climate-related issues. The actions on disclosures include, among others, missing or insufficient disclosures on the sources of information for the assumptions based on the price of CO<sub>2</sub>, price ranges used over the business plan horizon, and considerations for including a sensitivity analysis of the recoverable value of the issuer’s CGUs for which the price per tonne of CO<sub>2</sub> is a key assumption to a reasonably possible increase in this assumption.</li> </ul>
<b>2</b> other measures	<ul style="list-style-type: none"> <li>• <b>For two issuers</b>, enforcers did not take an enforcement action as it did not evidence an infringement but identified and communicated to the issuers areas of future improvement in disclosure regarding the materiality of climate-related matters.</li> </ul>
<b>8</b> ongoing exams	<ul style="list-style-type: none"> <li>• <b>Eight examinations</b> in the sample considered for the climate-related matters ECEP were still ongoing as of the publication date of this report. Considering this, certain potential compliance deficiencies observed during this ECEP assessment may be subject to potential additional enforcement action.</li> </ul>

<sup>64</sup> An additional issuer provided only partial information, and the other issuer in the sub-sample did not provide any disclosures while the enforcer expected that the issuer would have done so. The examination for the first issuer is ongoing, while the other issuer has engaged to include this information in the next financial statements at the request of the enforcer.

<sup>65</sup> An additional issuer did not provide any disclosures while the enforcers expected that the issuers would have done so. The issuer has engaged to include this information in the next financial statements at the request of the enforcer.

<sup>66</sup> An additional issuer provided only partial information, and the other issuer in the sub-sample did not provide any disclosures while the enforcer expected that the issuer would have done so. The examination for the first issuer is ongoing, while the other issuer has engaged to include this information in the next financial statements at the request of the enforcer.



### 4.2.6.3 The 2023 ECEP in relation to financial institutions

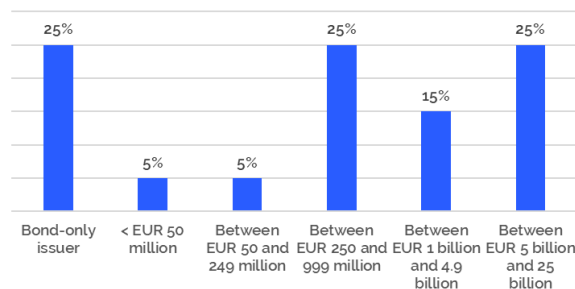
#### Assessment Sample

Enforcers also assessed how financial institutions addressed the aspects related to the 2023 ECEP, based on a **sample of 20 financial issuers** (including, among others, banks, insurers and asset management firms). Information about the country composition and market capitalisation of the issuers in the sample is presented in the graphs below.

Country Composition of Sub-Sample for Transversal 2023 ECEP covering Financial Institutions



Market Capitalisation Breakdown



#### Analysis of information provided

##### → 1a. Liquidity risk

**All but one issuer** in the sample provided the required disclosures as per IFRS 7 regarding their significant risk concentrations arising from financial instruments, providing information both on the assets (e.g. credit risk) and liabilities side (e.g. customer deposits), as well as explained how they manage such risks. The other issuer in the sample provided information regarding its exposure to risk concentration or how it manages these risks, but did not provide sufficient explanatory information. The enforcer, based on the information included in the annual report, expected that the issuer should have provided such disclosures - the issuer's justification was that it had netted liabilities and corresponding assets in the liquidity risk disclosures. The enforcer has taken an action in relation to this point.

**14 issuers (70%)** disclosed their exposure to borrowers' refinancing risk (from sectors such as commercial real estate) or to loans with significant repayments due at maturity (bullet/balloon loans), including, for example, breakdown information of refinancing and restructured transactions by type of counterparty, detailed by type of guarantee. One additional issuer (5%) provided partial disclosures (and agreed at enforcer's recommendation to include additional details in the next annual financial statements), while two additional issuers (10%) did not provide any disclosures (upon enforcer follow-up, it was determined that the information was immaterial). The question was not applicable to the other three issuers in the sample due to the nature of their operations (i.e., insurance sector or asset management).

**17 issuers (85%)** provided sufficient information on their accounting policies regarding their determination of when a substantial modification of the terms of an existing financial asset or financial liability results in the derecognition of the financial asset or financial liability<sup>67</sup>.

<sup>67</sup> One additional issuer (5%) provided partial disclosures (upon enforcer follow-up, it was determined that the information was immaterial). The question was not applicable to the other two issuers in the sample due to the nature of their operations.

### → 1b. Fair value of financial instruments measured at amortised cost

**All but one issuer** in the sample disclosed the fair value of each class of financial assets and financial liabilities, such that this information may be compared to carrying amounts.

**All but one issuer** in the sample disclosed the fair value of each class of financial assets and financial liabilities, which are not measured at fair value in the statement of financial position. Among these 19 issuers:

- 18 issuers disclosed the level of the fair value hierarchy.
- All issuers included a description of the valuation techniques and inputs used in the fair value measurement of Level 2 and Level 3 financial instruments; however, one issuer did not explicitly state that Level 2 is measured at fair value.
- In seven instances, issuers made significant changes from the previous reporting period and included the reasons for such changes in their disclosures.

### → 2. Climate-related matters

**11 issuers** in the sample engaged in green financing (i.e., ESG-indexed loans and other investments linked to ESG criteria). Of these issuers:

- **Seven issuers (64%)** disclosed sufficient information regarding these green financing instruments, while four issuers included only partial such information. More robust disclosures included specific details around the nature and principal features of ESG financing.
- **Six issuers (55%)** provided information on their accounting policies regarding these green financing instruments, including information about measurement basis and method, and specifying which types of ESG features qualify or not as solely payments of principal and interest (SPPI). One other issuer provided partial disclosures, and four issuers made no such disclosures (upon enforcer follow-up, two issuers specified that they have no special accounting rules for green financing instruments, two issuers indicated that the green financial instruments are immaterial, and one examination resulted in the enforcer requesting the issuer to disclose such information in future financial statements).
- **Eight issuers (73%)** provided explanations on how the climate-related risks are incorporated in the calculation of expected credit loss (ECL), with some issuers indicating that they have used a sectorial approach, others indicating that they have used model adjustments to account for climate-related matters in the probability of default, loss given default and collateral valuation.

#### Enforcement actions in relation to this priority

**1**

action

- **For one issuer, an action** (correction in future financial statements) was taken in relation to disclosures with regard to impacts of the current macroeconomic environment. This action included requesting corrections for missing disclosures on liabilities and assets in relation to liquidity risk.

**1**

 other  
measure

- **For one issuer**, the enforcer did not take an enforcement action but identified and communicated, to the issuer, areas of future improvement in disclosures with regard to consideration of material climate-related matters in financial statements, particularly in relation to providing information regarding the relevant accounting policies used when accounting for green financial instruments, including significant judgements when assessing whether contractual cash flows of financial assets with characteristics associated with ESG are payments of principal and/or interest on the principal amount outstanding.

**3**

 ongoing  
exams

- **Three examinations** in the sample considered for the ECEP (transversally) were still ongoing as of the publication date of this report. Considering this, certain potential compliance deficiencies observed during this ECEP assessment may be subject to potential additional enforcement action.

## 4.3 Annex III: Non-financial reporting

### 4.3.1 Number of issuers publishing non-financial statements per EEA country

The table below lists the number of issuers within the scope of enforcement activities for the purpose of Article 19a or Article 29a of the Accounting Directive.

Country	Total issuers publishing non-financial reporting	
	2023	2024
Austria	64	63 <sup>68</sup>
Belgium	53	53
Bulgaria	31	33
Croatia <sup>69</sup>	41	40
Cyprus <sup>69</sup>	14	14
Czechia	9	9
Denmark	195 <sup>70</sup>	133
Estonia	10	10
Finland	92 <sup>70</sup>	92
France	234 <sup>70</sup>	232 <sup>68</sup>
Germany	271	272 <sup>68</sup>
Greece	40	40 <sup>68</sup>
Hungary <sup>69</sup>	N/A	N/A
Iceland	49	49
Ireland <sup>69</sup>	N/A	N/A
Italy	165	169
Latvia	5	5
Lithuania	14	14
Luxembourg	37	38
Malta	13	11
Netherlands	73	74
Norway	251	91 <sup>68</sup>
Poland	136	136
Portugal	35	32
Romania	35 <sup>70</sup>	37
Slovak Republic	23	20
Slovenia	12	13
Spain	98	97
Sweden	292	296
<b>TOTAL</b>	<b>2,292</b>	<b>2,073</b>

<sup>68</sup> Best-effort estimates for 2024.

<sup>69</sup> Croatia, Cyprus, Hungary and Ireland do not currently have enforcement powers on sustainability reporting.

<sup>70</sup> The figure differs from the corresponding figure in the 2023 report as it has been updated by the respective NCA post-publication.

### 4.3.2 2023 ECEP Assessment: Non-financial Reporting

#### 4.3.2.1 Disclosures related to Article 8 of the Taxonomy Regulation

##### Assessment Sample

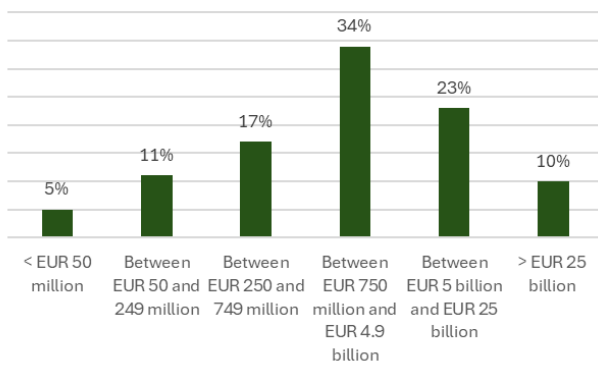
Enforcers assessed how issuers addressed the aspects related to the disclosures related to Article 8 of the Taxonomy Regulation highlighted in the 2023 ECEP, based on a **sample of 98 issuers**. Information about the country composition by enforcement powers type, sector and market capitalisation of the issuers in the sample is presented in the graphs below.

**Country Composition of Sub-Sample for Priority 1, by enforcement powers type**

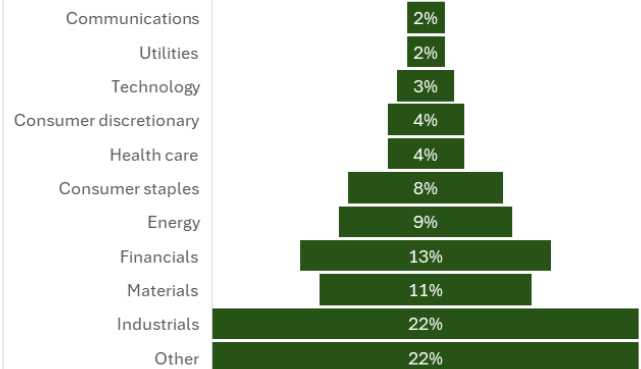
■ Check existence of the non-financial statement ■ Check existence of the non-financial statement and verify its content



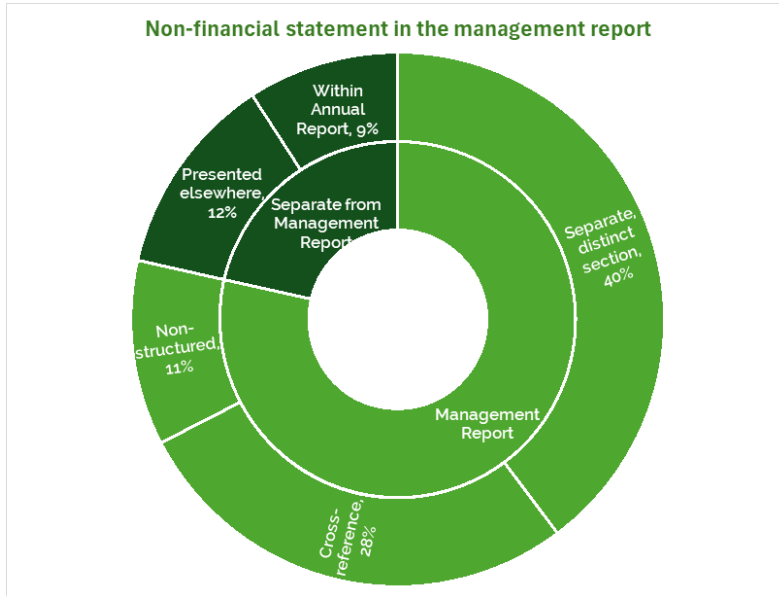
**Market Capitalisation Breakdown**



**Sector Breakdown**



**All but one issuer** in the sample presented consolidated non-financial statements examined for the purposes of 2023 ECEP, with a majority (79%) of issuers including the non-financial statement in their management report:



- **39 issuers (40%)** included the non-financial statements into the management reporting through a separate section. However, several issuers also presented separate sustainability reports with more detailed information.
- **27 issuers (28%)** included the non-financial statements into the management reporting by means of cross-reference to a separate report. However, in most cases this report was included as a separate section of the annual financial report (AFR).

#### Disclosure framework of issuers in the sample

**All but one issuer** in the sample specified which disclosure framework(s)/principle(s) it used to prepare its non-financial statement. Of these:

- **45 issuers (46%)** indicated that they considered future ESRS requirements when preparing their non-financial statement.
- **50 issuers (51%)** explicitly indicated that they applied Global Reporting Initiative (GRI) standards to prepare (part of) their non-financial statement, while **26 issuers (27%)** indicated that they prepared (part of) their non-financial statement with reference to GRI standards.
- **56 issuers (57%)** explicitly indicated that they applied Task Force on Climate-related Financial Disclosures (TCFD) recommendations to prepare (part of) their non-financial statement.
- **72 issuers (73%)** clearly indicated which pieces of information in the non-financial statement are based on which of the adopted disclosure frameworks/principles for all frameworks/principles, while 10 issuers (10%) only provided such indications for some of the frameworks/principles used.

#### Assurance

**70 issuers (71%)** in the sample indicated that the content of the non-financial statement was subject to external assurance. Of these:

- **66 issuers** had external assurance provided by the statutory auditor, while **4 issuers** had external assurance provided by a third-party assurance provider different than an audit firm.
- Except two issuers for whom the information could not be obtained, the following issuers indicated the scope of assurance provided:

<b>24 issuers (35%)</b>	<b>20 issuers (29%)</b>	<b>15 issuers (22%)</b>	<b>9 issuers (13%)</b>
Assurance provided against the NFRD	Assurance provided against the sustainability reporting framework applied, including GRI and SASB report	Assurance provided against the NFRD and the sustainability reporting framework applied, including GRI	Other scope, including national Accounting Acts with the transposed Accounting Directive, national commercial law, ISAE 3000, ISQM1, IESBA code

- For **all but one of the issuers** for which the content of the non-financial statement was subject to external assurance, the conclusion of the external assurance engagement was unmodified. The one issuer where the conclusion was different was due to assurance not being in accordance with the proposed ISSA 5000.

### Analysis of information provided

**92 issuers (94%)** disclosed climate-related information within the non-financial statement, as a result of a positive materiality assessment. **Five issuers** did not disclose such information, while **one issuer** disclosed that the topic was not material with justifications.

**83 issuers (85%)** disclosed in the template the proportion of Taxonomy-eligible and Taxonomy non-eligible activities as required in Article 5.2 Commission Delegated Regulation (EU) 2023/2486, while an additional **five issuers** provided such information only partially. For 6 of these 88 issuers, the relevant NCAs could only assess the existence of the disclosures and therefore the relevant reference population for the remainder of the analysis will consider 82 issuers. Of those, **69 issuers (84%)** used the latest reporting template set out in the Article 8 Taxonomy Regulation Delegated Act, while **five issuers (6%)** used the latest template only partially.

**71 issuers (77%)** did not exclude from their eligibility assessment any economic activity which is expected to be relevant in light of the screening criteria set out in EC delegated acts for their respective environmental objectives. However, for 14 issuers (15%) economic activities were excluded from the eligibility assessment and the issuers provided an explanation. In some cases the issuers explained the difficulties in assigning economic activities to multiple objectives when they are part of the same integrated production process for which one environmental objective, such as climate change mitigation, seems to be prevalent. In other cases, issuers determined that they did not control the relevant economic activities, such as transport or residential care activities carried on by agents acting on their behalf, and therefore concluded that they could not report on the relevant taxonomy eligibility even though for these same activities the related revenue was recognised in the issuers' financial statements. The lack of complete technical information on all activities was also mentioned as a reason for not completing the taxonomy assessment.

**71 issuers (77%)** did not exclude from their alignment assessment any eligible activity which is expected to be relevant in light of the screening criteria set out in EC delegated acts for their respective environmental objectives. Of these issuers, 13 (14%) provided an explanation which was aligned with the reasons explained in relation to eligibility.

**68 issuers (74%)** provided sufficient specific explanations accompanying their eligibility assessment (for example, information provided in a tabular format clearly identifying each eligible activity, also by reference to the relevant NACE codes, a comprehensive list of operations that are aligned with the EU Taxonomy regulations, in addition to the rationale and methodology used to identify these taxonomy-eligible activities, detailing the criteria and processes applied). An additional **17 issuers (18%)** provided specific explanations only partially.

**59 issuers (64%)** provided sufficient specific explanations accompanying their taxonomy-alignment process (for example, disclosures of a summary of criteria required to contribute to the attenuation of climate change for each activity identified, information on why the issuer concluded that its eligible activities were not aligned, for example due to the lack of compliance with DNSH and minimum safeguard criteria, detailed information about alignment process, including the burden of proof approach, the determination of each of the KPIs and data availability and data validation approach). An additional **22 issuers (24%)** provided only partial specific explanations.

**66 issuers (72%)** provided contextual information on their Taxonomy KPIs (for example, detailing the methodology used to calculate Turnover, CapEx and OpEx, providing reconciliations with relevant items in the financial statements, eliminating double counting of the same amounts in their allocation through detailed analytical accounting criteria, and including narrative quantitative and qualitative disclosures to provide transparency on the KPIs, and year-on-year changes thereof, that arise from activities that contribute to environmental objectives). In one case, an issuer disclosed that it deliberately excluded certain activities from the assessment of the taxonomy KPIs due to their lack of materiality which led the national authority to further assess this approach. An additional **17 issuers (18%)** provided only partial specific explanations.

**14 issuers (15%)** disclosed a CapEx plan and provided sufficient contextual information about the plan (for example, that the CapEx plan is based on the most accurate estimates and data available at year-end). **Five additional issuers** indicated that they have a CapEx plan but did not provide sufficient or any contextual information that would assist users of the non-financial information to understand the specificities of the plan. Of these 19 issuers that disclosed a CapEx plan, only **four issuers** also reported a willingness to expand their taxonomy-aligned activities and disclosed some information on the link between CapEx plan and the transition plan (for example, including information and a timeline of expected taxonomy-alignment of the issuers' activities and which capital expenditures are necessary to align with the 5-year plan).

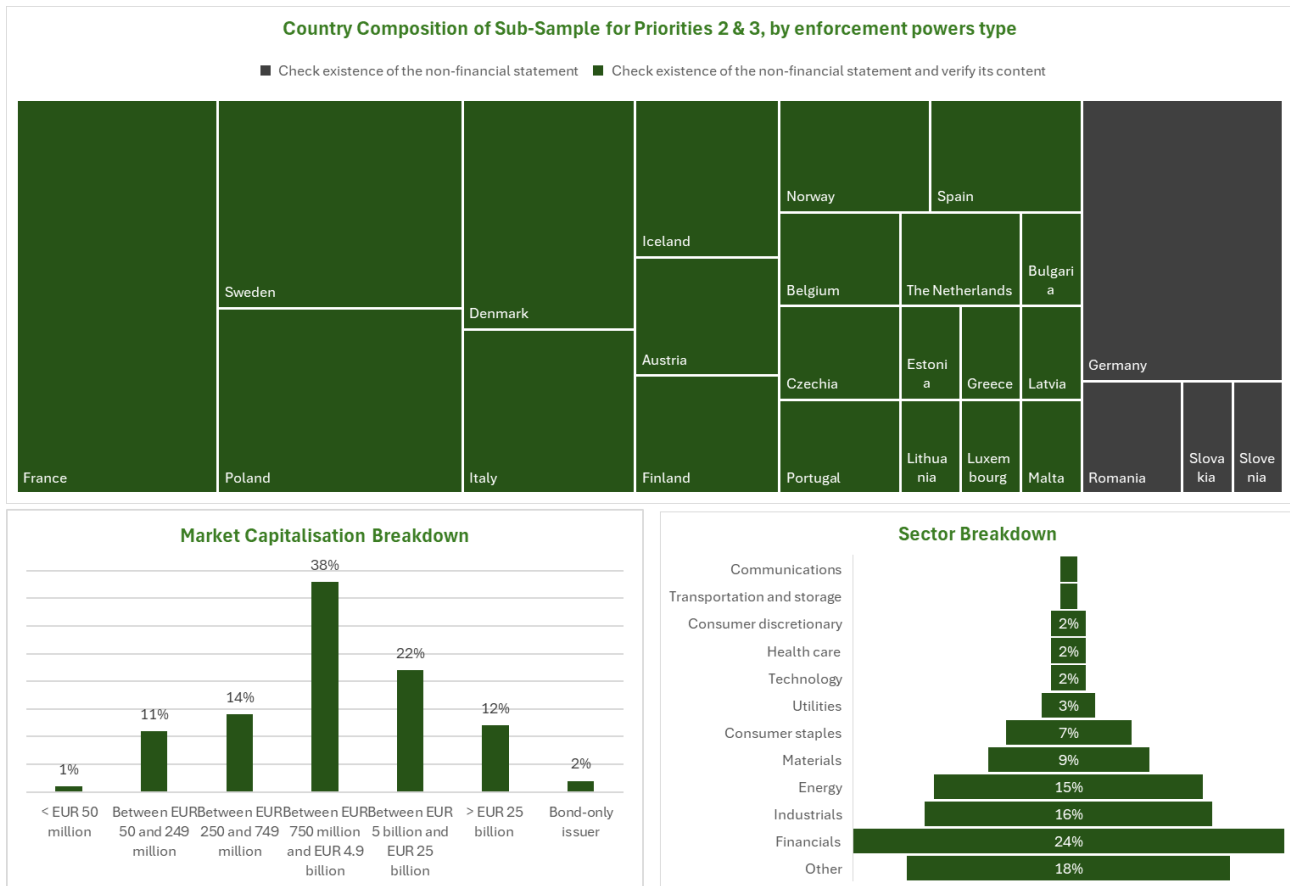
In general, when complementary explanations were missing or deemed to be not sufficiently specific, national authorities requested further information to the concerned issuers and some interactions may still be ongoing.

**Enforcement actions in relation to this priority**

<b>9</b> actions	<ul style="list-style-type: none"> <li>• <b>Nine actions</b> (corrections in future non-financial statements) are related to incorrectly reported amounts for CapEx (overstated by incorrectly including acquired goodwill and some minor other items, or understated, as not all Taxonomy relevant categories of expenditure were included in the calculation of the amounts reported) and Turnover, a lack of reconciliation between KPI CapEx and the financial statements, and a lack of sufficient disclosures on the eligibility and alignment analysis.</li> </ul>
<b>11</b> other measures	<ul style="list-style-type: none"> <li>• <b>For eleven issuers</b>, enforcers did not take an enforcement action but identified and communicated to the issuers areas of future improvement in disclosures, particularly concerning disclosures explaining the differences between eligibility and alignment ratios, disclosures of a CapEx plan detailing its characteristics and areas of improvement for filling out the Turnover, CapEx, and OpEx KPI templates.</li> </ul>
<b>15</b> ongoing exams	<ul style="list-style-type: none"> <li>• <b>Fifteen examinations</b> in the sample considered for the 2023 ECEP on disclosures relating to Article 8 of the Taxonomy Regulation were still ongoing as of 31 December 2024. Considering this, certain potential compliance deficiencies observed during this ECEP assessment may be subject to potential additional enforcement action.</li> </ul>

**4.3.2.2 Disclosures related to the NFRD**
**Assessment Sample**

Enforcers assessed how issuers addressed the aspects related to disclosures related to the NFRD highlighted in the 2023 ECEP, based on a **sample of 88 corporate issuers**. Information about the sector and market capitalisation of the issuers in the sample is presented in the graphs below.



**All but two issuers** in the sample presented consolidated non-financial statements examined for the purposes of 2023 ECEP, with a majority (75%) of issuers including the non-financial statement in their management report:



#### Disclosure framework of issuers in the sample

**All but two issuers** in the sample specified which disclosure framework(s)/principle(s) it used to prepare its non-financial statement. Of these 86 issuers:

- **34 issuers (40%)** indicated that they considered future ESRS requirements when preparing their non-financial statement.
- **42 issuers (49%)** explicitly indicated that they applied Global Reporting Initiative (GRI) standards to prepare (part of) their non-financial statement, while **27 issuers (31%)** indicated that they prepared (part of) their non-financial statement with reference to GRI standards.
- **49 issuers (57%)** explicitly indicated that they applied TCFD recommendations to prepare (part of) their non-financial statement.
- **57 issuers (67%)** clearly indicated which pieces of information in the non-financial statement are based on which of the adopted disclosure frameworks/principles for all frameworks/principles, while **11 issuers (13%)** provided such indications only for some of the frameworks/principles used.

#### Assurance

**60 issuers (68%)** in the sample indicated that the content of the non-financial statement made subject to external assurance. Of these:

- **54 issuers** had external assurance provided by the statutory auditor, while **2 issuers** had external assurance provided by another audit firm and **4 issuers** had external assurance provided by a third-party assurance provider different than an audit firm.
- Except two issuers for whom the information could not be obtained, the following issuers indicated the scope of assurance provided:

23 issuers (39%)	17 issuers (29%)	9 issuers (15%)	9 issuers (15%)
Assurance provided against the NFRD	Assurance provided against the sustainability reporting framework applied, including GRI and SASB	Assurance provided against the NFRD and the sustainability reporting framework applied, including GRI	Other scope, including national Accounting Acts with the transposed Accounting Directive, national commercial law, ISAE 3000, ISQM1, IESBA code

For **all issuers** for which the content of the non-financial statement made subject to external assurance, the conclusion of the external assurance engagement was unmodified.



#### 4.3.2.2.1 Disclosures of climate-related targets, actions and progress

##### Analysis of information provided

**78 issuers (89%)** disclosed climate-related information within the non-financial statement as a result of a positive materiality assessment.

**76 issuers (86%)** disclosed climate-related targets within the non-financial statement. Various targets were disclosed by different issuers in the sample, for example: emission reductions for specific time horizons, emission scopes and both in absolute and intensity terms as well as for the own operations of the issuer and its value chain. Targets related also to strategic transition plan objectives, including those aiming at ensuring net zero emissions or climate neutrality at a given point in time in the future. As further explained below, targets often referred to the objectives of the Paris Agreement in terms of limiting global warming to a 1.5-degree or well below 2-degree average temperature increase. The Science-based targets initiative SBTi was often referred to by issuers disclosing climate-related targets. Targets mentioned in this area included also wood certification and reduction in water consumption and energy savings. Interestingly, notwithstanding the lack of any obligations to do so, amongst the 12 issuers (14%) which had not disclosed any climate targets, 5 issuers (6%) explained the rationale underlying the decision not to disclose specific targets which was either linked to the perceived lack of materiality of climate-related matters or the fact that the issuer was in the process of determining its targets.

Among the **66 of these issuers** where enforcers had the powers to check content and not solely existence:

- **32 issuers (48%)** provided sufficient specific information regarding climate-related targets. These were generally measurable, time-bound targets for which the issuer had clarified the expected outcomes arising from pursuing the objective (i.e. the relevance of the target).
- While **32 issuers (48%)** provided only partial information regarding such targets. The information was considered partial as the disclosures did not necessarily address basic aspects such as the scope of the target, the baseline value and base year, the methodologies and assumptions and whether it is based on scientific evidence.
- The non-financial statements of **34 issuers (52%)** linked the climate-related targets with a broader strategy (fully complying with the recommendations of indicating their rationale for selecting the climate related targets, underlying methodology and assumptions and relationship with strategic objectives, describing the ways in which the actions and milestones are instrumental to achieving the strategic objectives and finally, indicating the means through which the targets are monitored and reviewed, including through climate transition plans). An additional **25 issuers (38%)** only partially linked the climate-related targets with a broader strategy (missing, for example, specific disclosures related to connections between the implemented actions and the investments indicated in the part of the non- financial statement related to the taxonomy) and the remainder **7 issuers (10%)** did not provide any information around such links.

**64 issuers (83%)** in the total sample disclosed GHG emission reduction targets. Of these issuers:

- **34 issuers (53%)** disclosed GHG emission reduction targets with sufficient specific accompanying disclosures (for example, providing clear information around short- and long-term objectives related to the reduction of GHG emissions), while **30 issuers (47%)** only provided such disclosures partially, most notably due to the lack of specificity on the disclosures concerning decarbonisation levers envisaged, the consistency with the Paris agreement, the science-based nature of the targets, the lack of baseline values and base years and the absence of intermediate milestones and information on the scopes covered.
- The non-financial statement of **43 issuers (67%)** contained an explicit commitment to be aligned with the Paris Agreement objective to limit global warming to 1.5 degrees.
- **26 issuers (41%)** provided full disclosures explaining the compatibility between their GHG reduction targets and EU climate objectives (limiting global warming to 1.5 degrees compared to pre-industrial levels), most of these issuers referred to the SBTi framework to corroborate their compatibility assessment. An additional **18 issuers (28%)** provided partial disclosures of this kind (for example, missing explicit explanations regarding how actions undertaken contribute to the 1.5°C goal).
- **26 issuers (41%)** provided information regarding the identified decarbonisation levers of both a qualitative as well as quantitative nature, while an additional **27 issuers (42%)** only provided either qualitative or quantitative information with a majority of these issuers almost exclusively providing qualitative disclosures of the levers.
- **12 issuers (19%)** provided sufficient information on the financial resources and investments necessary to meet GHG emissions reduction targets, while an additional **11 issuers (17%)** only provided such information partially (for example, not detailing the breakdown of single investments, not linking the investment budget to taxonomy disclosures). **41 issuers (66%)** provided no information on the financial resources supporting the stated targets.

**Enforcement actions in relation to this priority**

<b>8</b> actions	<ul style="list-style-type: none"> <li>• <b>Eight actions</b> (corrections in future non-financial statements) are related to missing information regarding description of decarbonisation levers and investments, explanations on the choice of a given year as reference base, explanations around how net zero is anticipated to be achieved in 2050 and information regarding SBTi validation and neutrality transition plans.</li> </ul>
<b>7</b> other measures	<ul style="list-style-type: none"> <li>• <b>For seven issuers</b>, enforcers did not take an enforcement action but identified and communicated to the issuers areas of future improvement in disclosures, particularly around improving disclosed information on the relation between targets established at the business unit level vis-a-vis targets at the group level.</li> </ul>
<b>12</b> ongoing exams	<ul style="list-style-type: none"> <li>• <b>Twelve examinations</b> in the sample considered for the 2023 ECEP on disclosures of climate-related targets, actions and progress were still ongoing as of 31 December 2024. Considering this, certain potential compliance deficiencies observed during this ECEP assessment may be subject to potential additional enforcement action.</li> </ul>

**4.3.2.2.2 Disclosures related to Scope 3 emissions**
**Analysis of information provided**

**71 issuers (81% of the total sample)** provided disclosures on their Scope 3 emissions. For seven of these issuers, the enforcer has existence-only enforcement powers; the findings below relate to the remaining sub-sample of **64 issuers**:

- **43 issuers (67%)** provided adequate transparency about the boundaries of the Scope 3 emissions calculation, including the reasons for excluding certain categories and its quantitative impact, while **15 issuers (23%)** provided such disclosures only partially or the labelling of the scope 3 KPI does not reflect its partial nature.
- **43 issuers (67%)** reported that Scope 3 emissions have been based on estimates. Of these, **5 issuers** did not provide information about these estimates, **16 issuers** provided only partial information, while **22 issuers** provided sufficient disclosure of this nature (including, for example, detailed explanations regarding the methodology and techniques used for the estimation and calculation of emissions, aggregating information by product categories and by country).
- **15 issuers (23%)** separately disclosed gross amounts of Scope 3 GHG from the effect related to the possible use of carbon credits and other measures such as removals and storage.
- **33 issuers (52%)** provided comparative information accompanied by explanations of the drivers of the evolution compared to previous years, while an additional **21 issuers (33%)** provided only such information partially (notably, only providing comparative numbers between years without also providing an explanation regarding the drivers of the evolution).
- **39 issuers (61%)** provided further details on additional breakdowns of scope 3 emissions, by categories, main lines of business, or geographical area.

**Enforcement actions in relation to this priority**

<b>5</b> actions	<ul style="list-style-type: none"> <li>• <b>Five actions</b> (corrections in future non-financial statements) are related to improved disclosures on emissions by geography and main lines of business, publication of the Scope 3 emission absolute value, and the methodology applied for the calculation of carbon emissions in accordance with ESRS provisions.</li> </ul>
<b>7</b> other measures	<ul style="list-style-type: none"> <li>• <b>For seven issuers</b>, enforcers did not take an enforcement action but identified and communicated to the issuers areas of future improvement in disclosures, including providing additional information on estimations, metrics and comparative information.</li> </ul>
<b>13</b> ongoing exams	<ul style="list-style-type: none"> <li>• <b>Thirteen examinations</b> in the sample considered for the 2023 ECEP on disclosures relating to Scope 3 emissions were still ongoing as of 31 December 2024. Considering this, certain potential compliance deficiencies observed during this ECEP assessment may be subject to potential additional enforcement action.</li> </ul>

## 4.4 Annex IV: ESEF reporting

### 4.4.1 Number of issuers submitting AFRs in ESEF per EEA country

Country	Issuers of equity, bonds, securitised debt and other securities incorporated in the European Economic Area (EEA), preparing AFRs containing IFRS consolidated financial statements		Issuers incorporated in a third country preparing AFRs containing IFRS consolidated financial statements		Total issuers filing ESEF reports in iXBRL (with markups)		Total other issuers preparing AFRs in xHTML format only (no markups)	
	2023	2024	2023	2024	2023	2024	2023	2024
Austria	76	75	1	1	77	76	14	11
Belgium	97	95	3	3	100	98	15	13
Bulgaria	126	130	0	0	126	130	157	153
Croatia	64	60	0	0	64	60	0	0
Cyprus	49	49	0	0	49	49	13	13
Czechia	25	27	0	0	25	27	49	51
Denmark	116	116	1	0	117	116	0	0
Estonia	24	25	0	0	24	25	7	7
Finland	158	157	0	0	158	157	11	11
France	327	319	5	4	332	323	39	35
Germany	378	350	5	4	383	354	23	17
Greece	109	104	1	1	110	105	30	28
Hungary	39	39	0	0	39	39	15	14
Iceland <sup>71</sup>	-	-	-	-	-	-	-	-
Ireland	23	22	8	4	31	26	61	57
Italy	207	194	0	0	207	194	10	7
Latvia	9	9	0	0	9	9	6	7
Lithuania	23	23	0	0	23	23	6	5
Luxembourg	54	54	11	6	65	60	73	60
Malta	50	53	0	0	50	53	30	34
Netherlands	114	111	16	17	130	128	36	30
Norway	209	205	16	16	225	221	33	29
Poland	294	282	3	3	297	285	85	95
Portugal	40	37	0	0	40	37	4	4
Romania	52	54	0	0	52	54	41	41
Slovak Republic	14	14	0	0	14	14	47	65
Slovenia	22	15	0	0	22	15	4	4
Spain	124	124	0	0	124	124	7	5
Sweden	375	371	9	8	384	379	25	22
<b>TOTAL</b>	<b>3,198</b>	<b>3,114</b>	<b>79</b>	<b>67</b>	<b>3,277</b>	<b>3,181</b>	<b>841</b>	<b>818</b>

In addition, in 2023 there were 52 (2024: 46) issuers preparing non-consolidated IFRS financial statements with the ESEF format (iXBRL markups being provided on a voluntary basis). Given the voluntary nature of the markups in such filings, these were excluded from the calculation of ratios in this report.

<sup>71</sup> The complete information was not reported to ESMA.

#### 4.4.2 Number of examinations AFRs in ESEF per EEA country

Country	Filing Exams					Markup Exams (iXBRL AFRs only)		
	Total Filing Exam.	Issuers preparing iXBRL format AFRs, with markups		Issuers preparing XHTML-only format AFRs, no markups		Total Markup Exam.	Desktop	Interactive
		Desktop	Interactive	Desktop	Interactive			
Austria	87	76		11		15	15	
Belgium	115	90	10	13	2	9		9
Bulgaria	283	130		153		130	130	
Croatia	81	80	1			81	79	2
Cyprus	55	44		11		11	9	2
Czechia	78	27		49	2			
Denmark	14	12	2			15	12	3
Estonia	31	24		7		3	3	
Finland								
France	358	323		35		65	47	18
Germany	376	359		17		32		32
Greece	133	105		28				
Hungary	53	39		14		5	5	
Iceland								
Ireland						9	4	5
Italy	217	204	3	10		41	30	11
Latvia	16	9		7		4	4	
Lithuania	29	24		5		1	1	
Luxembourg	111	37	16	55	3	17	12	5
Malta	9	4	5			6	2	4
Netherlands	169	128		41		25	25	
Norway	264	36		228				
Poland	394	300		93	1	28	18	10
Portugal	44	40		4				
Romania	15	5	6	2	2			
Slovak Republic	17	17				17	17	
Slovenia	23	19		4		19	18	1
Spain	131	102	22	6	1	124	105	19
Sweden						59	57	2
<b>TOTAL</b>	<b>3,103</b>	<b>2,234</b>	<b>65</b>	<b>793</b>	<b>11</b>	<b>716</b>	<b>593</b>	<b>123</b>

#### 4.4.3 Number of issuers filing an ESEF AFR for which action was taken per EEA country

##### Notes on the data

###### Scope

The table below lists the number of issuers for whom enforcers took action during 2024. The purpose of the table is to show how many issuers were subject to an enforcement action in 2024 (rather than to show how many individual actions were taken). Therefore, if more than one action was taken for the same issuer, only the most severe action is counted. Note that in addition to formal enforcement actions, enforcers also took a large number of other measures (such as recommendations to issuers on areas of improvement for future ESEF filings) to improve the overall data quality and useability of ESEF filings.

### Comparability

The comparability of the data is restricted by the fact that the use of actions is not fully harmonised in the EEA, *inter alia* because the legal powers of individual enforcers to use specific actions differ based on national law. Empty cells indicate either that the enforcer chose not to take such type of action taking into account facts and circumstances or that the national legislation does not foresee that such action can be taken.

Country	Actions on Filing examinations			Actions on Markup examinations (iXBRL format AFRs only)
	Total Filing Exam Actions <sup>72</sup>	XHTML-only format AFRs, no markups	iXBRL format AFRs, with markups	
Austria	6		6	15
Belgium	5	1	4	9
Bulgaria	26	16	10	
Croatia	1		1	
Cyprus				1
Czechia	2	2		
Denmark				
Estonia				
Finland				
France	101	8	93	14
Germany				1
Greece				
Hungary	1		1	
Iceland				
Ireland				2
Italy	3		3	11
Latvia				
Lithuania				1
Luxembourg	13	3	10	3
Malta				3
Netherlands	47	1	46	
Norway	5	2	3	
Poland	5	1	4	5
Portugal				
Romania	1	1		
Slovak Republic				
Slovenia	1	1		1
Spain	5		5	4
Sweden				2
<b>TOTAL</b>	<b>222</b>	<b>36</b>	<b>186</b>	<b>72</b>

<sup>72</sup> The majority of enforcement actions with respect to filing examinations related to the late publication of the ESEF AFR and to whether the entire annual financial report was provided in XHTML format or not (see [section 2.1.1 Filing Examinations](#)).

## Abbreviations and acronyms

AFR	Annual Financial Report
APM	Alternative Performance Measure
CGU	Cash Generating Unit
CO <sub>2</sub>	Carbon Dioxide
CSRD	Corporate Sustainability Reporting Directive
ECEP	European Common Enforcement Priorities
ECL	Expected Credit Loss
ED	Exposure Draft
EEA	European Economic Area
FRWG (EECS)	Financial Reporting Working Group - European Enforcers Coordination Sessions
EFRAG TEG	EFRAG Technical Expert Group
Enforcement	Examining the compliance of financial and non-financial information with the relevant reporting frameworks, as well as the format of the AFR with the relevant requirements set out in the ESEF RTS, and taking appropriate measures where infringements are discovered during the enforcement process
Enforcers	National Enforcers in the European Economic Area, used interchangeably with National Competent Authorities (NCAs) for the purposes of this report
ESEF	European Single Electronic Format
ESEF PT	ESEF Project Team
ESRS	European Sustainability Reporting Standards
ESG	Environmental, Social and Governance
ESMA	European Securities and Market Authority
EU	European Union
FV	Fair Value
GAAP	Generally Accepted Accounting Principles
GHG	Greenhouse Gas
GLEFI	Guidelines on Enforcement of Financial Information
GLES I	Guidelines on the Enforcement of Sustainability Information
GRI	Global Reporting Initiative
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ISC	Issuers Standing Committee
IFRS	International Financial Reporting Standards
IFRS IC	International Financial Reporting Standards Interpretations Committee
IOSCO	International Organization of Securities Commissions
IPO	Initial Public Offering
ISSB	International Sustainability Standards Board
Issuer	Legal entity whose securities are admitted to trading on EEA regulated markets
iXBRL	Inline eXtensible Business Reporting Language
KPI	Key Performance Indicator
MAR	Market Abuse Regulation
NCA	National Competent Authority, used interchangeably with enforcers for the purposes of this report
NFI	Non-financial information
OAM	Officially Appointed Mechanisms
OCI	Other Comprehensive Income
PPA	Power Purchase Agreement
Q&A	Questions and Answers
RTS	Regulatory Technical Standards
SRWG	Sustainability Reporting Working Group
Supervision	Broader oversight and monitoring of an issuer's corporate reporting by regulatory authorities, including enforcement activities
TCFD	Task Force on Climate-related Financial Disclosures
XHTML	Extensible HyperText Markup Language

## Legislative references

Accounting Directive	Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (as amended)
Audit Directive	Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC
Audit Regulation	Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC
Corporate Sustainability Reporting Directive (CSRD)	Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting
ESEF Regulation	Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (as amended)
ESMA Regulation	Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (as amended)
IAS Regulation	Regulation (EC) No 1606/2002 of 19 July 2002 of the European Parliament and of the Council on the application of International Accounting Standards
Market Abuse Regulation	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation)
Non-Financial Reporting Directive / NFRD	Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (as amended)
Sustainable Finance Disclosure Regulation / SFDR	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector
Taxonomy Regulation	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088
Transparency Directive	Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (as amended)