

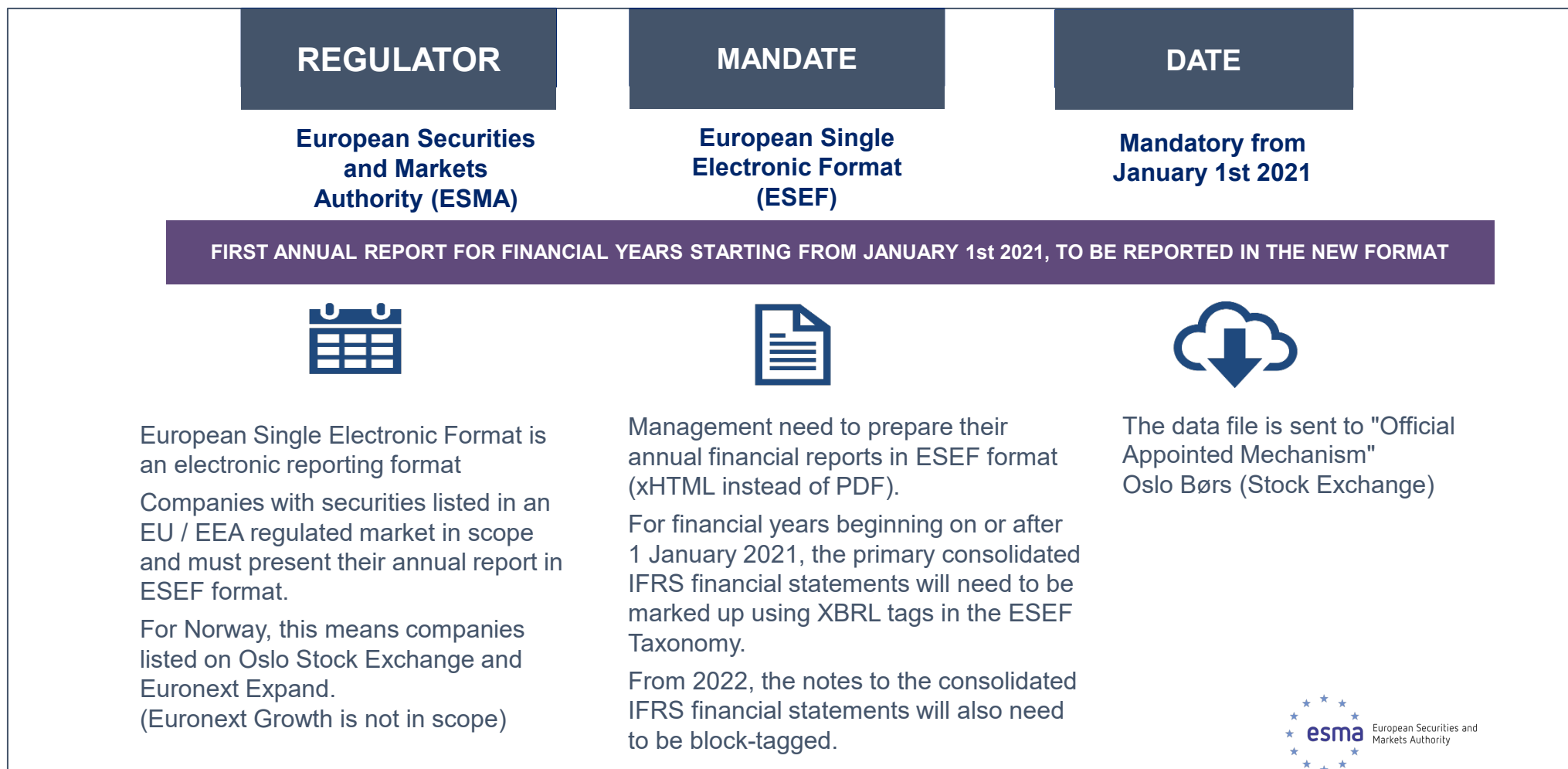
European Single Reporting Format (ESEF)

Anfinn Fardal

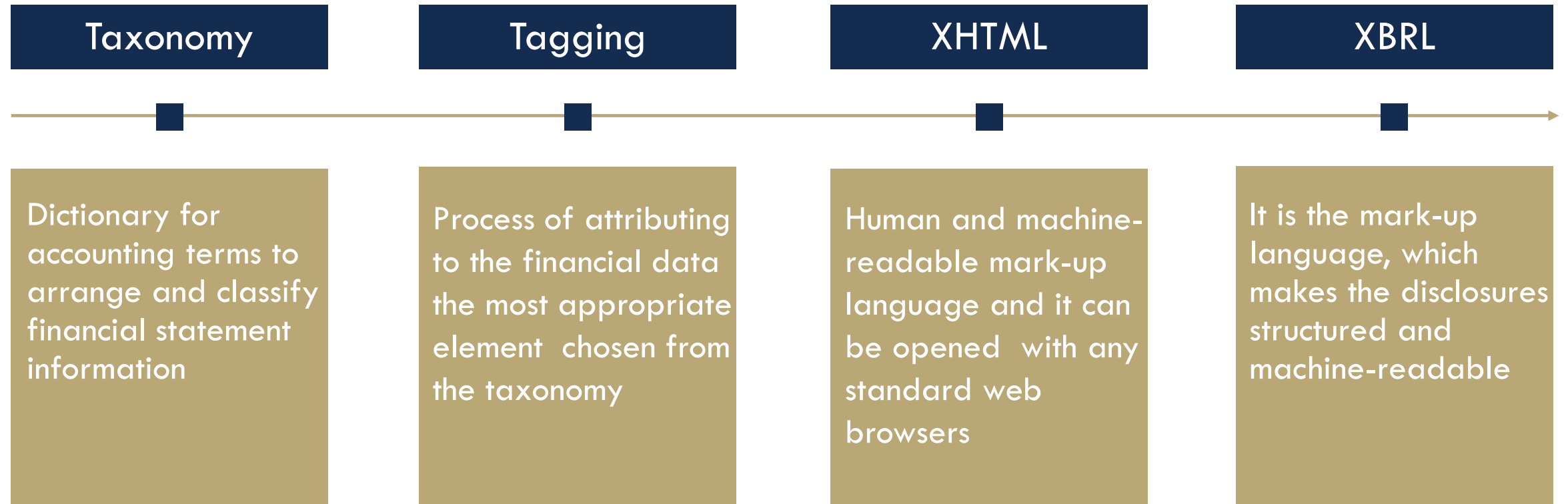
20 January 2022

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What is ESEF?



The terminology...



Characteristics of ESEF

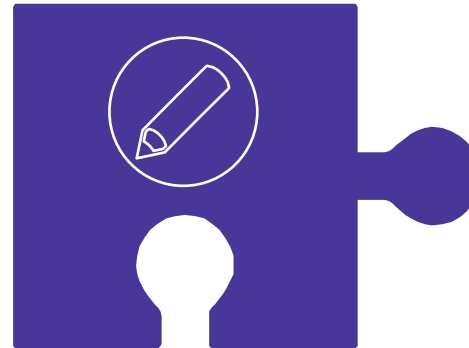
ESEF stands for European Single Electronic Format

Characteristics
are:

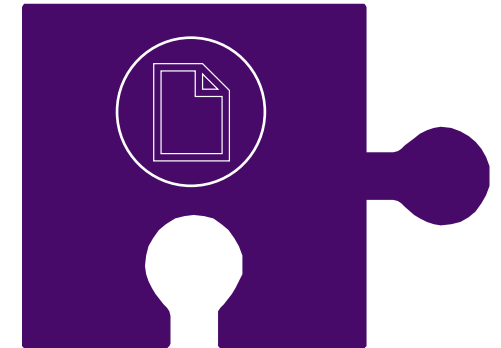


Issuers shall prepare their annual financial reports (management report, financial statements, disclosures, other information) in **XHTML format**

A PDF is considered as an
unofficial copy



Where annual financial reports include IFRS consolidated financial statements, issuers shall **mark up** those consolidated financial statements based on **IFRS XBRL taxonomy**



Issuers shall submit the Inline XBRL instance document and the issuer's extension taxonomy files as a **single reporting package** (a .zip-file)

Why did ESMA feel the need for ESEF?



- ESEF is a key step towards EU's stated ambition for a Single Digital Market, fit for the information age, and to keep up with the rest of the world.
- This can only be done by removal of national markets' regulatory barriers to achieving an EU-wide harmonization of laws and processes.
- Included as part of this broader action plan is indeed the digitization of EU listed companies' financial information through a common structured electronic format, a milestone that was long in coming considering how digital reporting is an increasing trend both within Europe and globally.



What does ESEF aim to achieve for various stakeholders?

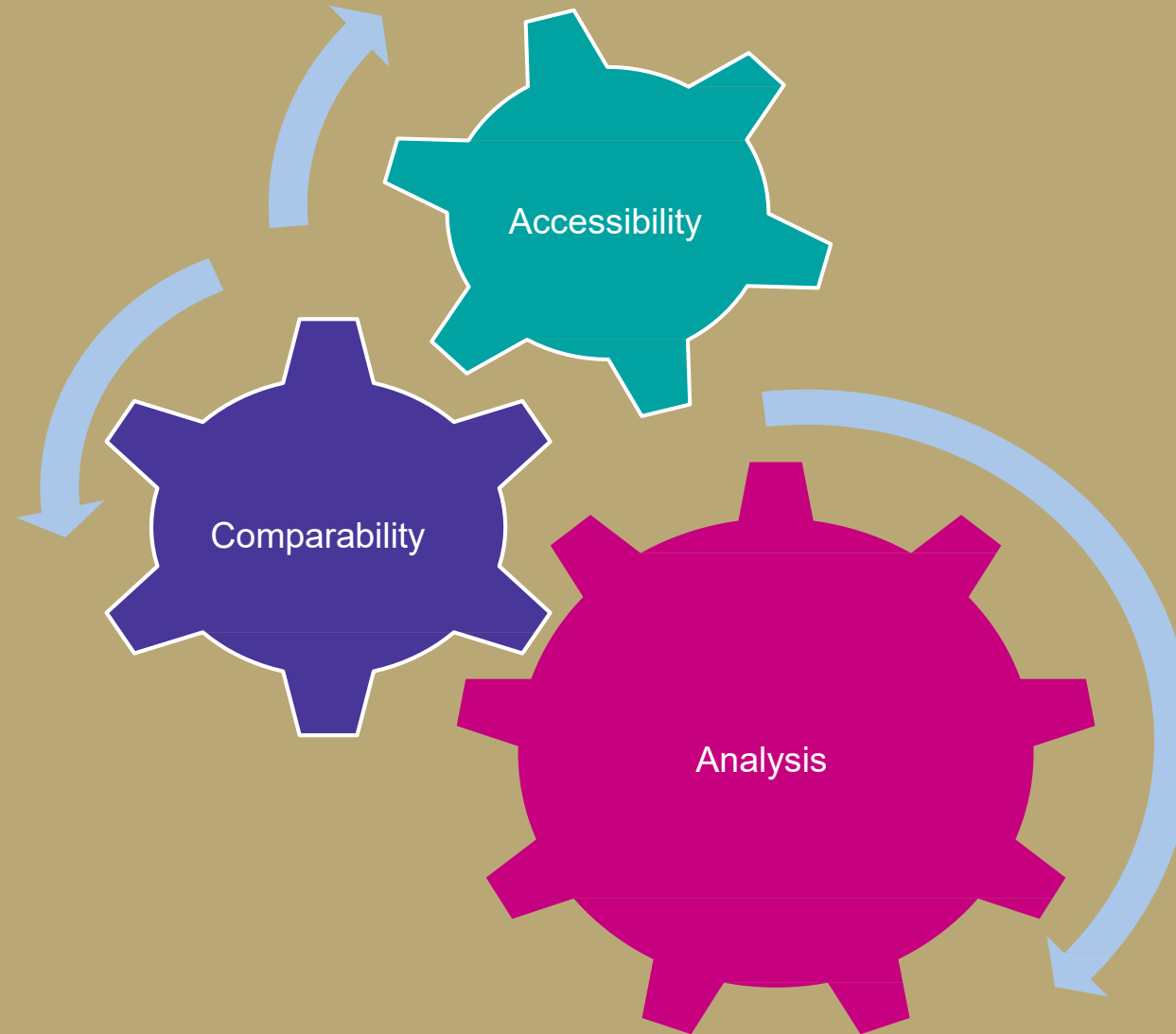


Shareholders

Analysts

Investors

Regulators



Beyond numbers...

- EU's enhanced focus on ESG has been making headlines everywhere!
- New directive: Corporate Sustainability Reporting Directive (CSRD) is a game-changer in the making. Proposed by the European Commission on April 21, 2021, the CSRD aims to widen the scope of the sustainability reporting mechanism currently in force in the EU — the Non-Financial Reporting Directive.
- The NFRD, which was introduced in 2018, is limited in coverage, applying to only around 11,000 EU companies. The CSRD regime is set to widen the coverage to roughly 50,000 companies.
- The CSRD will kick in from the 2023 financial year, with the first set of sustainability reporting standards being available from mid-2022. A second set of standards will be made available in 2024..
- The Global Reporting Initiative and the European Financial Reporting Advisory Group (EFRAG) have recently tied up to construct new EU sustainability reporting standards.
- **Companies are required to furnish sustainability information in the digital xHTML format and include it in their management report. The reporting will be in accordance with the European Single Electronic Format (ESEF) regulation.**

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