

04 April 2024

## ESMA Publishes its 2023 Corporate Reporting Enforcement and Regulatory Activities Report

### 1.0 Background

The [2023 Corporate Reporting Enforcement and Regulatory Activities Report](#)<sup>1</sup> (hereinafter referred to as the "Report") was published by the European Securities and Markets Authority ("ESMA") on 26 March 2024.

The Report addresses national enforcers' actions within the European Economic Area ("EEA") in reviewing the adherence of financial, non-financial, and electronic format information, provided by issuers listed on regulated markets, to the relevant reporting requirements throughout 2023.

### 2.0 Key Figures

In this section, a summary extract of the activities outlined by ESMA can be referred as follows:

#### Enforcement of Financial Reporting

**703 examinations** were conducted on financial statements prepared under International Financial Reporting Standards ("IFRS"), encompassing around **17%** of companies listed on EU-regulated markets. These reviews resulted in enforcement actions taken against **250 companies**, constituting an action rate of **37%** based on the sample of issuers selected for examination. Similar to previous instances, the majority of deficiencies were found in accounting for financial instruments, impairment of non-financial assets, presentation of financial statements, and revenue recognition.

#### Enforcement of Alternative Performance Measures ("APMs") Reporting

**477 management reports** were examined to evaluate adherence to [ESMA's APM Guidelines](#)<sup>2</sup> regarding the presentation and disclosure of APMs, encompassing **12%** of all IFRS-listed Issuers in the EU. From these assessments, enforcement actions were enforced

<sup>1</sup> ESMA Report, 2023 Corporate reporting enforcement and regulatory activities, ESMA32-193237008-8269, dated 26 March 2024.

<sup>2</sup> ESMA Final Report, ESMA Guidelines on Alternative Performance Measures, ESMA/2015/1057, dated 30 June 2015.

against **87 issuers**, resulting in an action rate of **18%**. The enforcement actions related to improving disclosure of definitions, reconciliations, and explanations regarding the use of APMs (APMs Reporting).

#### Enforcement of Non-Financial Reporting

European enforcers reviewed the non-financial statements, and disclosures therein, of **389 issuers**, which constitutes **17%** of the estimated total number of issuers required to publish such statements. Enforcement actions were taken against **91 issuers** as a result, reflecting an action rate of **23%**. The enforcement actions were taken to enhance the disclosures concerning non-financial KPIs, principal risks, and the descriptions of policies pursued, due diligence and outcome of those policies.

Furthermore, enforcers evaluated how thoroughly European issuers incorporated ESMA's guidelines on non-financial disclosures from the [2022 European Common Enforcement Priorities \("ECEP"\) Statement](#)<sup>3</sup> regarding climate matters, reporting scope and data quality, and taxonomy-related disclosures.

#### Enforcement of European Single Electronic Format ("ESEF") Reporting

**3,277 high-level examinations** were undertaken to assess issuers' compliance with ESEF requirements in their financial statements, covering **76%** of companies listed on EU-regulated markets. As a result, enforcement measures were initiated against **221 issuers**, representing an action rate of **7%**. Additionally, **1,483 detailed examinations** were conducted specifically focusing on ESEF requirements, reflecting an examination rate of **11%**. From these evaluations, **136 enforcement actions** were initiated, resulting in an action rate of **9%**. The enforcement actions pertained to erroneous file extensions, late publications of the ESEF annual financial report, correctness and completeness of tagging, and validations.

### 3.0 Next Steps

While issuers, auditors, and audit committees are encouraged to review the full Report, the Authority also emphasises ESMA's mention of the [2023 ECEP Statement](#)<sup>4</sup>, outlining the priorities for enforcement activities in 2024. In this regard, reference is made to the corresponding Circular issued by the Authority on [01 November 2023](#).

---

<sup>3</sup> ESMA Public Statement, European common enforcement priorities for 2022 annual financial reports, ESMA32-63-1320, dated 28 October 2022.

<sup>4</sup> ESMA Public Statement, European common enforcement priorities for 2023 annual financial reports, ESMA32-193237008-1793, dated 25 October 2023.

## 4.0 Contacts

Should you have any queries relating to the above, kindly contact the Authority on [transparency@mfsa.mt](mailto:transparency@mfsa.mt).