

31 July 2024

ESMA Publishes the Final Report on the Guidelines on Enforcement of Sustainability Information and a Public Statement on the First Application of the European Sustainability Reporting Standards

1.0 Background

On 05 July 2024, the European Securities and Markets Authority (“ESMA”) published the [Final Report on the Guidelines on Enforcement of Sustainability Information](#)¹ (“GLES”) to offer guidance and foster convergence in supervisory practices related to sustainability reporting.

Additionally, ESMA issued a [Public Statement regarding the initial implementation of the European Sustainability Reporting Standards](#)² (“ESRS”) to assist large issuers in navigating the learning curve associated with these new reporting requirements.

Both of these documents are intended to promote consistent application and supervision of sustainability disclosures.

2.0 Overview of the Final Report on GLES

The Corporate Sustainability Reporting Directive (“CSRD”) broadens the range of companies obligated to report sustainability data and mandates the European Commission to implement mandatory ESRS through delegated acts. To ensure consistent oversight of sustainability reporting by issuers under the Transparency Directive, the CSRD directs ESMA to develop guidelines on supervising sustainability reporting by competent authorities in Member States.

As referenced in the [Authority’s Circular dated 18 December 2023](#)³, ESMA released a consultation paper on the draft GLES to outline its rationale and seek input from

¹ ESMA32-992851010-1600 Final Report dated 05 July 2024, titled: “Guidelines on Enforcement of Sustainability Information”.

² ESMA32-992851010-1597 Public Statement dated 05 July 2024, titled: “Off to a good start: first application of ESRS by large issuers”.

³ Authority’s circular dated 18 December 2023, titled: “ESMA Consultation on the Draft Guidelines on Enforcement of Sustainability Information (“GLES”)”.

stakeholders until 15 March 2024. During this period, ESMA received 15 responses and considered feedback from both the European Environment Agency (“EEA”) and the European Union Agency for Fundamental Rights (“FRA”). The Final Report summarises this feedback and includes explanations on how it was incorporated into the final version.

The GLESI are applicable to all competent authorities responsible for supervising sustainability information under Article 24(4) of the Transparency Directive, pertaining to Issuers listed on an EU regulated market. This supervision aligns with Articles 19a, 29a, and 29d of the Accounting Directive⁴, the ESRS, Article 8 of the Taxonomy Regulation, and the associated Disclosures Delegated Act⁵.

In this regard, the GLESI consist of 22 guidelines grouped into **six main areas**:

1. Basic concepts;
2. Enforcers’ internal organisation;
3. Selection;
4. Examination;
5. Enforcement actions; and
6. European coordination.

Member State competent authorities are required to endeavour to comply with the GLESI and notify ESMA of their compliance status accordingly.

3.0 Overview of the ESRS Public Statement

ESMA has issued a Public Statement regarding the initial application of the ESRS (hereinafter also referred to as the “ESRS Public Statement”). This statement is aimed at large, listed issuers and does not cover the reporting requirements under Article 8 of the Taxonomy Regulation.

ESMA urges members of issuers’ administrative, management, and supervisory bodies, along with those providing assurance on sustainability statements, to carefully consider the aspects highlighted in the ESRS Public Statement when adhering to the new reporting requirements. In this respect, specific reference is made to the crucial oversight role of the audit and other relevant committees towards sustainability reporting.

⁴ 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, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, OJ L 182, 29.6.2013, p. 19–76.

⁵ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities and specifying the methodology to comply with that disclosure obligation, OJ L 443, 10.12.2021, p. 9–67.

Moreover, in the ESRS Public Statement, ESMA urges issuers to refer to the **guidance materials** provided by the European Commission ("EC") and EFRAG when preparing their sustainability statements, as these resources offer practical insights and examples for application of the ESRS. For ease of reference, some of the relevant guidance material is listed below:

- The EC has released a [publication of frequently asked questions related to the adoption of the ESRS Set 1](#);
- EFRAG has published three Implementation Guidance documents⁶, as mentioned in the [Authority's Circular dated 18 June 2024](#)⁷;
- EFRAG offers an [online platform](#) for collecting technical questions regarding the implementation of the ESRS; and
- A [compilation of explanations to technical questions](#) submitted on EFRAG's online platform has also been published.

Additionally, ESMA emphasises that these guidance materials also serve as a crucial resource for ongoing internal training of the issuers' relevant staff.

In the ESRS Public Statement, ESMA also refers to the 2025 sustainability statements as a **significant milestone in the issuers' learning curve**. Although the time required to progress on this learning curve may vary based on entity-specific factors, ESMA advises issuers to pay close attention to the specific areas outlined below during this transition:

1. Establishing governance arrangements and internal controls that can promote high-quality sustainability reporting;
2. Properly designing and conducting the double materiality assessment and being transparent about it;
3. Being transparent about the use of transitional reliefs;
4. Preparing a clearly structured and digitisation-ready sustainability statement; and
5. Creating connectivity between financial and sustainability information.

4.0 Next Steps

The GLESI will undergo translation into all official EU languages and will be made available on ESMA's website. Once translated, Member State competent authorities will have a two-month period to inform ESMA of their compliance status.

Regarding the ESRS Public Statement, ESMA will issue recommendations in Q4 concerning the sustainability statements of listed companies in its Public Statement on the 2024 European Common Enforcement Priorities.

⁶ The final IG 1, IG 2 and IG 3 documents are available in the following link: [News - EFRAG](#)

⁷ Authority's circular dated 18 June 2024, titled, "EFRAG Publishes Three Implementation Guidance Documents on ESRS and New ESRS Q&A Technical Explanations."

In the interim, the Authority is relaying ESMA's key messages as referred to in this Circular, also as part of the Authority's continuous effort to support listed entities, including by raising awareness, providing informative guidance, and holding supervisory meetings with the relevant issuers. Whilst it is understood that further information on the status of the national transposition of the CSRD will be provided in due course, the Authority is doing its utmost to assist the respective listed entities⁸ to report in accordance with the CSRD in the publications due in 2025.

5.0 Contacts

Should you have any queries relating to the above, kindly contact the Authority on transparency@mfsa.mt.

⁸ Issuers previously subject to the Non-Financial Reporting Directive, including third-country entities with securities listed on EU regulated markets, that are large undertakings exceeding an average number of 500 employees during the financial year, as well as issuers that are parent undertakings of a large group exceeding, on a consolidated basis, an average number of 500 employees during the financial year.