

Name of the organization: Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)

Type of stakeholder: Other (please specify)

Please specify: The Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany, Incorporated Association] (IDW) is a privately run registered association established to promote and support the work of both individual Wirtschaftsprüfer [German Public Auditors] and Wirtschaftsprüfungsgesellschaften [German Public Audit firms], to offer training and further education and to represent the interests of the auditing profession. In Germany, the German generally accepted principles for the audit of financial statements (GoA) are established by the IDW. However, the IDW was established on a voluntary basis rather than having been established under German law. Accordingly, membership of the idw is also voluntary for auditors. Voluntary members of the IDW are bound by the IDW pronouncements. Professionals who are not members of the IDW are not obliged to comply with IDW pronouncements. In Germany, around 80% of auditors are members of the IDW.

Country: Germany

Q1:

We have no comments on this question.

Q2:

We have no comments on this question.

Q3:

We have no comments on this question.

Q4:

We have no comments on this question.

Q5a:

We have no comments on this question.

Q5b:

In our opinion, when tagging elements that are comprised of several sub-statements the use of Boolean yes/no constants can be problematic or unfeasible when not all of these sub-statements can be assigned "yes" or "no", but instead at least one sub-statement has to be assigned "yes" and at least one sub-statement has to be assigned "no". We also consider it problematic that the taxonomy forces the use of Boolean yes/no constants in those instances where the original reporting requirements of the ESRS do not require the reporting entity to make a yes/no or 0/1 decision on a specific data point. A requirement for the entity to make such a binary decision should be clearly defined by the ESRS themselves and not by the taxonomy. In our opinion, the tagging ought not to lead to the tagged elements containing more information than the sustainability reporting in the

conventional (print) format. Electronic tagging should be a pure transformation process from one format to another and it should not be allowed to alter the quantity and meaningfulness of information.

Q6a:

We have no comments on this question.

Q6b:

We have no comments on this question.

Q7:

We have no comments on this question.

Q8:

We have no comments on this question.

Q9:

We are aware that proposing or developing rules as to when which (reportable) ESRS data points must be marked up electronically and at what level of granularity is outside of EFRAG's remit and competence. Rather, when developing a draft taxonomy, EFRAG has to assume that, from the beginning, all reportable data points are to be marked up at the highest possible level of granularity for the first financial year for which an entity is required to prepare a sustainability report in accordance with the CSRD and the ESRS. Decisions concerning the weakening of any requirements concerning the electronic tagging of sustainability reporting in the first few years (phase-in) fall under the responsibility of ESMA and ultimately the EU legislator as part of an amendment to the ESEF Regulation. Nevertheless, based on our observations of the challenges reporting entities faced when introducing electronic financial reporting (notwithstanding that the ESEF Regulation established phased-in implementation whereby initially, only the primary financial statements had to be marked-up and not until two years later were they required to mark-up the notes to the financial statements), we encourage, already at this stage of the consultation, EFRAG to strongly suggest to ESMA that a phase-in should also be permitted for the electronic tagging of sustainability reporting as part of the development of an RTS to amend the ESEF Regulation. For example, for the first two years of sustainability reporting, only a requirement for a Level 1 tag with a subsequent requirement to tag Levels 2 and 3, i.e. increasing the granularity of the tagging over time.