CNMV
Comisión Nacional del Mercado de Valores

Report on the CNMV's supervision of non-financial information and main enforcement priorities for the following financial year

2023

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Introduction

This report describes the most relevant aspects of the supervisory activities carried out by the CNMV in 2024 on the non-financial information statements (NFIS, SR or sustainability reports) for 2023 of issuers of securities admitted to trading on regulated markets in the European Union (EU), when Spain is the home Member State (the "issuers" or "entities"). In addition, it identifies areas for improvement that issuers must consider in order to improve the quality of the non-financial information (the "non-financial information" or "sustainability-related information") they provide to the market.

The NFIS forms part of the management report and, therefore, of the annual financial report that must be prepared and published by issuers. The annual report is subject to the supervisory authority of the CNMV, in order to reinforce confidence in the quality of information published by issuers.

The supervision carried out by the CNMV on the content of issuers' annual accounts is described in detail in a separate report.[1]

Additionally, it should be noted that in October 2024, the CNMV published its *Report on Disclosures Relating to the European Taxonomy for Financial Institutions,*[2] which analyses the information relating to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) provided by these issuers in their NFIS for financial year 2023 (2023 NFIS).

To help with the reading of this report, a glossary of acronyms is included as Annex 2.

Some of the main chapters of the report are summarised below. However, in the case of securities issuers obliged to prepare an NFIS and their verifiers, we recommend reading the entire document.

1 https://www.cnmv.es/portal/publicaciones/publicacionesgn?id=20&lang=en
2 https://www.cnmv.es/DocPortal/Publicaciones/OTROS/TaxonomyReport2023enen.pdf

Executive summary

Regulatory changes in sustainability-related reporting

The regulatory changes applicable to the 2023 NFIS refer to new disclosures related to the taxonomy of sustainable activities. For the first time, financial institutions were obliged to report alignment indicators together with climate objectives. In addition, both financial and non-financial institutions disclosed their degree of eligibility with new activities linked to the two climate objectives and to the other four environmental objectives.

In relation to upcoming legislation to be implemented in Spain, it is important to highlight the Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD), which replaces the Non-Financial Reporting Directive 2014/95 (NFRD) and establishes the European Sustainability Reporting Standards (ESRS) as a unified framework.

This CSRD Directive came into effect on 5 January 2023. However, on the date of this report it was not yet transposed in Spain, due to which issuers obliged to publish an NFIS or sustainability report for 2024 will have to continue doing so under Law 11/2018.

In this context, the CNMV and the Institute of Accounting and Accounts Auditing Institute (ICAC) issued a joint announcement, in the event that the transposition was not completed by 31 December 2024, as was the case, recommending issuers to disclose their sustainability information for 2024 in accordance with the CSRD and ESRS standards, provided that they could guarantee the reliability and relevance of the information, in order to ensure the comparability of the information with that of other EU issuers and considering, however, the disclosures required by Law 11/2018 not envisaged in the ESRS.

On 26 February 2025, the European Commission announced the adoption of a new package of proposals aimed at simplifying regulations and reducing the administrative burden by at least 25% for companies and 35% for SMEs under the Omnibus Project. Relevant changes are proposed with respect to the CSRD Directive, among others, relative to the scope of reporting entities or the degree of security in the verification, which include reviewing the first set of ESRS standards and eliminating the establishment of sector-specific standards.

On 5 July 2024, the European Securities and Markets Authority (ESMA) published the Guidelines on Enforcement of Sustainability Information (GLESI).

Verification of the non-financial information statements

Of the 124 issuers that submitted consolidated accounts for the 2023 financial year, 99 were obliged to include the NFIS in their management report (80% of the total) and, of these, 85 were obliged to include taxonomy information.

Almost all the reports were subject to limited review which, in most cases, was carried out in accordance with the requirements established in the revised ISAE 3000 review standard, considering the clarifications in the guidelines of the Spanish Institute of Chartered Accountants (ICJCE), although in some specific cases they included additional scope.

The verifiers that followed the aforementioned guidelines only verified the information required by law, identified in a summary table. The CNMV stresses the importance that both verified and unverified information be accurately identified and traceable, and of having an adequate internal control over sustainability reporting system (ICSR).

Only one issuer presented qualifications in the NFIS verification report. In 81% of cases, the verifier was one of the "big four" in Spain: Deloitte, EY, KPMG and PwC.

As in previous financial years, the reference framework most commonly used by issuers was the Global Reporting Initiative (GRI).

Supervision of non-financial information

The CNMV's supervisory work on NFIS follows a similar approach to its supervision of financial information: i) a formal review of compliance with presentation requirements, the content of the verifier's report and other specific aspects; and ii) a substantive review of a specific number of companies, focused mainly on the enforcement priorities issued by ESMA and the CNMV, and on the material aspects of each entity.

In 2024, the 2023 NFIS of 17 issuers were subject to substantive review, in addition to the other four entities in the context of their potential initial public offering (IPO).

In this regard, additional information was requested from 17 entities and recommendations were made to 15, for consideration in future sustainability reports.

The main aspects required or recommended were as follows: i) disclosures relating to Article 8 of the Taxonomy Regulation; ii) climate-related matters, such as risks and opportunities, carbon footprint and related objectives; iii) description of the strategy, the business model and participation of third parties in the issuer's value chain, including the identification of the material impacts, risks and opportunities posed by non-financial matters; iv) disclosures of the process followed to assess materiality and its results; and v) the scope considered, its exclusions and the inclusion of the value chain; vi) disclosures on the evolution of indicators (KPI) with respect to previous financial years and to the targets set; and vii) consistency between the content of the IFRS financial statements and the NFIS, and within the NFIS itself.

In most cases, the explanations provided by issuers in response to the CNMV's requests satisfactorily completed the disclosures required by law or recommended by ESMA and the CNMV in their enforcement priorities. However, there is still room for improvement, as described below.

In this regard, the CNMV wishes to draw attention to several aspects that could be improved in the NFIS in future sustainability reports:

Strategy, business model and value chain

An adequate description of the entity's business model and the value chain is essential as a basis to understand its exposure to impacts, risks and opportunities (IRO) with respect to sustainability issues and, thus, put the rest of the NFIS information in context.

There continues to be room for improvement in the description of issuers' activity and that of the significant stakeholders that participate in the different phases of the value chain. The adequate identification and description of IROs arising from both treasury share transactions and the activities of other value chain participants. These disclosures must be consistent with the information included in the notes to their annual accounts and with the NFIS.

Materiality

Materiality analysis is the cornerstone for determining which information is relevant for stakeholders and preventing the omission of material information. For this reason, this analysis must be adequately disclosed in the NFIS as a basis to facilitate understanding of the rest of the report, with which it must be consistent.

Issuers must improve their explanations on the process followed to assess materiality – which must take the double materiality perspective into account –, specify its time horizon and clearly identify the results of the analysis – which must be consistent with the analysis of risks and impacts and with the breakdowns in the report.

Scope

The general scope must be consistent with all the information included in the NFIS, indicating those cases where there may be exceptions, which must be adequately explained and justified, in addition to providing a measure of the relevance of excluded information. Issuers must also indicate whether the scope is homogeneous with that of the comparative period.

Issuers must indicate whether the scope of the NFIS is consistent with that used in the financial information and whether it also includes, and to what extent, some aspects of the value chain.

Key performance indicators (KPI) or parameters

To monitor the effectiveness of their policies and actions in the management of IROs of relative importance, entities establish associated parameters and targets, which they must disclose in their sustainability reports.

It is a key cross-cutting issue. From a general perspective, the main aspects that are susceptible of improvement in the KPIs were those relative to the explanations on their evolution and their relationship with the targets set.

Climate-related matters and other environmental issues

Climate-related matters were, once again, an enforcement priority in the 2023 NFIS, highlighting the importance of disclosures relative to the carbon footprint and climate-related targets, metrics and progress.

The aspects that should be improved include the disclosure of risks and opportunities of relative importance related to climate change in the short, medium and long term, and their potential financial impacts.

As regards disclosures on the carbon footprint, issuers are reminded of the importance of improving those relative to Scope 3 greenhouse gas (GHG) emissions, total and segmented, mainly by the significant activities that generate them (e.g. differentiating between the 15 categories established by the GHG Protocol). Issuers must explain whether they have used estimates and the limitations in calculating them, providing, at least, qualitative information on the most relevant categories, taking into account their business model and the expected actions and planned schedule for data availability.

Some conclusions drawn from the Scope 1, 2 and 3 emission data provided by the 99 issuers that submitted the 2023 NFIS are included and show that there is still a considerable number of companies which have not fully disclosed their Scope 3 GHG emissions.

Issuers must put more effort into setting climate-related targets, their description and degree of attainment. Targets are more useful when they are measurable and time-bound. They must be linked to the entity's strategy and policies, for example, through the establishment of climate transition plans. A particularly relevant area of disclosure related to the mitigation of climate change is the disclosure of GHG emission reduction targets.

The CNMV stresses the importance of ensuring consistency between the climate-related information included in the NFIS and in the IFRS financial statements, and between that contained the different sections of the NFIS.

Disclosures relating to Article 8 of the Taxonomy Regulation

These disclosures have once again been a priority for ESMA and the CNMV in the 2023 NFIS, considering that financial entities submitted, for the first time, climate objective alignment indicators and that both financial and non-financial institutions provided, for the first time, the eligibility of new activities linked to the two climate objectives and the other four environmental objectives, established by two delegated regulations in 2023.

Due to its novelty and relevance, in October 2024, the CNMV published its *Report on European Taxonomy Disclosures of Financial Institutions*, which analyses the information provided by these issuers in the 2023 NFIS.

It was observed that taxonomy-related disclosures have ample room for improvement, as evidenced by the fact that they have generated the most actions by the CNMV.

The CNMV considers it relevant to remember that issuers obliged to report taxonomy information must: i) use the templates established in the delegated acts, which are mandatory; ii) improve the disclosures of qualitative information that accompany the templates, clearly explaining the nature of the eligible activities and how they have evaluated their compliance with the technical selection criteria of aligned activities, the interpretation of the indicators obtained and changes with respect to previous periods, explaining any change in criteria, where appropriate, in the calculation of the KPIs, in addition to the CapEx plans aimed at increasing aligned activities; iii) detail the concepts included in the denominator of the turnover, CapEx and OpEx KPIs, explain how the concepts assigned to the numerator are determined and reconcile the denominators to the figures of the financial statements; and iv) explain how they have avoided double accounting, in the event that they contribute to more than one objective.

Social and governance

The CNMV's actions related to the other thematic matters have been included under this heading, which in future ESRS are included in the social and governance standards. They focused mainly on the following matters:

– The **gender pay gap**, particularly in the disclosures of the methodology used to calculate the KPIs and their segmentation, to facilitate their understanding.

– The need for issuers to be more specific in the assessment of **risks of violation of human rights and of corruption and bribery**, taking into account their activities and the countries where they take place, indicating whether it also extends to the value chain and providing more information on internal control procedures.

– Improve the disclosures on the **whistleblowing channel**, particularly its characteristics and management procedures, and in the explanations of their findings. The CNMV reminds issuers that they should not confine themselves to this channel, but should also provide information on violations reported and resolved through **other channels**, whether internally within entities, through the courts or through other administrative procedures, whether through reports received from international organisations or other external channels.

2024 NFIS enforcement plan

It should be noted, due to its relevance, that in October 2024 ESMA published its common enforcement priorities for the 2024 non-financial information statements, which refer to: i) matters relating to materiality in ESRS reports; ii) scope and structure of the sustainability reports; and iii) disclosures relating to Article 8 of the Taxonomy Regulation.

In addition, ESMA reminds issuers of the importance of ensuring consistency between the financial information and sustainability information.

The CNMV also included the disclosures provided by issuers in relation to internal sustainability risk control and management systems as an additional priority for sustainability reporting.

Other specific issues that may be relevant for each issuer of securities subject to supervision by the CNMV will also be reviewed.

I Regulations on sustainability-related reporting

Regulations applicable to the 2023 NFIS

The obligation to prepare the NFIS was introduced for the first time in financial years starting on or after 1 January 2017. First, through Royal Decree-Law 18/2017, of 24 November, and, subsequently and to date, **Law 11/2018**, which adapted Spanish law to **Directive 2014/95/EU**, of 22 October, on non-financial information and diversity[3] (**NFRD** or Non-Financial Reporting Directive), which defines the content of the non-financial information and requires its verification by an independent service provider.

Taxonomy Regulation (EU) 2020/852,[4] together with **Delegated Regulations 2021/2139 (Climate Delegated Act or CDA)**[5] and **2021/2178 (Disclosures Delegated Act or DDA)**,[6] imposed the obligation of disclosing, in the 2021 NFIS the proportion of economic activities eligible for the climate change mitigation and adaptation objectives. After the 2022 NFIS, non-financial issuers also began to provide information on the taxonomy alignment indicators for these objectives.

Delegated Regulation (EU) 2022/1214[7] included nuclear energy and gas in the taxonomy, requiring the completion of specific templates linked to these activities, applicable after the 2022 NFIS.

Lastly, **Delegated Regulations 2023/2485**[8] **and 2023/2486**[9] expanded the scope of the eligible activities, applicable after the 2023 NFIS. The first included new activities (corresponding to the transport sector and the manufacturing industry) related to climate objectives, while the second addressed activities that contribute to the other four environmental objectives (sustainable use of water, circular economy, pollution prevention and protection of biodiversity).

This regulation was complemented by various **publications by the European Commission (EC)** aimed at clarifying the main concerns about the application and interpretation of the regulatory texts.

3 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0095
4 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32020R0852
5 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2139
6 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2178
7 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022R1214
8 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023R2485
9 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023R2486

Regulatory changes applicable to the 2023 NFIS

For the first time, financial institutions were obliged to report alignment indicators together with the climate objectives in the 2023 NFIS. In addition, both financial and non-financial institutions disclosed their degree of eligibility with new activities linked to the two climate objectives and to the other four environmental objectives.

Upcoming regulations

The main regulations that will be applicable in Spain are briefly described below:

CSRD Directive

On 5 January 2023, **Sustainability Reporting Directive (EU) 2022/2464**[10] **(CSRD)** entered into force, which replaces the NFRD Directive and must be transposed by the Member States into their national legislation by 6 July 2024. Under the CSRD, sustainability information must adhere to European sustainability reporting standards (**ESRS**) and be presented in a specific section of the management report.

The schedule established by the CSRD Directive specifies that reporting obligations will differ based on the type of company:

When?	Who?
In 2025 on financial year 2024	Large undertakings of public interest with more than 500 employees
In 2026 on financial year 2025	Other large undertakings (250+ employees or turnover of €50 million or total assets of €25 million)
In 2027 on financial year 2026	Listed SMEs* (except micro undertakings), small and non-complex credit institutions and captive insurance and reinsurance undertakings
In 2029 on financial year 2028	Non-European undertakings generating a turnover of €150 million in the EU and which have a subsidiary or branch in the EU that exceeds certain thresholds

* Each SME may opt for deferring the obligation and not reporting until financial year 2028 (publication in 2029).

In order to define which companies are considered large, the aforementioned thresholds were established taking into account the amendment made by Delegated Directive (EU) 2023/2775[11] to Directive 2013/34/EU,[12] currently being implemented. This change will enable some companies classified as "large" to be reclassified as "medium-sized", reducing their obligations and excluding them from the scope of the CSRD Directive.

10 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2464
11 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302775
12 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013L0034

Concept	Large undertakings	Medium-sized	Small	Micro undertakings
Total balance	> €25 million (previously €20 million)	< €25 million (previously €20 million)	< €5 million (previously €4 million)	< €450,000 (previously €350,000 million)
Turnover	> €50 million (previously €40 million)	< €50 million (previously €40 million)	< €10 million (previously €8 million)	< €900,000 (previously €700,000 million)
Average No. of employees	> 250 (unchanged)	< 250 (unchanged)	< 50 (unchanged)	< 10 (unchanged)

In Spain, the transposition of the CSRD is still ongoing at the time of publication of this Report. The Draft Law on Corporate Sustainability Information[13] was approved on 29 October 2024 and is currently being amended. Thus, issuers with more than 500 employees must continue to publish their 2024 NFIS in compliance with Law 11/2018, as they have done to date.

In this regard, the CNMV and the Spanish Accounting and Auditing Institute (ICAC) issued a joint statement[14] in November 2024 to guide the affected entities and their verifiers in the event that the legislative process was not completed by 31 December 2024, as was finally the case. Both organisations recommend that issuers with more than 500 employees present 2024 sustainability information in accordance with the CSRD and ESRS standards, thereby ensuring comparability at the European level, notwithstanding the inclusion of the disclosures required by Law 11/2018 not envisaged in the ESRS.

Lastly, in November 2024, the European Commission published a Frequently Asked Questions (FAQ) document in the *Official Journal of the European Union* (*OJEU*)[15] which clarifies the interpretation of the provisions for reporting sustainability information under the CSRD Directive and the first set of European sustainability reporting standards.

Sustainability Reporting Standards (ESRS)

The ESRS Standards constitute the technical framework supporting the implementation of the CSRD Directive. The first set of standards, adopted through Delegated Regulation (EU) 2023/2772 of the European Commission,[16] of 31 July, which will be mandatory after the CSRD Directive is transposed, extends to all entities, regardless of their sector of activity.

13 https://www.congreso.es/public_oficiales/L15/CONG/BOCG/A/BOCG-15-A-38-1.PDF
14 https://www.cnmv.es/DocPortal/Publicaciones/OTROS/Comunicado_ICAC_CNMV.pdf
15 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202406792
16 https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32023R2772

Cross-cutting standards	ESRS 1 General requirements
	ESRS 2 General disclosures
Thematic standards – Environment	ESRS E1 Climate change
	ESRS E2 Pollution
	ESRS E3 Water and marine resources
	ESRS E4 Biodiversity and ecosystems
	ESRS E5 Resources and circular economy
Thematic standards – Social	ESRS S1 Own workforce
	ESRS S2 Workers in the value chain
	ESRS S3 Affected communities
	ESRS S4 Customers and end-users
Thematic standards – Governance	ESRS G1 Business conduct

In this context of prioritising support to entities preparing their first sustainability report, in May 2024 the European Financial Reporting Advisory Group (EFRAG) published three guides[17] (IG or Implementation Guidance) aimed at facilitating the implementation of the standards: the first, on the assessment of materiality (IG 1); the second, focused on the value chain (IG 2), and the third, relative to the list of ESRS data points, together with their explanatory note (IG 3, which was modified on 20 January 2025). Additionally, in November 2024, the EFRAG submitted the Draft[18] Implementation Guidance 4 (IG4) "Transition Plan for Climate Change Mitigation", with the aim of helping companies in its implementation in accordance with the ESRS.

In addition, the EFRAG periodically collects and publishes answers[19] to questions on the implementation of the standards, received through its platform, some of which have been translated into Spanish by the ICAC and published on its website.[20]

Furthermore, in July 2024 ESMA issued a statement on the first application of the ESRS Standards: *Off to a good start: first application of ESRS by large issuers*[21] aimed at large issuers to guide them in their learning process. Previously, in July 2023, the European Commission published a Questions and Answers (Q&A) document[22] to clarify aspects related to the adoption of these standards.

17 https://www.efrag.org/en/projects/esrs-implementation-guidance-documents
18 https://www.efrag.org/system/files/sites/webpublishing/Meeting%20Documents/2410151235139050/04-02%20-%20Transition%20Plan%20IG%20V1.7.5.pdf
19 https://www.efrag.org/en/projects/esrs-implementation-guidance-documents
20 https://www.icac.gob.es/sostenibilidad/normativa
21 https://www.esma.europa.eu/sites/default/files/2024-07/ESMA32-992851010-1597_-_ESRS_Statement.pdf
22 Questions and Answers on the Adoption of European Sustainability Reporting Standards: https://ec.europa.eu/commission/presscorner/api/files/document/print/en/qanda_23_4043/QANDA_23_4043_EN.pdf

Interoperability with other frameworks

In May 2024, the EFRAG and the IFRS (International Financial Reporting Standards) Foundation published a guide[23] on interoperability between the ESRS and the standards of the International Sustainability Standards Board (ISSB), providing guidance for their joint implementation and highlighting key similarities and differences.

In November 2024, the GRI-ESRS Interoperability Index, a tool published in 2023 by the EFRAG and the Global Reporting Initiative (GRI) which establishes correspondences between both standards and facilitates the alignment of reports, was updated.

In June 2024, the EFRAG and the Taskforce on Nature-related Financial Disclosures (TNFD) published an analysis[24] that shows the high degree of alignment between the ESRS and the recommendations of the TNFD, helping companies identify similarities between the two frameworks.

During the COP (Conference of the Parties), in November 2024, the EFRAG and the Carbon Disclosure Project (CDP) organisation announced[25] broad interoperability between the CDP's questionnaire and the ESRS Standards, simplifying environmental reporting for companies.

Lastly, in January 2025, the EC and the EFRAG published a document[26] on the synergies between the ESRS and the EMAS (*Eco-Management and Audit Scheme*) environmental management system, highlighting how the environmental disclosure requirements of the ESRS can leverage data already available in the EMAS framework.

Standards for SMEs

The EFRAG has developed two sustainability reporting standards projects for SMEs: a simplified standard for listed SMEs, small banks and captive insurance undertakings (LSME or Listed Small and Medium-Sized Enterprises), aligned with the CSRD, and a voluntary standard for SMEs not subject to the CSRD (VSME or Voluntary Small and Medium-Sized Enterprises). Both were subject to public consultation in 2024.

The standard for listed SMEs is still under development, while the voluntary standards for unlisted SMEs[27] were submitted by the EFRAG to the EC on 17 December 2024.

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23 https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/ESRS-ISSB%20Standards%20Interoperability%20Guidance.pdf

24 https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/TNFD%20ESRS%20Correspondence%20mapping%20Final.pdf

25 https://www.efrag.org/sites/default/files/media/document/2024-11/Press%20Release_CDP-EFRAG%20Joint%20Announcement%20vers241112.pdf

26 https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/Understanding%20the%20synergies%20between%20ESRS%20and%20EMAS.pdf

27 https://www.efrag.org/en/projects/voluntary-reporting-standard-for-smes-vsme/concluded

Other CSRD requirements

Electronic format

The CSRD Directive requires that companies subject to its requirements submit their management report in electronic format, pursuant to Delegated Regulation 2019/815,[28] and digitally tag their sustainability information, including the disclosures relating to Article 8 of the Taxonomy Regulation.

On 30 August 2024, the EFRAG published the final version of the XBRL (eXtensible Business Reporting Language) taxonomy for the first set of ESRS standards and the disclosures relating to Article 8 of the Taxonomy Regulation, allowing digital tagging in machine-readable XBRL format.

ESMA is responsible for developing the legal framework for integrating these taxonomies in the European regulation through the issuance of the draft Regulatory Technical Standards (RTS) in the European Single Electronic Format (ESEF).

On 13 December 2024, ESMA submitted the draft[29] RTS to public consultation, which was open to comments until 31 March 2025. This document establishes rules for the markup of sustainability reports and also reviews the existing rules for tagging notes to annual financial reports. After analysing the comments, ESMA will submit the final draft to the EC for adoption.

In the future, sustainability reports will be available on the European Single Access Point (ESAP), a centralised platform for the digital reporting of financial and sustainability information, which is expected to be operational in 2027, according to Regulation (EU) 2023/2859.

Verification of the information

The CSRD Directive establishes a limited verification regime since its entry into force to ensure the reliability of the sustainability information. This verification must be made by an independent assurance services provider, supervised by a public authority.

In order to harmonise the verification, the CSRD expects the EC to adopt a specific standard through a delegated act. Until then, Member States may apply national verification standards and follow the non-binding guidelines[30] of the Committee of European Auditing Oversight Bodies (COESA), published on 30 September 2024.

In November 2024, the International Auditing and Assurance Standards Board (IAASB) approved the International Standard on Sustainability Assurance ISSA

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28 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019R0815

29 https://www.esma.europa.eu/sites/default/files/2024-12/ESMA32-2009130576-3024_CP_ESEF_RTS_-_marking_up_rules_for_sustainability_reports_and_financial_notes_and_EEAP_RTS_-_amendments.pdf

30 https://finance.ec.europa.eu/document/download/8ac2df18-2ae1-4bc7-9d87-a4a740e48f5e_en?filename=240930-ceaob-guidelines-limited-assurance-sustainability-reporting_en.pdf

5000[31] "*General requirements for sustainability assurance engagements*", applicable to the verification of sustainability reports under frameworks such as those of the ESRS or the ISSB, embracing both limited and reasonable verification.

In December 2024, the ICAC published[32] the content of the national standards – not yet approved – on the verification of sustainability and the relationship between verifiers, prepared in collaboration with auditors and verification providers. Its approval depends on the entry into force of the Law on Corporate Sustainability Information. Once approved, the ICAC's standards will be mandatory in the verification of sustainability information in Spain.

In its communication of November 2024, the CNMV and the ICAC recommended that, while the transposal of the CSRD is completed, the verification of the information be based on the technical verification standard (awaiting approval), the guidelines of the COESA and ISSA 5000.

In December 2024, the International Ethics Standards Board for Professional Accountants (IESBA) approved the international ethical standards[33] for the verification of sustainability reporting. These standards, together with ISSA 5000, were certified by the Public Interest Oversight Board (PIOB) and endorsed[34] by the International Organization of Securities Commissions (IOSCO).

EU environmental taxonomy. Developments 2024/2025

In November 2024, the EC published in the *OJEU* a Frequently Asked Questions (FAQ)[35] document on disclosures of financial institutions in compliance with the Taxonomy Regulation,[36] which replaces the draft of December 2023.

At the end of that month, the EC, with the support of the Platform for Sustainable Finance (PSF), submitted a draft FAQ document[37] to clarify key aspects of the taxonomy and facilitate its implementation.

On 8 January 2024, the PSF published a draft[38] report with preliminary recommendations for reviewing the Delegated Climate Act, **including new activities in the EU Taxonomy**. This report includes market proposals submitted through the stakeholder request mechanism, created in 2023 in collaboration with the EC to suggest improvements based on scientific and technical evidence.

31 https://ifacweb.blob.core.windows.net/publicfiles/2025-01/IAASB-International-Standard-on-Sustainability-Assurance-ISSA-5000.pdf

32 https://www.icac.gob.es/sites/default/files/2024-12/Normas%20de%20verificaci%C3%B3n%20no%20aprobadas.pdf

33 Final Pronouncement: International Ethics Standards for Sustainability Assurance (including International Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting".

34 https://www.iosco.org/news/pdf/IOSCONEWS757.pdf

35 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202406691

36 This Q&A is added to those previously published on taxonomy: 2021/07; 2022/01; 2022/C385/01 (published on 6/10/2022) and C/2023/305) and C/2023/267 (both published on 20/10/2023) and 2023/C211/01 (published on 16/6/2023).

37 https://finance.ec.europa.eu/document/download/b799db63-a034-4023-9f77-3e9a69be4de9_en?filename=241129-draft-commission-notice-eu-taxonomy-delegated-acts_en.pdf

38 https://finance.ec.europa.eu/document/download/a3e72e4c-f2fb-4400-b06f-f7f10dc2cd09_en?filename=250108-sustainable-finance-platform-draft-taxonomy-report_en.pdf

Lastly, on 5 February 2025, the PSF, in response to an EC mandate, published the report *Simplifying the EU Taxonomy to Foster Sustainable Finance*,[39] with recommendations for simplifying reports and improving the effectiveness of the taxonomy.

The table below summarises the reporting obligations of financial and non-financial institutions subject to the EU Taxonomy in financial years 2024 and 2025:

<table>
<tr><th></th><th>Environmental objectives</th><th>2023 (comparative)</th><th>2024</th><th>2025</th></tr>
<tr><td rowspan="2">Non-financial institutions</td><td>Climate (mitigation and adaptation)</td><td>Eligibility and alignment</td><td rowspan="2">Eligibility and alignment</td><td rowspan="2">Eligibility and alignment</td></tr>
<tr><td>Environmental + new activities climate objectives</td><td>Eligibility</td></tr>
<tr><td rowspan="2">Financial institutions</td><td>Climate (mitigation and adaptation)</td><td>Eligibility and alignment</td><td>Eligibility and alignment</td><td rowspan="2">Eligibility and alignment</td></tr>
<tr><td>Environmental + new activities climate objectives</td><td>Eligibility</td><td>Eligibility</td></tr>
</table>

CSDDD Directive

In May 2024, the EU Council approved the Corporate Sustainability Due Diligence Directive[40] (CSDDD or CS3D). This Directive obliges companies with more than 1,000 employees and turnover of €450 million to identify, prevent, mitigate and remedy the adverse impacts, both potential and real, of their activities, including those of their subsidiaries and value chains, on human rights and the environment.

Member States have two years to transpose the Directive into their national legislation and its application will be progressive and phased by company size.

Omnibus Project

On 8 November 2024, Ursula von der Leyen, President of the European Commission, announced the "Omnibus Project", an initiative to modify the three key pillars that underpin the European Green Deal: the CSDDD Directive, the CSRD Directive and the Taxonomy Regulation.

On 29 January 2025, the EU presented the document *Competitiveness Compass*,[41] based on the Draghi Report,[42] which will guide the EC's work on competitiveness over the next five years.

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39 https://finance.ec.europa.eu/publications/platform-sustainable-finance-report-simplifying-eu-taxonomy-foster-sustainable-finance_en

40 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202401760

41 https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_25_339/IP_25_339

42 https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en#paragraph_47059

In this context, on 26 February 2025, the European Commission announced the adoption of a new package of proposals aimed at simplifying regulations and reducing the administrative burden by at least 25% for companies and 35% for SMEs. The main changes related to the CSRD Directive are as follows:

– The number of entities obliged to report sustainability information is limited to large companies with more than 1,000 employees.[43] This entails that the number of companies within the scope of application will be reduced by approximately 80%.[44]

– Non-EU companies should only report if they generate income in excess of €450 million in this market (instead of €150 million).

– In the case of entities not included within the scope of application of the CSRD, the EC will adopt, through a delegated act, a voluntary standard based on the VSME standard developed by the EFRAG. This standard will limit the information that companies subject to the CSRD may request from companies in their value chains with less than 1,000 employees.

– Specific reporting standards will not be established for each sector.

– The possibility of changing a limited assurance requirement to a reasonable assurance requirement is eliminated.

– The first set of ESRS standards will be reviewed to eliminate the least relevant information, prioritise quantitative metrics over narrative content, differentiate between mandatory and voluntary information, clarify misleading provisions, improve consistency with other EU standards and provide more accurate instructions on the application of the principle of materiality.

– Meanwhile, the EC proposes delaying by two years the second and third-phase reporting requirements for entities obliged to report information under the current CSRD. The aim is to prevent companies that will be exempt under the new regulations from having to submit sustainability reports for financial year 2025 or 2026.

– EU Taxonomy reporting will be voluntary for companies with more than 1,000 employees but with turnover below €450 million.

– Companies that carry on activities that only comply with certain requirements of the EU Taxonomy may opt for voluntarily reporting on this partial alignment.

– The templates will be simplified, reducing the data points by approximately 70%.

43 Companies with more than 1,000 employees and turnover exceeding €50 million or total assets exceeding €25 million.

44 This affects some companies included in the first phase (large public-interest companies with more than 500 employees) and second phase (other large companies: more than 250 employees, turnover of €50 million or total assets of €25 million) and all companies included in the third phase (listed SMEs).

- Companies will be exempt from assessing eligibility and alignment with the Taxonomy of those economic activities that are not significantly relevant for their business, for example, those accounting for less than 10% of their income, CapEx or total assets.

- Banks may exclude the exposures related to companies not included within the future scope of the application of the CSRD from the denominator of the Green Asset Ratio (GAR) (i.e., companies with less than 1,000 employees).

- The "Do no significant harm" (DNSH) criteria will be reviewed and the most complex criteria for pollution prevention and control related to the use and presence of chemical substances, which are applied in a cross-cutting manner across all the economic sectors within the EU Taxonomy, will be simplified. This will be a first phase in the review and simplification of all DNSH criteria.

ESMA corporate sustainability reporting guidelines

In July 2024, ESMA published the Guidelines on Enforcement of Sustainability Information (GLESI).[45] They seek to ensure consistent and uniform enforcement of the sustainability information reported by issuers of securities listed on regulated EU markets.

These guidelines will be applied to the enforcement of sustainability information published after 1 January 2025, once adopted by the competent authorities.

Other initiatives

In June 2024, la CNMV approved the update of the **Technical guide[46] on audit committees**, which includes regulatory and socio-economic changes, with special emphasis on sustainability information.

In August 2024, **Organic Law 2/2024,**[47] which transposes Directive (EU) 2022/2381[48] into Spanish law, was published in the Spanish Official State Gazette (*BOE*). These regulations establish that listed companies must ensure that the underrepresented gender occupies at least 40% of director positions. The 35 companies with the highest capitalisation must meet this obligation by June 2026, whereas the other listed companies have until 30 June 2027.

In December 2024, two new Regulations were published in the *OJEU*. **Regulation (EU) 2024/3012**[49] establishes a certification framework for permanent carbon sequestration, carbon farming and carbon storage in products, and **Regulation (EU) 2024/3005**[50] regulates rating providers using environmental, social and governance (ESG) criteria to establish a common and binding EU framework.

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45 https://www.esma.europa.eu/sites/default/files/2024-07/ESMA32-992851010-1600_Final_Report_on_Guidelines_on_Enforcement_of_Sustainability_Information_GLESI.pdf
46 https://www.cnmv.es/DocPortal/Legislacion/Guias-Tecnicas/GT_ComisionesAuditorias.pdf
47 https://www.boe.es/buscar/pdf/2024/BOE-A-2024-15936-consolidado.pdf
48 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022L2381
49 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202403012
50 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202403005

Regulations on sustainability-related reporting

In January 2025, the PSF published the **report *Building trust in transition: Core elements for assessing corporate transition plans,***[51] based on Recommendation (EU) 2023/1425.[52] This document analyses how the integration of the EU Taxonomy and other sustainable financing tools can strengthen corporate transition plans and improve access to financing.

That same month, **Order ECM/44/2025,**[53] which establishes the **Sustainable Finance Council in Spain**, was published in the *BOE*. This body seeks to drive cooperation between public and private actors to address the green transition, identify opportunities in sustainable finance, develop better practices for a decarbonised and fair economy, and follow up the actions of the *Green Paper on Sustainable Finance in Spain*.

In February 2025, the Institute of Internal Auditors (IAI) published a **guide to the *Internal Control Over Sustainability Reporting System* (ICSR Guide),**[54] prepared by experts to help companies develop and implement control mechanisms to ensure compliance with European regulations.

51 https://finance.ec.europa.eu/document/download/ec293327-af1d-432c-8523-cfe7eec8367e_en?filename=250123-building-trust-transition-report_en.pdf&prefLang=en

52 https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32023H1425

53 https://www.boe.es/boe/dias/2025/01/23/pdfs/BOE-A-2025-1199.pdf

54 https://auditoresinternos.es/wp-content/uploads/2025/02/IAI_GUIA_SCIIS_FEB25-1.pdf

II Verification of the non-financial information statements

Number of issuers required to publish an NFIS and disclosures relating to taxonomy information

It should be noted that the number of issuers required to prepare an NFIS in financial year 2023 differs from those required to provide information on the taxonomy. This is because the thresholds that determine each obligation are not the same: 250 employees for the NFIS[55] and 500 employees for the taxonomy.[56]

The changes in the NFIS received[57] by the CNMV were as follows:

NFIS received by the CNMV TABLE 1

	2021	2022	2023
Consolidated NFIS	102	102	99
Taxonomy-related information (Article 8)	89	89	85
Individual annual reports received	136	132	131
Consolidated annual reports received	128	126	124

Source: CNMV.

Of the 124 issuers that submitted consolidated statements for the 2023 financial year, 99[58] included an NFIS in their consolidated management report (80% of the total). Of these, 85 provided taxonomy-related information.[59]

The number of issuers that submitted the 2023 NFIS decreased compared to the previous financial year due mainly to: i) the exclusion from listing of various companies that submitted NFIS in previous financial years, due to having been subject either to a cross-border merger[60] or a takeover bid;[61] ii) the amortisation of

55 The initial threshold established by Law 11/2018 in more than 500 employees on average during the year decreased after 2021 to 250 employees, except SMEs pursuant to Directive 2013/34/EU.

56 The Taxonomy Regulation applies only to issuers obliged to disclose an NFIS pursuant to the NFRD, i.e. public-interest entities (PIE), including issuers, with more than 500 employees.

57 The annual accounts and management report, including, where applicable, the NFIS, are published on the CNMV's website and filed in the official register pursuant to Article 244 of the LMVSI and Article 2 of Royal Decree 815/2023 implementing the LMVSI.

58 It excludes two entities that availed themselves of the exemption option provided in Law 11/2018, due to being included in the consolidated management report of another company that meets the obligation.

59 Four entities with less than 500 employees on average in 2023 and that voluntarily submitted taxonomy-related information were not considered, as this information was not entirely complete.

60 Ferrovial, S.A. and Mediaset España Comunicación, S.A.

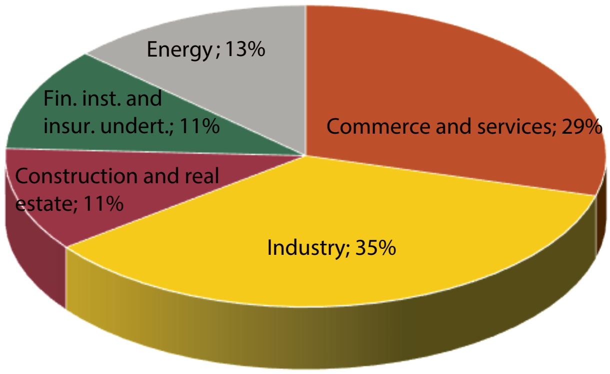
61 Siemens Gamesa Renewable Energy, S.A.

various fixed-income instruments,[62] which has meant that their issuing company was no longer obliged to disclose financial information and, therefore, an NFIS; and iii) when an entity is no longer obliged.[63] This decrease was partially offset by the IPOs of non-financial entities.[64]

Of the issuers that only submit an individual annual report, due to not having a consolidated group, none were obliged to prepare an NFIS.

The following figure shows the distribution by sector of the 99 issuers that submitted a consolidated NFIS in 2023, calculating the weight of each sector considering the number of entities belonging to each.

Distribution by sector of issuers that submitted an NFIS for 2023 FIGURE 1



Source: CNMV.

Lastly, it should be noted that two Ibex 35 entities[65] were not obliged to prepare an NFIS or taxonomy-related information in 2023, as they did not exceed the threshold relative to the number of employees (same number of entities as in 2022).

Verification reports

Law 11/2018 requires that the information included in the NFIS be verified by an independent assurance services provider.[66] As in the previous financial year, all issuers submitted the corresponding consolidated NFIS verification report.

Qualifications

Only one issuer[67] included qualifications in the NFIS verification report (none did in 2022).

62 Deutsche Bank, Sociedad Anónima Española.
63 Naturhouse Health, S.A. ceased to be obliged, as it did not exceed the threshold relative to the number of employees in two consecutive years.
64 Cox Abg Group, S.A. and Puig Brands, S.A.
65 Inmobiliaria Colonial, SOCIMI, S.A. and Solaria Energía y Medioambiente, S.A.
66 Article 49.6 of the Code of Commerce. As the information of Article 8 of the Taxonomy Regulation is part of the mandatory content of the NFIS, pursuant to the applicable regulatory framework, it must be included in the NFIS verification process as a whole.
67 Duro Felguera, S.A.

Emphasis of matter paragraphs

89% of the verification reports of issuers obliged to submit taxonomy-related information for the 2023 financial year included an emphasis of matter paragraph relative to this matter (91% in 2022).

Emphasis of matter paragraphs, in addition to referring to the chapter of the NFIS that explains the criteria followed by the directors, highlight the lack of inclusion of comparative information for 2022 on the new information requirements for 2023, an aspect which is aligned with the regulations. Additionally, in 92% of issuers with an emphasis of matter paragraph relating to the taxonomy, the eligibility information disclosed is not strictly comparable (since, in general, in 2022 the same level of detail was not required as in 2023).

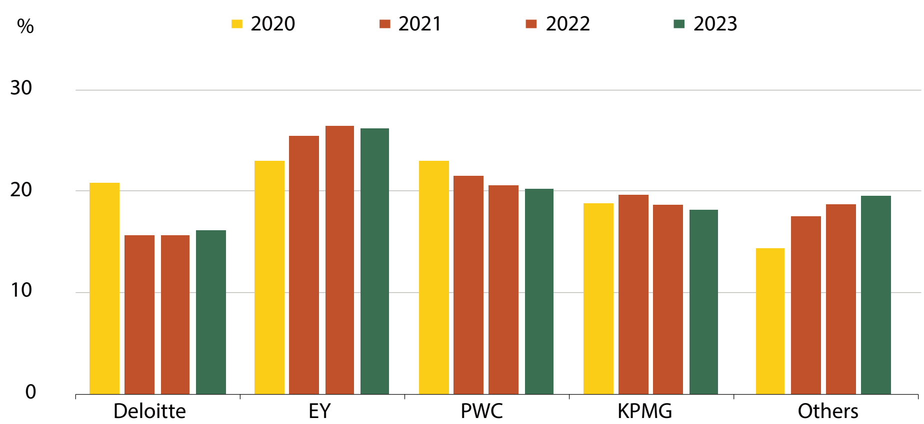
Verification firms

As in previous financial years, a significant degree of concentration is observed in the main verification firms. In 81% of the cases, the verifier was one of the “big four” audit firms in Spain: Deloitte, EY, KPMG and PwC (the same as the previous year). Of the remaining 19%, Mazars Auditores, S.L. stands out, which issues 4% of the consolidated verification reports received, Bureau Veritas Certification, with 3%, and BDO Auditores, S.L.P. and Aenor Internacional, S.A.U., both with 2%.

In 80% of cases (69% in 2022), the verification firm was the same as that which audited the 2023 annual accounts.[68]

Figure 2 shows the distribution of the verification reports prepared by the leading firms in the last four years.

Distribution of verifications by firm FIGURE 2



Source: CNMV.

68 In the case of 18 issuers (17 issuers in 2022), the auditor and the verifier were the same natural person.

Both in 2023 and 2022, all the Ibex 35 companies[69] that submitted an NFIS were verified by one of the "big four" audit firms.

Nature of the verification

As in 2022, almost all the verification reports of the consolidated 2023 NFIS correspond to a limited review report.[70]

Most of the limited review reports were from audit firms (96% in 2023), which performed their work in accordance with the requirements set out in the Revised ISAE 3000 (ISAE 3000R)[71] assurance standard issued by the IAASB of the IFAC and considering the criteria of the *Action guidelines on verification orders of the Non-Financial Information Statement* of the Spanish Institute of Chartered Accountants (the "ICJCE Guidelines").[72] The remaining limited review reports were from verifiers that were not audit firms.

Additionally, in some cases, an additional review of certain GRI indicators with the scope of reasonable assurance was carried out, in accordance with ISAE 3000R. Furthermore, some financial institutions requested limited assurance on the report on the Principles for Responsible Banking published by UNEP FI.[73]

Verification scope

In general, issuers include in their NFIS, or in the rest of their management report, non-financial information in addition to that required under current mercantile legislation. In this regard, Section 22 of the ICJCE Guidelines indicates that the verification report of the NFIS must clearly identify the scope of the verification carried out.

In 2023, as in previous financial years, the verification work did not generally extend to the additional disclosures that issuers voluntarily chose to include. Thus, most of the verifiers that follow these guidelines only verified the information required by Law 11/2018, identified in a summary table, together with the criteria of the standards or frameworks selected and the page or chapter of the report in which they are located. It should be noted that, in a significant percentage of cases,

69 It includes the 31 Ibex 35 companies that submitted an NFIS to the CNMV. Arcelor Mittal and Ferrovial are not obliged to submit financial information to the CNMV, as Spain is not their home Member State, and Inmobiliaria Colonial, SOCIMI, S.A. and Solaria Energía y Medioambiente, S.A. are not obliged to submit an NFIS.

70 Except in three cases where the verifier was not an audit firm and the scope was not clearly specified.

71 This regulation addresses the review of certain non-financial aspects and has been approved by the International Auditing and Assurance Standards Board (IAASB), which is part of the International Federation of Accountants (IFAC). In Spain it has been adapted by the ICJCE.

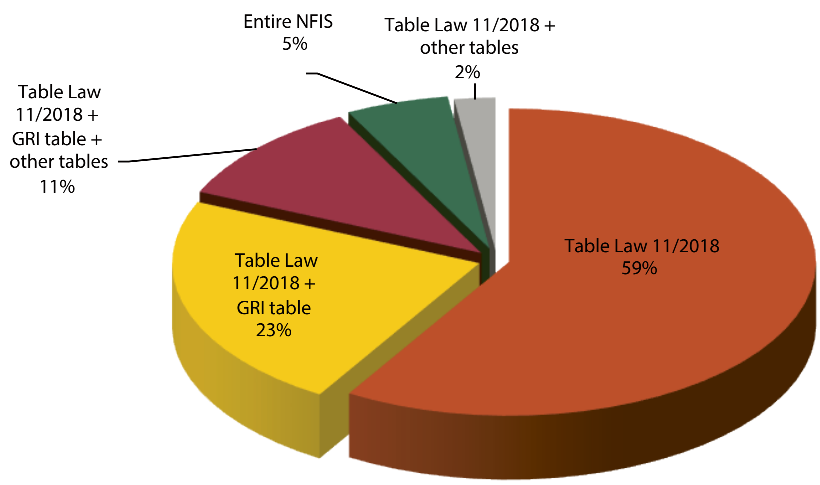
72 Among the different possible verification frameworks, both the ICJCE and the Register of Economist Auditors (REA) published action guidelines in 2019, which specify and clarify the scope of these reviews based on ISAE 3000. The ICJCE subsequently published various addenda to its guidelines. The verifier of only one of the issuers mentions the Action guidelines on NFIS verification orders published by the REA of the Spanish General Council of Economists (CGEE); the rest refer to the ICJCE Guidelines.

73 Principles for Responsible Banking of the United Nations, promoted by the United Nations Environment Programme Finance Initiative (UNEP FI) following the Guidance on Reporting and Providing Limited Assurance on the Principles for Responsible Banking issued by UNEP FI.

the verification also included the information identified in a GRI content index table and, at times, in an additional table (namely with an SASB [Sustainability Accounting Standards Board] content index and, in the case of some financial institutions, with a content index of the Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative [UNEP FI]).

Figure 3 shows the scope of the verification of the limited security reports of the verifiers that followed the ICJCE Guidelines in 2023.[74]

Verification scope FIGURE 3



Source: CNMV.

In line with the ICJCE Guidelines, the CNMV highlights, as in previous years, the importance that the verified and non-verified information be perfectly identified and traceable. The use of a table helps to achieve this objective.

Other matters

For verification to be carried out, the non-financial information must be prepared based on common standards, which highlights the importance of the non-financial information standards of the EU and the ESRS, which will contribute to comparability and uniformity in sustainability reports.

The growing importance of sustainability-related information makes it more important to strengthen and appropriately design the internal control system for non-financial information, which should cover the entire non-financial information reporting process: management of non-financial risks; data and information collection and reporting processes; supervisory activities; and the due diligence applied to these data by the Board or other relevant internal bodies, namely the audit committee. This will contribute to improving the quality of the data included

74 In the figure, "Entire NFIS" corresponds to the reports in which the verifier that followed the ICJCE Guidelines did not expressly indicate that the content of the management report included additional information to that required by mercantile legislation in relation to non-financial information, nor that their work was limited to certain identified information.

in the NFIS. In this regard, as indicated in Chapter V, the disclosures of the internal control over sustainability reporting system have been included as a priority of the CNMV for the 2024 reports.

Reference frameworks used

Law 11/2018 establishes that, to disclose non-financial information, entities must use recognised national, EU or international regulatory frameworks, specifying the frameworks used. Additionally, pursuant to the NFRD, the degree of use of those frameworks must be detailed (e.g. whether they have been fully or partially applied and explaining which disclosures were prepared using each framework and why).

As in previous financial years, the reference framework most commonly used was the Global Reporting Initiative (GRI),[75] in 99% of cases. 1% of issuers that used the GRI did not indicate the option followed and, in those cases where they provided details, it was observed that the proportion of issuers that applied each of the two options remains unchanged with respect to the previous financial year (21% "in accordance with GRI" and 79% "in reference to GRI").

In addition to the GRI standards, issuers commonly mention other frameworks to which they adhere or take as a reference. In this regard, following the growing trend of recent years, 68% (56% in 2022) of reporting entities indicated that they were following or in the process of implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), although not all of them addressed the four recommended areas (governance, strategies, risks and metrics).[76]

Additionally, other frameworks were also reflected to a varying extent for all or part of the contents of the NFIS, most notably: i) UN Global Compact; ii) Sustainable Development Goals (SDG); iii) SASB; iv) in the social sphere, the provisions of the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises; v) in the environmental sphere, the Carbon Disclosure Project (CDP); vi) the UN Guiding Principles on Business and Human Rights; and vii) the International Integrated Reporting Framework (IR Framework).

Furthermore, in relation to the ESRS Standards, which will be mandatory when the CSRD Directive is transposed (although it is expected that some companies will apply them in advance in 2024), it should be noted that a significant percentage of issuers (28%) already indicated in the 2023 NFIS that they had applied these standards in the preparation of their double materiality analyses.

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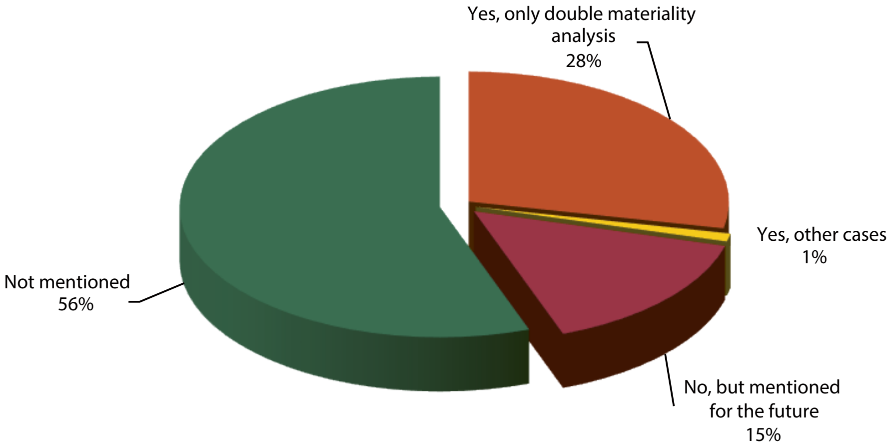
75 In 2021, the Global Sustainability Standards Board (GSSB) completed an update to the GRI Universal Standards, which became effective for the preparation of reports published on or after 1 January 2023 and includes standards GRI 1, 2 and 3 in replacement of GRI 101, 102 and 103 (2016). Before the update, the existing GRI options were as follows: Selected GRIs, basic GRIs and comprehensive GRIs which, after the update, became: "in reference to" or "in accordance with" GRI.

76 For example, 31% of issuers refer to them only in the assessment of climate risks.

Figure 4 shows to what extent issuers considered the future ESRS standards in the preparation of the 2023 NFIS:

Consideration of future ESRSs in relation to the 2023 NFIS FIGURE 4



Source: CNMV.

III Supervision of non-financial information

Review of the 2023 NFIS

Law 6/2023, of 17 March, on Securities Markets and Investment Services (LMVSI), empowers the CNMV to supervise the NFIS submitted by issuers, to the extent that it forms part of their management reports. To exercise this function, the CNMV is empowered to request listed entities to publish additional information completing the disclosures provided by the issuer or to indicate the corrections identified and accompanied, where applicable, by commitments to restate or reformulate the previously published non-financial information.

In this process, the CNMV addresses certain issuers, requesting information in writing to obtain clarification or data on specific matters. These requests for information are made through written or verbal means, either by telephone or during meetings, to gather additional details.

It is important to remember that these requests are a tool for investigating possible breaches, but that not all requests are ultimately related to a failure to observe the applicable regulations and, consequently, some responses given by entities do not lead to any corrective action by the CNMV.

The CNMV's enforcement work on the NFIS follows a similar approach to its work on financial disclosures, with two levels of review performed: formal and substantive. By analogy with ESMA's guidelines on financial reporting supervision (GLEFI)[77] and in line with those included in forthcoming guidelines on enforcement of sustainability information (GLESI), substantive reviews can be either comprehensive or targeted, with the latter focusing on specific aspects of non-financial information.[78]

All of the NFIS received are subject to a formal review of compliance with certain legal requirements. This type of review also entails other specific issues that are described in the following section.

Annually, a substantive review is carried out on a certain number of NFIS. To identify which entities should be subject to this review, a mixed selection model based on risk, rotation and random selection is applied, consistent with the principles of ESMA's guidelines on financial and sustainability reporting supervision.

77 https://www.esma.europa.eu/sites/default/files/library/esma32-50-218_guidelines_on_enforcement_of_financial_information_en.pdf

78 Basically, the priorities defined by ESMA and the CNMV.

The concept of risk used in the model combines two factors:

– The probability that the financial statements and the non-financial information may contain a material error.

– The potential impact of any material errors on market confidence and investor protection.

Risk-based selection is supplemented, as mentioned earlier, by sampling and random rotation criteria to ensure that the financial information of all issuers is reviewed at least once in every rotation cycle.

Formal review

All NFIS received were subject to a formal review that involved, at least:

i) Checking that both the NFIS and verification report are included in the consolidated or individual management report submitted by entities that meet the requirements for preparing it and identifying the global frameworks used to prepare it.

ii) Analysing the content of any qualifications included, where applicable, in the verification reports, as well as the nature and scope of the verification.

iii) Following up on whether aspects formally requested in previous years' reviews have been corrected or properly disclosed.

The 2023 NFIS also included checks on whether the obliged issuers provided the information required under Article 8 of the Taxonomy Regulation.

As a result of this formal review, additional information was requested from the only issuer with qualifications in its verification report, which was related to qualifications included in its individual and consolidated audit reports. In addition, one entity was contacted by telephone to remedy the inclusion of an illegible report by a verifier.

Substantive review

In 2024, a total of 17 entities were subject to substantive review. In some cases, the substantive review of the NFIS focused basically on the priorities defined by ESMA and the CNMV, and on certain significant aspects specific to each entity. In others, selected on the basis of risk criteria and taking the sector into account, a more in-depth substantive review of their NFIS was carried out.

By sector, 29% of these entities corresponded to the commerce and services sector, 12% to the energy sector, 24% to financial entities and insurance undertakings; 29% to industry; and 6% to construction and real estate.

By market capitalisation at 31 December 2023, 5% of these companies corresponded to the commerce and services sector; 18% to the energy sector; 63% to the financial entities and insurance undertakings; 8% to industry; and 6% to construction and real estate.

In 2024 **additional information was requested** from 17 entities on different aspects related to non-financial information.

In addition, various **recommendations** were made to a total of 15 entities, for consideration in future NFIS.

Information relative to the admission of entities' shares to trading (IPOs)

Additionally, in 2024, the CNMV carried out supervisory tasks on the financial information of four entities, in the context of the possible admission to trading of their shares.

Two of these entities completed this process in 2024 and entered the continuous market and the other two companies decided to cancel or postpone the operation.

Most significant actions in 2024

The main actions taken by the CNMV to address the enforcement priority areas identified in the previous year's annual report with regard to the 2023 NFIS are explained below, in addition with those others that accounted for the largest number of requests for information sent to entities.

In most cases, the explanations provided by the issuer in response to the CNMV's request for additional information adequately completed the disclosures required by law or those recommended by ESMA and the CNMV in their enforcement priorities for the 2023 NFIS, although there is still room for improvement in some areas, as can be seen in the comments below. However, in those situations where the criterion or disclosure used by the entity was not consistent with the standard and was material, the CNMV requested a future correction commitment in the next NFIS, or a corrective note relative to one or more specific issues was published.

In this regard, the main results of these actions are highlighted below:

– Two issuers included in their response to the request, published on the CNMV's website, a **corrective note**[79] concerning the disclosures relating to their materiality analysis and the Taxonomy Regulation, respectively.

– In ten cases, corresponding to eight issuers, the enforcement actions carried out with regard to the 2023 NFIS gave rise to a **future correction commitment** of the non-financial information, with the main issues being as follows:

  i) Business model and value chain (two issuers).

  ii) Climate change (two issuers).

  iii) Disclosures relating to human rights (one issuer).

  iv) Policies and disclosures of the Taxonomy Regulation (five issuers).

79 According to the guidelines on enforcement of financial information supervision published by ESMA, a corrective note is the issuance by a supervisor or issuer, initiated or requested by a supervisor, of a note making public a material misstatement with respect to one or more specific items included in previously published financial information and, unless impracticable, the corrected information.

In relation to the scope of the **requests to entities for additional information** or recommendations to entities, it should be noted that the report on the supervision of the 2022 annual accounts included a breakdown of the areas on which the CNMV would focus its review of the 2023 annual financial reports.

ESMA established the following common **enforcement priorities** for reviewing the 2023 NFIS, all of which are climate-related: i) disclosures relating to Article 8 of the Taxonomy Regulation; ii) disclosures of climate-related targets, actions and progress; and iii) disclosures relating to Scope 3 GHG emissions.

The CNMV decided to include, as an additional enforcement priority, a more detailed analysis of taxonomy-related disclosures by credit institutions and insurance undertakings.

Table 2 summarises the supervisory actions carried out in 2024:

Supervisory actions on NFIS TABLE 2

	No. of entities on which actions were carried out[80]		
Nature	Request for information	Recommendations	Conclusion of the actions[81]
1 Cross-cutting areas			
Strategy, business model and value chain	5	5	2 future correction commitments
Materiality	1	6	1 corrective note
Scope	3	6	
Key performance indicators (KPI)	1	6	
2 Thematic issues			
Climate-related matters (priority area for review)	8	11	2 future correction commitments
Disclosures relating to Article 8 of the Taxonomy Regulation (priority area for review)	11	12	1 corrective note 5 future correction commitments
Other environmental issues	2	2	
Social and employee matters	2	3	
Issues about respect for human rights	2	1	1 corrective note
Issues relating to the fight against corruption and bribery	1	2	
Whistleblowing channel	1	5	
Consumers	2	0	
3 Other issues			
Characteristics and presentation of NFIS information	2	6	

Source: CNMV.

80 It does not include entities to which requests for information and recommendations were made in respect of APMs. In those cases where an issuer was recommended to provide additional information about an aspect that, due to its nature, affects more than one area, it was generally considered in both (e.g. a personnel KPI).

81 Only actions resulting in a reformulation, restatement, corrective note or future correction commitment are highlighted.

In relation to the aspects arising from the consistency between the information reported in the financial statements and the NFIS, an area that was highlighted by ESMA and the CNMV for the 2023 NFIS, the previous table includes their actions in the corresponding affected areas (mainly those relating to climate, business model and taxonomy).

The main supervisory actions carried out in 2024 and aspects susceptible of improvement are described in greater detail below:

Certain incidents identified during the review of the non-financial information are included in tables, generally accompanied by recommendations or good practices aimed at improving the quality of the non-financial information.

Follow-up of cross-cutting areas

Strategy, business model and value chain

An adequate description of the entity's general strategy, business model and value chain is essential as a **basis** to understand its exposure to material impacts or IROs with respect to sustainability issues and the policies and actions for their management, thereby **putting in context** the rest of the NFIS information.

In this regard, it is observed that, although entities in general describe their business model in the NFIS, there is still room for improvement in relation to:

– The **description of the group's activity**, **its strategy** and **business model** (products and services, markets, business environment, sustainability objectives, main stakeholders, etc.), including the description of the **relevant phases of the value chain**, differentiating the role of the issuer (own operations) and of significant third parties in "previous" (upstream) and "subsequent" (downstream) phases.

> This description should not be too general and be adapted to the specific case of the entity. In this regard, various entities were required to be more specific in the description of the scope of the issuer's participation and of the suppliers or other relevant third parties in the different phases of the value chain, particularly in the manufacturing process.
>
> When describing the phases of the value chain, which refers basically to the supply and sales chain, but also to other parts of the chain such as the logistics network, the main corporate agents involved must be explained (key suppliers, customer distribution channels and end users) and their relationship with the company.
>
> Some entities show the value chain through **schematic illustrations**, which is considered good practice to facilitate users' understanding, especially if accompanied by qualitative explanations.

After the actions carried out, two issuers included in their response a **future commitment** to expand the disclosures on their value chain in forthcoming sustainability reports.

– Identification and adequate description of the material **impacts, risks and opportunities** posed by each sustainability issue and how they interact with the group's business model.

  In this regard, issuers must include both IROs arising from their own transactions and from significant participants of the **value chain**.

  Furthermore, issuers must disclose the current and envisaged **financial effects** of material risks and opportunities, particularly those related to climate.

> It is observed in some NFIS that information on IROs is very generic and not specific to the entity's characteristics.
>
> With regard to the specification of **risks, it is recommended that they be classified,** if necessary, according to the different types of activity, locations in which they operate, etc. (e.g. indicating those countries where there is greater risk of violation of human rights, etc.).
>
> In some cases, additional information has been requested on the material risks and impacts and financial effects of a specific project or situation.
>
> Furthermore, some entities provide little information on the identification of opportunities, particularly in non-climate areas.

– The required **consistency**:

  • Between the business model described in the NFIS and the related information included in the notes and other parts of the management report, in line with ESMA's specifications in its considerations for the reviews of the 2024 sustainability reports.

    This refers, for example, to the relationship between:

    – The information provided in the NFIS on the group's corporate structure, the description of its activity and of the countries and properties where it is carried out (whether proprietary or leased) and the relevant participants in its value chain (suppliers, franchises, etc.).

    – The disclosures provided in the notes or management report in relation to the description of the activity, income and expenses, segmented information, suppliers, nature of the stock or fixed assets, etc.

    Additionally, it must be clearly stated whether the business model has been modified as a result of relevant changes in the entity or environment (inflation, rise in interest rates, etc.), which have been explained in the notes or management report.

- In the NFIS itself, basically between the information provided on strategic plans, specific objectives, impacts, risks and opportunities, and the results of the materiality analysis.

At times, business risks are reflected in the NFIS whose financial impact is not disclosed in the notes, for example, the risk related to the increase in commodity prices through a sensitivity analysis.

Notably, as regards consistency within the NFIS itself, the relationship between the strategy, strategic objectives defined, impacts, risks and opportunities, and the materiality analysis is not always clear. Nor that between the targets set, the procedures to meet them and the KPIs that quantify their results.

In this regard, the plans implemented to mitigate or leverage each risk or opportunity identified are not always clear.

It should be noted that the reasonability between the description of the entity and other agents in the value chain and the Scope 1 GHG emissions and the different Scope 3 categories is often unclear.

– In relation to the **value chain** and, in particular, the supply chain:

- Issuers are recommended to expand the information on how the material IROs of the value chain, the **policies and procedures** applied to identify, assess and control potential inadequate conduct in relation to non-financial issues, and updates made, and **provide specific KPIs** relative to the results of their evaluations of suppliers and other relevant third parties, in addition to the measures adopted to resolve them in those cases where non-compliance is detected.

- It must be specified whether the scope of any KPI or own policies has been expanded to cover any material IROs within the chain.

Some entities report the performance of checks on their suppliers, for example, relative to safety and health, but do not provide KPIs with the number of audits and their results, or are not sufficiently clear.

Furthermore, entities must expand the information on how they monitor the rest of the components of the value chain, other than suppliers.

Materiality

Materiality analysis is the cornerstone for determining which information is relevant for stakeholders and preventing the omission of material information or the excessive inclusion of irrelevant information. To this end, this analysis must be adequately disclosed in the NFIS as a basis to facilitate understanding of the rest of the report.

The main areas for improvement identified were as follows:

– Entities must expand their explanations on the process followed to assess materiality. The analysis must be carried out taking into account the **double materiality perspective** ("outside in" or "**financial** materiality" and "inside out" or "environmental or social materiality" or "**impact** materiality") and explain how they did it in the report.

> Some entities indicate that they are working towards adopting the double materiality perspective in the 2024 sustainability report, in which they will also include the ESRS.
>
> Although this double perspective already underlies the regulations in force (in the NFRD and in Law 11/2018, and explained in the 2019 Climate Supplement to the guidelines issued by the EU in 2017), many entities have not applied it as they are awaiting its implementation with the ESRS.

– The **time horizon** used to assess which sustainability information is material or not must be explained. Entities are reminded that it is advisable to consider a longer-term horizon than that traditionally used in the case of financial information, to avoid concluding that a non-financial matter is not material just because the related risks are considered long-term risks.

– The **results of the materiality analysis**, must be clearly identified, explicitly indicating which financial aspects are deemed material and their relative order of priority. This is the aspect on which most recommendations have been made on materiality in this financial year.

> It is considered good practice for entities to use matrices and lists of material issues. In this regard, issuers do not always accompany them with sufficient disclosures and qualitative explanations that help users of the information to understand the conclusions of the analysis.
>
> The recommendation for improving clarity in the conclusions of the materiality analysis was one of the most frequently made for different reasons (e.g. lack of prioritisation in material issues or inclusion of inconsistent information on the analysis).

One issuer published an errata that included a **corrective note** on the disclosures of the materiality analysis.

– Entities must explain which are the main **stakeholders** of the group and expand the explanations about the relationships between their needs and demands and aspects identified as material.

– Issuers must explain how they have included the materiality analysis in the **value chain.**

– Issuers must indicate whether the materiality analysis was carried out or was **updated** during the financial year and, if not, explain why it was not deemed necessary.

Updates are especially important when there are significant changes in the group or its environment, such as those that can be triggered by the recent COVID pandemic, the Ukraine war or the changing macroeconomic environment.

– It is important that the relationship is understood and that there is **consistency**:

i) Between the **analysis of its material and non-financial risks and impacts**, including those related to sustainability, and the materiality analysis.

In some cases, there appear to be contradictions between material non-financial risks and issues identified as material, in which case the reasons must be explained.

ii) Between the result of the materiality analysis and the **NFIS disclosures**.

Although some issuers highlight material issues, the NFIS does not however indicate material impacts, risks or opportunities related to said issue.

Scope

The review work carried out has evidenced the room for improvement in this area, particularly in the following aspects:

– The general scope must be **consistent** with the information included **in the NFIS** and, if not, the exceptions must be clearly specified.

Although most issuers indicate the general scope of the NFIS, which usually coincides with that of the consolidated group, exceptions in specific KPIs are not always explained or are unclear.

To facilitate monitoring, these exceptions must be announced in the section where the general scope is indicated, regardless of whether they are explained in greater detail in the report.

– **Exclusions from the scope** must be adequately explained, indicating: i) the **reasons** for the exclusion (immateriality, lack of access to the necessary data with reasonable effort, etc.) and the **measures** which, where applicable, will be adopted to address them and the envisaged **time frame**; ii) **type** (subsidiary, geographical region, segment, certain professional categories, etc.) and **scope** (one or more KPIs, policies, etc.) of the exclusions; and iii) **relevance** of the excluded information.

Some entities indicate the exceptions in scope of certain KPIs, but they are not sufficiently explained or do not provide a measure of their relevance that serves to justify, where applicable, their immateriality from a sustainability perspective.

In relation to scope, reference must be made, not only to the exclusions in KPIs, but also, where applicable, to those relating to **policies and procedures**. Entities do not usually indicate these exceptions, due to which it would be good practice to clarify that there are none.

– The scope of the KPIs must be **consistent over time** and, if not, entities must include the relevant explanations on the changes made and, if possible, provide restated comparative figures.

– The convenience of expanding the scope of certain KPIs to the **value chain** must be assessed and, where applicable, entities must clarify to what extent it has been included.

  Entities must also indicate whether they have included **associates and joint ventures** in the scope, specifying whether or not they form part of the value chain.

  Some entities do not sufficiently explain whether they include the value chain or associates and joint ventures in the scope and in what aspects (policies, KPIs, etc.).

  Some issuers affirm that they have excluded entities accounted for using the equity method from the scope, without further explanation.

  Issuers must at least explain the assessment of the non-financial risks they assume through said investees and how they are managed if they are material.

Key performance indicators (KPIs) or parameters

To monitor the effectiveness of their policies and actions in the management of IROs of relative importance, entities establish associated parameters and targets, which they must disclose in their sustainability reports.

It is a key cross-cutting issue. This section focuses on the aspects that must be improved from a general perspective of the quantitative indicators used by the entity resulting from the supervision of the 2023 NFIS:

– Comparative information must be included for all relevant KPIs.

  Regarding the evolution of the KPIs, issuers are reminded that they must provide proof of the progress achieved, preferably including comparative quantitative information. To facilitate understanding, this information must be completed with qualitative explanations about the variations, indicating the context in which they occur.

The actions carried out in this regard referred mainly to KPIs related to the gender pay gap and other personnel issues (e.g. absenteeism) and environmental matters such as the carbon footprint.

– In the most relevant KPIs for understanding the entity's performance, issuers are recommended to provide a **definition** of the indicator and of the calculation **methodology**, in addition to the sources or origin of the data used, including the scope of application.

  Issuers are reminded that these aspects must be consistent over time or, in case of changes, provide restated comparative figures if possible; if not, clearly explain the changes that may have occurred between periods to understand the implications.

– Additional information on certain KPIs must be included in accordance with **estimates**, both in Scope 3 emissions and in other KPIs.

  Transparency must be emphasised as good practice with respect to the source of the data used in the KPIs, whenever estimates are used in the calculations, indicating the percentage obtained through estimates and the reasons for which reliable data could not be collected, in addition to the estimation method used.

– As regards the non-financial **objectives** established, where applicable, by issuers, the following aspects should be taken into account in particular:

  • Targets are more useful when they are measurable and their time horizon is specified, providing information on the methodologies and assumptions underlying these targets.

  • The targets must be linked to the most relevant corresponding KPIs.

    In this regard, the degree of achievement attained in the financial year must be explained by comparing the measures adopted to achieve them and the probability of achieving them within the established time frame with the pre-established objective in the base year.

  • Issuers must detail how they monitor the achievement of the targets and the management bodies or departments to which this information is reported.

  • The disclosures of the targets must make it possible to assess their consistency with their strategic ambition.

Some entities report having established objectives for some sustainability issues and even indicate the measures adopted to achieve them, but do not provide quantitative information on them or establish time frames for achieving them.

In some cases, issuers did not provide quantified targets, but announced that they would include them in the following financial year.

When reporting objectives, issuers are recommended to be concrete and consistent with the KPIs provided, which makes it possible to measure their performance and identify issues relevant to them.

Issuers are also recommended to compare their non-financial objectives with external benchmarks, if any.

Follow-up of thematic matters

Climate-related matters (priority area for review)

It is an area of disclosure in which various actions have been carried out, as ESMA considered climate-related matters a priority in the review of the 2023 NFIS. It focused specifically on disclosures related to Scope 3 GHG emissions and climate-related targets, metrics and progress.

General matters

In the course of the supervision carried out on the 2023 NFIS, the following opportunities for improvement in relation to the following disclosures were identified:

– Information on the **impacts, risks and opportunities** (IRO) of relative materiality related to climate change in the short, medium and long term, including those corresponding to the value chain, relating them with the conclusions of the materiality analysis. This includes, among other issues, providing a description of the IRO identification process and the possible financial impacts that could affect the entity arising from these risks and opportunities.

  At times, entities do not clarify which are the climate or environmental risks arising from their supply chain.

  In their responses, some entities state that they are still in the process of assessing their specific climate risks.

  Some cases have been detected where entities affirmed that they had analysed and quantified the financial impacts of material physical and transition risks following the TCFD methodology, but sufficient information was not provided on the result of this analysis or its impact.

– Information relative to the plans and measures to be implemented for managing them must be expanded, including their time horizon and the resources assigned or envisaged for their execution.

  In addition, information must be provided on the qualitative and quantitative indicators used to measure the effectiveness of the application of the policies and actions to the targets set and the progress made towards their goals over time and, where applicable, the changes made to the procedures in accordance with the results obtained.

For example, in the case of significant extreme weather events, entities must explain whether they have given rise to a reassessment of the associated physical risk (e.g. relative to heavy rain and floods) and to a review of the entity's climate change adaptation policy, describing, if so, the main changes.

Carbon footprint

Although ESMA's priority focuses mainly on Scope 3 emissions, the main aspects required or recommended in relation to the disclosures relative to all the GHG emissions as a result of the review carried out by the CNMV are highlighted in this chapter:

– The importance of providing data on Scope 1, 2 and 3 GHG emissions in **gross** terms was highlighted.

The issuers reviewed do not always specify whether the reported emissions were gross or net (netted with offsets such as carbon credits, removals and storage).

– The importance of including sufficient detail on the scope of these metrics and the most relevant methodology and assumptions used in their preparation was emphasised.

Issuers must quantify the proportion of the scope covered in relation to Scope 1, 2 and 3 data. It is usual for companies to engage suppliers for the calculation or verification of the footprint.

In some cases, issuers were requested to complete the information by indicating, for example, the version of the corporate standard of the GHG Protocol they had used.

– Data relative to emissions must be consistent with the entity's business model and with the information provided in this regard in the notes.

– Comparative information must be provided for all the KPIs, providing an explanation of the evolution when relevant.

– As regards **Scope 2** emission data, the data provided must be explained, detailing the calculation approach used – in particular, whether the "market based" or "location based" approach is being followed – and entities are reminded that both must be provided in future.

In some cases in which "market based" Scope 2 was disclosed, the entities were requested to include explanations about their relationship with the PPAs, renewable energy certificates and other instruments disclosed in the annual financial statements.

– In relation to **Scope 3** emissions, entities must detail the emissions corresponding to each significant category for the undertaking, considering the 15 categories described in the Corporate Value Chain Accounting and Reporting Standard (Scope 3) of the GHG Protocol (version 2011) and taking into account the entity's business model and its entire value chain.

The CNMV stresses the importance of describing the limits of the calculation of these emissions and, in those cases where categories are fully or partially omitted, it is important to indicate whether it is due to their lack of materiality, describing the judgements used to reach this conclusion, or to the practical impossibility of calculating them, including, in any case, qualitative information.

> The GHG Protocol has 15 categories, although there are entities that do not disclose Scope 3 for all the relevant categories.
>
> In this regard, explanations are requested from some entities on the reasons why they only provided one category (in most cases, business trips) or why they excluded certain categories, together with the quantitative impact of these exclusions.
>
> In those cases where it was not possible to provide accurate data, entities were requested to provide qualitative information on categories that could be relevant and their importance. Additionally, it is important to be aware of the actions and efforts under way to collect this information, in addition to presenting a tentative schedule indicating when the methods and data needed are expected to be available.
>
> In the specific case of financial institutions, category 15 of the aforementioned standard is particularly relevant, which includes the emissions associated with their direct financing and investment activities (financed emissions).

The response of one of the issuers requested to disclose information on this aspect included a **future commitment** to provide the Scope 3 footprint in the relevant categories.

Another aspect identified in relation to Scope 3 emissions is the lack of clarity on whether the emissions were determined by means of estimates, the amounts covered by them and the methodology and most significant inputs and assumptions used in both the calculation and in the estimates.

Details must also be provided on methodological changes from one financial year to another and their quantification. Additionally, issuers are recommended to indicate the reasons why they were unable to collect reliable data for the estimated part.

> In those cases where certain Scope 3 data based on different methodologies or approaches are provided, issuers are recommended to adequately explain the differences and limitations of each, ensuring comparability with industry practice.

- Additionally, issuers were recommended to include GHG intensity based on net income in future NFIS.

- Lastly, it was suggested that, when necessary to facilitate understanding, issuers should provide additional disclosures of GHG emissions using adequate segmentation criteria.

Some footprint-related statistical data

As in the previous year, in 2024 the CNMV carried out a special statistical analysis relative to the carbon footprint data provided by 99 issuers obliged to prepare the 2023 NFIS.

During the review of the data disclosed by the issuers it was observed that, although very few entities did not report on Scopes 1 and 2, almost one-third of the issuers that prepare the NFIS continued to fail to provide information on Scope 3.

Nevertheless, Scope 3 emissions account for nearly 85% of the total reported (including financed emissions reported by credit institutions), whereas Scope 1 emissions account for just under 15% and Scope 2 emissions for only 1%.

As regards Scope 1, the data indicate that the energy sector accounts for approximately half of the total emissions reported, the commerce and services sector accounts for just over a quarter and industry accounts for just under 15%.

In relation to Scope 2, although some entities provide information on their emissions using both the market-based and location-based approach, some entities report their data exclusively using the market-based method, while others only use the location-based approach. More than half do not specify which of the two calculation methods they used.

In accordance with the reported data, financial institutions and energy sector companies significantly stand out in the Scope 3 emission category and account for 80% of the total of these emissions (just over 40% each). Industry follows at a considerable distance, contributing 9%.

It is observed that a considerable number of entities have not yet fully implemented the disclosure of their Scope 3 emissions corresponding to the categories stipulated by the GHG Protocol that are significant for companies.

Most issuers that detailed the Scope 3 emissions reported the categories considered in their calculation. However, many issuers did not provide a breakdown for each specific significant category nor calculated them for all the relevant categories. Nearly half of the issuers calculated emissions only for between one and five out of the 15 categories. The most frequently considered emissions are business trips, purchases of third-party products and services and, in the case of the financial sector, financed emissions, which are by far its most relevant category.

As regards financed emissions, a greater effort to provide this data is observed; however, most entities claim to be in the process of perfecting their measurement methods and the scope considered to generate more accurate and comprehensive data.

Climate-related targets, metrics and progress

As regards this priority aspect, it should be noted that:

– Climate-related targets are more useful when they are **measurable** for a defined time period and clarify: i) the expected results in terms of mitigation or adaptation of climate-related risks; ii) any benefit arising from climate-related opportunities; or iii) any impact on people or the environment.

  In this context, entities were recommended to disclose the quantitative targets established for monitoring the policies and actions aimed at addressing IROs of relative importance related to climate and other environmental matters.

  At times, entities were requested to explain how the objectives of the various business areas converged with those established at group level, which are not always or only partially quantified.

  Entities that had not set measurable targets or were in the process of doing so were requested to indicate if they would be set in the future and when, disclosing the progress made and the measures adopted to set them.

  In the case of entities that do not intend to set measurable targets, they must indicate the reasons and describe if, and how, they effectively monitor their policies and actions.

– In order to assess the reliability of the climate commitments, it is essential for the targets to be broken down in such a way that users can understand their evolution, their consistency with the strategic ambition and their degree of achievement in comparison to the pre-established objectives over a base year.

  In the event that none of them are achieved, an explanation must be included relative to: i) the reasons for not having achieved them; ii) whether the objectives established for future years have been reviewed accordingly; and iii) whether additional measures have been adopted to achieve the planned objectives, detailing such measures.

  In this regard, entities must specify how they monitor and review climate-related targets and periodically evaluate their consistency with the pre-established policies and strategies.

  Cases have been detected in which entities ceased to break down targets that were disclosed in previous years or in which their ambition was modified without providing explanations. It is essential to explain changes in targets from one financial year to another to understand their consistency with the group's transition strategy.

– In order for targets to be credible and effective they must form part of the strategy, the policies and specific actions. It is deemed necessary to provide information on the reasoning for selecting specific climate-related targets and disclose, in particular, how the actions and milestones established to meet these targets are essential to achieve the predefined strategic targets.

An effective way to link strategies, policies, actions and targets, and to show progress in their achievement, is to establish climate transition plans. Otherwise, entities must indicate whether or not they intend to adopt them and when.

In this context, entities were requested to indicate whether they had established a **transition plan** to mitigate climate change with a long-term time horizon and, where applicable, detail its main characteristics.

– In relation to the mitigation of climate change, the disclosure of **GHG emission reduction targets** is especially important. In this regard, all the aforementioned considerations apply to these targets, among which the following specific aspects stand out:

i) It is deemed essential for these targets to be reported in terms of absolute value (tonnes of CO_2 equivalent or as a percentage of the emissions over a base year that will be disclosed) for each scope (1, 2 or 3).

It is important to specify whether the targets refer to the whole group, in the case of Scopes 1 and 2, and to all or only some of the categories included in Scope 3. In the case of financial entities, it is important to know the decarbonisation targets associated with their loan portfolio.

Some of the financial institutions reviewed affirmed that they were in the process of adopting methodologies to set additional decarbonisation targets for the financed portfolio to those already set. In this regard, it is important to report the progress made.

ii) It is essential to explain how these targets are aligned with commonly accepted European and international objectives, especially those aimed at limiting global warming to 1.5ºC with respect to pre-industrial levels. Entities must also indicate whether they are endorsed by science and the framework and methodology used to determine them, the underlying climate scenarios and policies, and the data sources used.

iii) They must explain the decarbonisation levers identified for each of the scopes, including the actions carried out during the year and envisaged in each. It is important for entities to indicate their quantitative contribution to the reduction objective and specify whether these actions arise from internal initiatives (such as, for example, those arising from the application of new technologies with less emissions or changes in the product or services portfolio) or external initiatives (such as collaborations with key players in the value chain).

Entities must describe the result of the actions carried out during the year, explaining the reductions achieved and performance against targets. In the event that the expected progress is not achieved, entities are recommended to explain the reasons justifying it, detailing the probability of achieving the targets and the existing uncertainties.

It is deemed important to express targets in gross terms, i.e. that they do not include other measures such as GHG removal, carbon credits or avoided emissions as means for achieving emission reduction targets. In the context of climate neutrality strategies, it is important that entities explain the role of reductions of gross emissions in comparison with those other measurements.

iv) Issuers are recommended to provide information on the current and future financial resources and investment required to achieve these carbon footprint reduction targets.

It is important to correlate the significant monetary CapEx and OpEx amounts required for the executed or planned actions with the corresponding items in the financial statements and key indicators and, where applicable, the taxonomy CapEx plan.

v) Entities must disclose the qualitative assessment of the potential blocked GHG emissions arising from the company's key assets and products, including an explanation of whether, and how, they can compromise the achievement of the GHG emission reduction targets and lead to transition risks (ESRS E1. RD E1-1 P. 16d).

– ESMA highlighted that the EU's taxonomy may constitute a valid tool to set targets. In this context, entities were recommended to disclose their targets to align their activities with the technical selection criteria of one or more environmental objectives of the taxonomy, specifying the planned time frames for achieving them. Additionally, entities were recommended to detail the necessary investments to achieve them when they are material.

– Lastly, entities were recommended to provide information on emissions, reduction targets and actions for achieving them in table format or graphic illustrations.

Consistency in relation to climate information

There is still room for improvement in the **consistency** between the information provided in the notes to the financial statements and the information reported in the NFIS, and between the non-financial information included in different sections of the NFIS and the management report.

The *Report on the CNMV's supervision of the 2023 annual financial reports* explains, from the perspective of the financial information, the supervisory work carried out in 2024 on the consistency between both disclosures on climate-related matters, which was one of the enforcement priorities established by ESMA. Some of these and other additional areas for improvement include, namely, the following:

- Entities were requested to explain the reasons why environmental matters were identified as material issues in the NFIS, but sufficient information was not included on their risks in the IFRS financial statements. Among other information, entities were requested to explain the analysis carried out on their potential effects and the time horizon considered.

  At times, it was unclear whether the financial risks of climate change were relevant or not during the financial year or if they will be in the future.

- Entities were asked about the alignment between the environmental provisions recognised in the financial statements and the information provided in the NFIS on the main risks and impacts included in this regard.

- Differences were detected between the GHG emissions quantified in different sections of the NFIS and those disclosed in the financial information, due to which greater transparency was requested.

- Within the NFIS itself, entities were reminded of the importance of listing, to the extent possible, the resources assigned to carry out the climate change-related actions aimed at mitigating or adapting climate change with the CapEx and OpEx magnitudes defined under the Taxonomy Regulations.

Other environmental issues

In relation to the other environmental matters, the actions resulting from the review of the 2023 NFIS focused mainly on:

- Expanding the information about the targets set with other environmental matters of relative importance, in line with that mentioned earlier in the case of climate issues.

- The improvement in the disclosures relative to the **water footprint** and its consistency with the assessment of its materiality.

> In this regard, one entity was requested to explain the reasons why, despite considering efficient water management relevant in the materiality matrix, it only disclosed the water consumption indicators, without describing the policies and actions adopted for its management. Additionally, the entity was reminded that, if no policies or actions are adopted, they must report it, indicating the reasons and, where applicable, disclosing the time frame in which they intend to adopt it.

Disclosures relating to Article 8 of the Taxonomy Regulation (priority area for review)

The actions related to the environmental taxonomy disclosures are described in Chapter IV.

Social and governance

Although the actions carried out during the year focused on the enforcement areas and other cross-cutting matters, some social and governance issues identified that were subject to improvement are detailed below.

Pay gap

In relation to equality, inclusion and diversity, the information requested or recommended on the **gender wage gap** KPI (the "gap" or "pay gap") are as follows:

– The **methodology** used to calculate it must be clearly specified.

> In some cases, more than one method for calculating the pay gap or various similar concepts are indicated, without adequately explaining the reason or difference between the calculations.
>
> The new ESRS Standards specify the methodology for determining the pay gap and, therefore, will contribute to comparability and uniformity among issuers.

– As regards the data provided on the pay gap, in some cases issuers were requested to complete the information, to facilitate understanding of the global pay gap for the group, or segment it adequately.

Additionally, it is desirable that the professional categories used, which are not always homogeneous, are adequately described.

Issues about respect for human rights

The main areas for improvement detected in this regard are as follows:

– As regards the **risks** of human rights violations, the information on their assessment must be expanded and be specific to the circumstances of each issuer, beyond stating the entity's commitment to respect for human rights or that they are covered by compliance with the local legislation of the countries where they are present.

In this regard, details must be provided on the stakeholders considered in the process for determining IROs of relative importance, which must include not only employees, but also third parties in the value chain (suppliers, subcontractors, local communities, franchises, etc.) and other affected groups. Additionally, the consultation processes with the aforementioned stakeholders must also be described.

> In some cases, entities stated that they had carried out a risk analysis in countries with greater instability, which was not adequately reported.

The response of one of the issuers requested to disclose information on this aspect included a **future commitment** to improve disclosures relative to risks and impacts of relative importance and, where applicable, the actions carried out for managing them.

Issues relating to the fight against corruption and bribery

The main areas for improvement observed in issues relating to the fight against corruption and bribery were as follows:

– As regards risks, at times they are not clearly mentioned in the issuer's NFIS or the information reported by the entity was not explicit and specific about the main risks in the various countries where the group operated, the internal control and diligence procedures established and the KPIs shown by the results.

– Additionally, in some cases, entities did not disclose whether the risks identified had materialised or, where applicable, did not clearly indicate that they had not materialised.

Remunerations linked to sustainability objectives

Some issuers indicate that they have remunerations linked to objectives related to non-financial matters, such as the achievement of climate objectives. In such cases, issuers must describe their scope, the weighting criteria and how their performance will be measured.

Sustainability reporting control systems

Room for improvement in this area is observed, particularly in the description of data collection processes. This area will be a priority for the 2024 sustainability reports.

Whistleblowing channel and other communication channels

One of the main instruments used by issuers to learn about violations in the areas of personnel, human rights and corruption and bribery in the company and its value chain are the **ethics or whistleblowing channels**.

The main aspects identified susceptible of improvement were as follows:

– Improve the information on the **characteristics** of the whistleblowing channel and provide or expand the information on its **management procedures** providing, among other aspects, information on the persons in charge of the channel and the bodies involved, indicating how reports are processed depending on the type of practice that is reported, the criteria and procedures that are applied to analyse and assess the communications received and, where applicable, dismiss them or not classify them as a reported breach, or how conflicts of interest are managed (when the persons in charge of the channel are involved in the report).

Whistleblowing channels are often available on companies' websites and may be used by both employees and external parties.

As regards the type of reports, some entities link them to corruption and bribery or money laundering practices.

– Provide or improve explanations on results. As regards the KPI for the number of **reports** or other communications received, in addition to including the total number of reports received (not only those that have resulted in the materialisation of the risk), it is deemed good practice to:

  i) Report complaints addressed to the entity itself (received from its own employees and any third party) and those addressed to suppliers, subcontractors or other significant participants in the value chain, with respect to those for which it is good practice to also facilitate this KPI.

  ii) Indicate the total number of reports received from the various stakeholders, distinguishing which of them are classified as reports and, of these, those that were admitted for processing, breaking down those resolved and open at year-end and indicating their resolution (e.g. through the adoption of disciplinary measures, without required actions, etc.), specifying whether they have entailed, where applicable, impacts on the financial statements and changes in the policies or procedures for preventing them from happening again in the future.

– In this regard, issuers should not confine themselves to reports received through the whistleblowing channel. In many cases there are non-financial risks that have materialised (infringements or presumed infringements) and that are reported and resolved through other channels, either internally by the entities, through the courts or through other procedures, which should also be reported in the NFIS, especially if they had a significant impact in the financial year (also explaining the actions taken and the measures adopted or planned to prevent them from happening again in the future), which would contribute to the robustness of the data.

  Additionally, other examples would be the reports or other communications received at/from international organisations or other external channels such as the National Contact Point (NCP) of the OECD Guidelines for Multinational Enterprises or allegations from the Business & Human Rights Resource Centre (BHRRC) should be disclosed).[82]

82 The recommendations included in the report on compliance with the minimum safeguards of the Taxonomy Regulation published by the EU Platform on Sustainable Finance, include considering the lack of collaboration with NCPs as evidence of non-compliance, evaluating non-compliance with the OECD Guidelines for Multinational Enterprises or lack of response to allegations received from the BHRRC.

Follow-up of other matters

Characteristics and presentation of NFIS information

The following areas for improvement are still observed in relation to the tables of contents submitted by issuers, which to date refer essentially to Law 11/2018 and to the different frameworks followed (such as GRI, TCFD, SASB, etc.):

i) To facilitate the location of the content, entities should check that references to pages are updated and that said references are made to the right pages, instead of making reference to sections that are often very extensive.

ii) In order for the information to be traceable, it is deemed good practice to include references in the text to the corresponding disclosure requirements.

iii) Additionally, as regards data shown only in tables, it is advisable to include references to said tables in the text of the report.

Some related statistical data

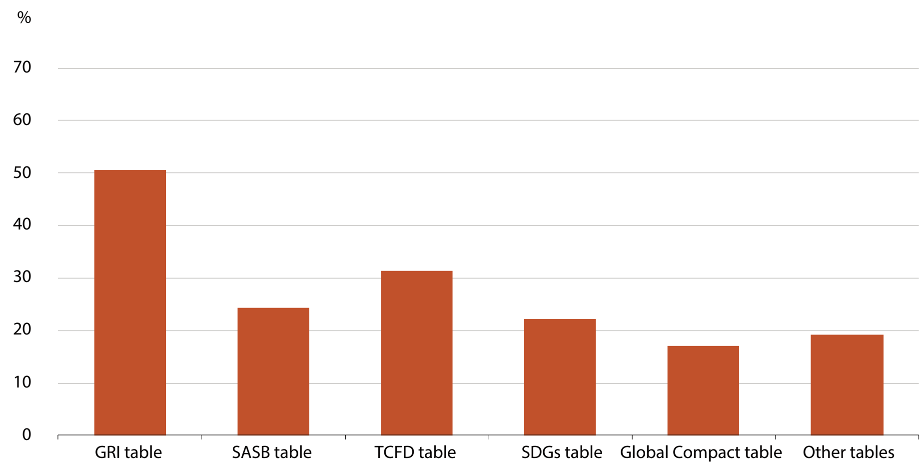
More than two-thirds of the issuers include other **additional tables** to those required under Law 11/2018 and which make reference to the most commonly used frameworks, with the GRI being the most widely used reference framework.

Of the 99 NFIS received, all except one included a summary of contents in the form of a table or box in their 2023 NFIS (same in 2022). In 99% of cases (97% in 2022), this table corresponded to the contents of Law 11/2018, in which issuers generally identify the pages or sections of the document in which it is found, and the framework used for the report (usually the GRI).

63% of issuers reflected some omissions of information in the table, which they explicitly or apparently justified in 94% of cases by saying that they considered this information to be immaterial or not applicable to the entity in question, such as biodiversity or actions to combat food waste.

Lastly, 70% of issuers include other additional tables to those of Law 11/2018 (60% in 2022) which, in general, make reference to the frameworks followed. Figure 5 shows the percentage of all issuers that submitted an NFIS and that include a table related to GRI, SASB, TCFD, SDGs, the principles of the UN Global Compact or other tables (notably, in the finance sector, a table of contents of the UNEP FI Principles for Responsible Banking).

Issuers that included additional tables to those of Law 11/2018 in 2023 FIGURE 5



Source: CNMV.

Alternative Performance Measures (APMs) in the NFIS

The *Report on the CNMV's review of the annual financial reports and main enforcement priorities for the following financial year* for 2023 includes the main non-compliances detected in relation to the ESMA's Guidelines on APM.

As regards the financial performance indicators included in the NFIS, in 2024 **requests for information and recommendations** were made to entities that did not comply with ESMA's guidelines in relation to the magnitudes corresponding to the economic value generated, distributed and retained, and to taxonomy-related disclosures.

As regards taxonomy-related disclosures, it should be noted that: i) when an issuer uses APMs relative to CapEx or OpEx in the management report to avoid confusion, they must indicate that they are different from those defined under the Taxonomy Regulation; or that ii) when they decide to submit additional voluntary disclosures, in order for investors to better understand the entity's taxonomy, the content of ESMA's Guidelines on APMs must be taken into account.

As a result of the supervisory actions, in all cases the companies submitted the information requested and, in the case of one issuer, the response to the request published on the CNMV's website included a **corrective note** in relation to APMs that had not been identified in the NFIS relative to the economic value generated and distributed.

IV Disclosures relating to Article 8 of the Taxonomy Regulation

Background and general aspects

In the 2023 NFIS, for the first time financial institutions submitted indicators of alignment with climate objectives, highlighting the Green Asset Ratio (GAR), which measures the proportion of assets allocated to financing or investing in activities aligned with the EU Taxonomy. Furthermore, both financial and non-financial institutions indicated the eligibility of new activities linked to these objectives and to the four remaining environmental objectives.

As a consequence, once again ESMA established as a priority the disclosures of Article 8 of the Taxonomy Regulation in the review of the 2023 NFIS.

Furthermore, the CNMV also prioritised the detailed examination of taxonomy disclosures from credit institutions and insurance undertakings. As a result of the foregoing, in October 2024 the CNMV published its *Report on European Taxonomy disclosures of financial undertakings*,[83] which analyses the information provided by these issuers in their 2023 NFIS.

The report evidenced that, in general, the alignment indicators were low and that financial institutions face difficulties to accurately reflect the investment in decarbonisation, due to the disproportion between the assets included in the denominator (which includes, for example, SMEs and companies from non-EU countries) and those considered in the numerator. This situation has hindered the inclusion of certain types of sustainable financing (such as, for example, green loans in wind farms or renewable projects aimed at SMEs), concentrating the highest eligibility figures in the household portfolio. Additionally, credit institutions indicated that, although it is feasible to evaluate the substantial contribution of the financing for a specific purpose, they often lack documentation that justifies compliance with the principles of Do No Significant Harm (DNSH) and Minimum Safeguards (MS), which had prevented reflecting part of the financing that contributes to environmental objectives on the alignment metrics.

In response, the Frequently Asked Questions document published by the EC in November 2024 encourages financial institutions to voluntarily disclose alignment estimates, including exposures currently excluded or without sufficient evidence, in line with the reform envisaged by the Omnibus Project, which proposes harmonising the denominator and the numerator.

83 https://www.cnmv.es/DocPortal/Publicaciones/OTROS/TaxonomyReport2023enen.pdf

Some data observed in the total population

As regards the data reported by both financial and non-financial companies, it should be noted that the inclusion of the four new environmental objectives and additional climate-related activities did not generate significant increases in the 2023 eligibility ratios, except for exceptions in sectors such as pharmaceuticals and hospitality.

In addition, some entities have shown high percentages of eligibility in the circular economy. For example, the case of one company that engages in the manufacture and sale of recyclable glass containers and another that specialises in the production of wrapping, films and bags from plastic polymers is observed.

As regards the impact on eligibility arising from the inclusion of new activities in the climate objectives, the case of one entity that engages in the manufacture of automotive components and mobility that increased the KPI associated with turnover is observed, since its activity is envisaged in Delegated Regulation 2023/2485 within the mitigation target.

Some taxonomy-related statistical data

The table below shows the average eligibility and alignment of the three taxonomic indicators, differentiated by sector of activity, for financial year 2023:

	ELIGIBILITY			ALIGNMENT		
%	Revenue	CapEx	OpEx	Revenue	CapEx	OpEx
Energy	46	70	54	42	69	47
Industry	30	33	25	14	15	15
Construction and real estate	79	63	46	29	27	22
Commerce and services	24	23	21	4	2	5

Source: CNMV.

The construction and real estate sector leads eligibility in terms of income (79%). Together with the energy sector, they show high CapEx and OpEx percentages, which reflects a strong focus on investments and operating expenses related to sustainable activities. Furthermore, the industry and commerce and services sectors show lower levels of eligibility in all indicators, which suggests less participation in sustainable activities according to the taxonomy.

Despite their high eligibility, the construction and real estate sector shows a relatively low alignment in income, CapEx and OpEx, which indicates that many of its activities still do not fully meet the technical criteria. The energy sector shows solid alignment in CapEx and OpEx, which confirms that investment in this sector is effectively aimed at sustainable activities. Industry, and commerce and services recorded the lowest alignment values, and the latter sector showed the lowest results.

Enforcement actions carried out in relation to the 2023 NFIS

Disclosures relating to Article 8 of the Taxonomy Regulation

The supervisory actions carried out by the CNMV in the 2023 NFIS, shown in Table 2 of the preceding chapter, confirmed that the EU Taxonomy disclosures were the main enforcement priority (11 requests and 12 recommendations), which indicates that there is still room for improvement in the quality of these disclosures.

The key aspects for improving the quality of the taxonomy-related disclosures are shown below.

Qualitative information

– Expand the explanations about the most relevant eligible activities, ensuring a clear understanding of their nature. This includes indicating the differences with respect to the previous financial year, where appropriate, and evaluate their proper classification.

> Sometimes the erroneous classification of some activities, such as transition, has been observed.

– Analyse whether the activities carried out by the entity can be considered eligible and aligned with more than one objective, providing an explanation about the examination conducted and the conclusions reached.

> The entity must assess and report on the eligibility and alignment of each environmental objective. In the review of the 2023 NFIS, it is still observed that some entities, while carrying on activities that could contribute to other objectives, limit their analysis to a single objective.
>
> If it is concluded that there are no eligible activities for certain objectives, entities are recommended to explicitly indicate it to ensure greater clarity and transparency in the information reported.

– Detail the measures adopted to avoid double accounting when there are economic activities that contribute substantially to various objectives, including the judgements and estimates used.

– Specify the time frames envisaged to meet the technical selection criteria (TSC) related to the adaptation and environmental objectives. When relevant, disclose the necessary investments for achieving this compliance, in addition to the entity's objectives based on taxonomy criteria.

– Link, to the extent possible, the impact of the plans and measures to be implemented to manage and mitigate the relevant climate risks with the taxonomic CapEx and OpEx magnitudes.

– Explain the "CapEx plans" aimed at increasing the aligned activities, specifying the conditions that justify their inclusion in the numerator of the indicator, pursuant to Delegated Regulation 2021/2178.

Although some issuers stated their intention of increasing their taxonomy-aligned activities, few disclose their "CapEx plans".

– Not consider the turnover generated by adapted activities, except when they are facilitators. Only expenses and investments in fixed assets (CapEx and OpEx) that form part of a plan developed in response to a risk assessment should be accounted for.

– Describe the process for evaluating compliance with the TSCs, the DNSH principles and respect for the MS, clearly indicating the criteria not met and their justification.

In the review of the 2023 NFIS, it was observed that, in some cases, the disclosures are limited to transcribing the content of the Delegated Regulation. It is essential to provide information on the evaluation of the TSC and DNSH, at least, for the most relevant activities, specifying the criteria that are met, those that are not met and the corresponding reasons.

– Include contextual information that facilitates the interpretation of eligibility and alignment indicators, indicating whether the entity considers the positive or negative results, and describing their performance compared to the previous financial year and future projections. If the percentages are especially low, explain the possible causes and detail the planned strategy for increasing them.

– Provide clear, comprehensive and specific explanations for the entity that accompany the indicators, avoiding generalities. In particular, detail the main assumptions used, the areas where significant judgements have been applied and the key aspects that have changed with respect to previously reported data, including a justification of such changes.

Furthermore, it is essential to offer an explanation about the significant changes in the indicators with respect to previous financial years, considering, when necessary, the restatement of the comparative figure and providing information that makes it easier to understand.

In the review of the 2023 NFIS, changes were identified in the criteria for calculating the eligibility KPIs for the 2023 financial year with respect to those reported in the 2022 NFIS. However, only some entities explained these changes and made the corresponding restatements.

– Explain the reasons that justify the difference in percentages of the eligibility and alignment ratios, indicating whether future convergence is expected and, if so, the estimated time horizon.

– Include cross-references to the corresponding items of the financial statements, providing, to the extent possible, a reconciliation of the denominators of the three KPIs and linking the eligible and non-eligible income to the information on the group's operating segments.

- If additional voluntary disclosures are included to better understand the taxonomy, they should not be integrated in the mandatory disclosures nor contradict or distort this information.

Templates

- The templates established by the regulation must be used without changing or adapting them, pursuant to Delegated Regulation 2023/2486.

> In the review of the 2023 NFIS, cases were identified where the template included in Delegated Regulation 2021/2178 was used, which does not contain all the required information, as it was subsequently amended by Delegated Regulation 2023/2486, in force on the date of submission of the taxonomy-related information for financial year 2023.

- In the case of non-financial institutions whose economic activity contributes to various objectives, the corresponding information must be introduced in the templates of Annex II to Delegated Regulation (EU) 2023/2486: i) highlighting in bold the most relevant environmental calculation for the purpose of calculating the key performance indicators of financial companies; ii) avoiding double accounting; and iii) specifying the scope of the eligibility and alignment by objective, using the template in Section c) and detailing the criterion applied.

- Complete template 1 of Annex XII of Delegated Regulation (EU) 2021/2178, amended by Delegated Regulation (EU) 2022/1214, relative to nuclear energy and fossil gas activities.

> In the review of the 2023 NFIS, it was observed that more than half of the issuers did not include template 1 in their reports.

Key performance indicators (KPI)

- Justify the inclusion or exclusion of certain concepts in the indicators, pursuant to Delegated Regulation 2021/2178.

> In the review of the 2023 NFIS, it was detected, among other issues, that some entities do not include asset usage rights in the calculation of the CapEx indicator.

- Explain the methodology used to allocate CapEx and OpEx to taxonomy-aligned activities, justifying the use of the percentage of representativeness of the sales volume as a criterion.

> In this regard, Question 30 of Commission Notice C/2023/305 stipulates the use of a non-financial parameter that enables accurate allocation of CapEx to a taxonomy-aligned activity.

Financial institutions

– Provide the GAR in terms of flow and other related concepts, ensuring its inclusion in the 2024 sustainability report and in the comparative figures.

– Indicate the databases used to calculate taxonomic KPIs, explaining the differences with the financial statements and including, to the extent possible, numerical reconciliation. Specify the scope considered in the calculation of the GAR and detail, where applicable, the differences with the accounting scope.

– Ensure compliance with the DNSH and MS principles when evaluating the alignment of an activity, regardless of whether or not the counterparty is a financial institution.

– Justify the absence of the templates included in the annexes to Delegated Regulation 2021/2178 for subsidiaries that operate in different business segments related to asset management, banking, investment firms or insurance activities.

> Only three of the financial institutions included templates for more than one activity and only one of them, which provides templates for credit institutions and asset management companies, stated that they had no relevant activity in insurance, reinsurance or investment services.

– Calculate the consolidated indicator as a weighted average of the indicators of each activity, considering the proportion of turnover of each activity in relation to the total consolidated turnover of the conglomerate and justifying the omission of information relative to any of the activities carried on by the group.

> Only one entity reported the consolidated average indicator data, calculated based on its asset management and investment services activities.

– In the case of insurance undertakings, entities must indicate the approach followed to calculate premium alignment and eligibility.

– Include the information required by Annex XI of Delegated Regulation 2021/2178 relative to qualitative disclosures of asset managers, credit institutions, investment firms and insurance and reinsurance undertakings.

This implies providing: i) contextual information that endorses the indicators, including the scope of the assets and activities considered, data sources and their limitations; ii) an explanation of the nature and objectives of the taxonomy-aligned activities and their evolution over time; iii) description of the application of the Taxonomy Regulation in the strategy, design of products and relations with customers and counterparties; and iv) information on the strategy and proportion of financing of taxonomy-aligned activities in the total activity.

Results of the supervisory actions

The detail of the results of the supervisory actions in relation to this area in the 2023 NFIS, indicated in Chapter III, is as follows:

– In the case of five issuers, the supervisory actions gave rise to a **future correction commitment** of the non-financial information, the main reasons for these commitments being as follows:

  i) Provide information on future changes in criteria with respect to previous financial years and, where applicable, restate the comparative figures.

  ii) Evaluate the consideration of certain activities as eligible regarding pollution mitigation, prevention and control, for the purpose of calculating the indicators.

  iii) Expressly indicate that the entity does not carry on activities that are eligible for certain objectives.

  iv) Include the templates stipulated by Delegated Regulation 2023/2486 and by Delegated Regulation 2022/1214.

  v) As regards financial entities, include certain disclosure requirements set out in Delegated Regulation 2021/2178 at 2024 year-end, including the corresponding comparative information for 2023.

– One issuer included in their response to the request, published on the CNMV's website, a **corrective note** in relation to the remittance of the templates required by Delegated Regulation 2023/2486.

Other significant aspects related to the EU Taxonomy

Explanatory Q&A on certain activities

It should be noted that the draft Frequently Asked Questions document, published at the end of November by the EC with the support of the PSF to clarify key taxonomy aspects and facilitate its implementation, addresses two matters of interest that affect some Spanish listed companies. Both matters are summarised below:

– The first establishes that income or expenses related to a motorway are not eligible for the climate change mitigation objective, pursuant to Section 6.15 "Infrastructure for low-carbon road and public transport", included in Annex I of the Delegated Regulation 2021/2139.

  It specifies that only essential activities specifically aimed at the operation of zero-emission vehicles are eligible for mitigation, such as electric charging points, improvements in the electrical connection, hydrogen refuelling stations and electric road systems.

Furthermore, it indicates that expenses allocated to adapting motorways to climate change are eligible for the adaptation objective, pursuant to Section 6.15 "Infrastructure for low-carbon road and public transport", included in Annex I of Delegated Regulation 2021/2139.

– The second established that the manufacture of seamless steel pipes and special alloy pipes is not covered by Section 3.9 "Manufacture of iron and steel", included in Annex I of Delegated Regulation 2021/2139.

  However, it clarifies that, if carbon steel is produced in an electric arc furnace or high alloy steel is produced as an intermediate product and these are used in the manufacture of a final product (such as seamless steel pipes), the intermediate activity could be reported as contextual information relative to the turnover KPI, pursuant to Delegated Regulation 2021/2178.[84]

Preliminary report on the Platform for Sustainable Finance

The preliminary report prepared by the PSF in January 2024, response to the EC's mandate, includes recommendations to simplify the EU taxonomy. The EC is considering reviewing the regulation to reduce the information burden for non-financial companies and simplify the submission of reports for financial institutions. Additionally, it proposes a simplified approach for listed SMEs, voluntary for unlisted SMEs, which facilitates their access to sustainable financing.

The EC has anticipated the consideration of some of these recommendations in the document published on 26 February 2025, announcing the adoption of a new package of proposals aimed at simplifying the regulation and reducing the administrative burden for companies and SMEs.

84 Section 1.2.3.1 of Annex I.

V Main enforcement areas for non-financial information in relation to the 2024 NFIS

In October 2024, ESMA published its common enforcement priorities for the 2024[85] annual financial reports, differentiating between financial information, sustainability information and ESEF.

ESMA, together with the national supervisors of the European Union, will pay particular attention to these matters when monitoring and assessing the application of the relevant requirements, as well as reviewing such matters as may be important for the various issuers examined.

ESMA's enforcement priorities for 2024 TABLE 3

Priorities relative to the IFRS financial statements	Priorities relative to the NFIS/SR	Priority relative to ESEF
Liquidity considerations	Materiality in ESRS reporting	
	Scope and structure of the sustainability report (SR)	Common errors identified in the statement of financial position
Accounting policies, judgements and significant estimates	Disclosures relating to Article 8 of the Taxonomy Regulation	

Source: ESMA.

The CNMV will also include, as an additional priority of the sustainability information, the disclosures provided by issuers relative to the internal sustainability risk control and management systems.

Additionally, in the same document, but not forming part of the enforcement priorities, ESMA provides a series of **general considerations** and reminders on the annual financial reports and sustainability reports.

In accordance with the guidelines issued by ESMA on the supervision of financial information and sustainability information, the national authorities will inform ESMA about the actions carried out in 2025 and the measures adopted in response to detected non-compliances, including those related to non-financial information. Furthermore, ESMA will publish a summary of the supervisory actions carried out in its *Activities Report*.

Those aspects of the ESMA document relative to sustainability information deemed most relevant are highlighted below, together with the additional issues on which the CNMV will focus. However, it is recommended that the ESMA statement be read in full.

85 https://www.esma.europa.eu/sites/default/files/2024-10/ESMA32-193237008-8369_2024_ECEP_Statement.pdf

Materiality of ESRS reporting

An adequate assessment of materiality is the starting point for determining the information that must be disclosed in the sustainability report. This assessment must cover both **impact materiality** and **financial materiality**. To this end, ESMA reiterates its recommendation to pay attention to the EFRAG's Implementation guidance for materiality assessment (IG1) for applying the relevant ESRS requirements.

To understand the context, sufficient information about the activities, business relations, geographical regions and stakeholders considered must be provided in the sustainability report.

ESMA highlights the importance of the disclosures on the **materiality assessment process** followed by issuers to reach their conclusions, which must comply with the disclosure requirements (DR) of ESRS 2. In particular:

– DR IRO-1 differentiates disclosures relative to the process followed for impacts from that followed for risks and opportunities (paragraph 53, letters b) and c)). The initial parameters used must be provided, indicating data sources, scope and assumption data (paragraph 53, letter g)).

– DR IRO-1 disclosures must reflect the connection between the result of the **due diligence process** on sustainability implemented by the issuer (section 4 of ESRS 1) and the **impact materiality process**. In this regard, one of the key elements of the cooperation process are the **stakeholders**. Issuers must disclose whether the process includes consultations with stakeholders and with external experts (IRO-1, paragraph 53, letter b).iii), and FAQ 16 of the IG1) and be transparent about how stakeholders are identified and prioritised (DR SBM-2 and DR IRO-1).

– The materiality assessment must be based, when possible, on quantitative information (FAQ 10 of the IG1).

Issuers must carefully consider the **materiality regime** defined for the different types of ESRS DR (ESRS 1, section 3.2 and Annex E). In this regard, it should be noted that:

– All the DRs and datapoints of ESRS 2 and of IRO-1 are mandatory in the thematic standards, regardless of their materiality. However, the DRs of thematic standards related to ESRS 2 (other than IRO-1) should only be disclosed if they are material, as detailed in Annex C of ESRS 2.

– Those issuers that do not exceed the average number of 750 employees can benefit from the phase-in provisions (Annex C of ESRS 1), which permit the temporary omission of the full thematic standards. However, they must be disclosed if the corresponding sustainability issues have been assessed as material (ESRS 2, paragraph 17).

– DRs related to **policies, actions and objectives** in the thematic standards are mandatory for the material matters indicated in ESRS 1, paragraph AR16. If there are no policies, actions or objectives in a specific area, it must be explained, indicating, if possible, the time frame for their adoption.

– The **specific information** of the entity should only be disclosed when a significant IRO is not sufficiently addressed in an ESRS (ESRS 1, paragraph 11 and AR 1–5) and meets the qualitative characteristics of the information according to ESRS 1, which must be clearly identified (ESRS 2, paragraph 48, letter h)).

– In relation to **disclosures on climate change**, if all the DRs of ESRS E1 are omitted as a result of their materiality assessment, detailed explanations must be provided, including a prospective analysis of the conditions that could give rise to significant climate change in the future (ESRS 2, paragraph 57).

Lastly, ESMA reminds issuers that the application requirements (AR) and the main regulations are equally binding, and highlights the requirement of ESRS 2 DR IRO-2, paragraph 56, which establishes that following will be included: i) **a list of the DRs fulfilled**, as a result of the materiality analysis, including page and paragraph numbers, which it is advisable to present as a table of contents; and ii) **a table with all the datapoints arising from other EU legislation** (ESRS 2, Annex B).

Scope and structure of the sustainability report

As regards the **scope** of the sustainability reports, ESMA highlights the following aspects:

– It must include confirmation that the scope of consolidation of the sustainability report is the same as that of the consolidated financial statements (ESRS 1, section 5.1 and ESRS 2, DR BP-1).

  Consequently, when it is determined that a metric or indicator is material for the group, the data of the entire group must be included (FAQ 22 of IG1), unless specified otherwise in the thematic standards.

– The information must cover the significant IROs related to the value chain (ESRS 1, paragraphs 63-67), including explanations about the scope or extension of the value chain (ESRS 2, DR BP-1).

  Section 10.2 of ESRS 1 includes a transitional provision related to the value chain for the first three years of application of the ESRS, although the efforts made by the issuer to obtain the necessary information on the value chain and the reasons why all the information could not be obtained, in addition to the issuer's plans for obtaining it in the future, must be explained (ESRS 1, paragraph 132).

As regards the **structure** of the sustainability report, ESMA highlights the following:

– The structure of the report is set out in ESRS 1, section 8, and illustrated in Annex D, including an example in Annex F.

– Information required by the standards can be included by reference, meeting certain conditions (ESRS 1, section 9.1).

– The general presentation requirements establish that the structure must facilitate access to and understanding of the sustainability information (ESRS 1, paragraph 111, letter b)). These objectives must be ensured, particularly in the case of issuers that use cross-references between the chapters of the sustainability report or include information by reference (ESRS 1, paragraphs 115, 119 and 122).

– Information that makes it possible to understand the connections with other parts of the corporate information (ESRS 1, paragraph 118).

Disclosures relating to Article 8 of the Taxonomy Regulation

The recommendations on the disclosures of Article 8 of the Taxonomy Regulation made by ESMA in 2023[86] remain valid in the context of their extension to the new environmental objectives and to new climate-related activities. ESMA highlights the following matters in view of the 2024 reports:

– The obligation for all issuers, regardless of the level of eligibility and alignment of their activities, of the **use of the templates** of Article 8 of Delegated Regulation 2021/2178 (DDA), amended by Delegated Regulation 2021/2486, without any type of adaptation or modification.

– Special attention must be paid in situations where there are **eligible economic activities for multiple environmental objectives**. ESMA reminds issuers that:

  • Issuers must assess each significant objective and report on its eligibility and alignment, subject to potential considerations of materiality.

    In this regard, question 13 of the document *Commission Notice C/2023/305* establishes that, when it is not possible to verify compliance with the TSC of eligible activities not relevant to their business due to lack of data or evidence, issuers must report that said activities are not aligned with the taxonomy without making any additional assessment.

  • The additional table on eligibility and global alignment must be broken down and included in the footnote of Annex II to Article 8 of the DDA, by objective.

– As regards **economic activities aligned with multiple environmental objectives:**

  • The most relevant objective must be highlighted in bold in the templates.

  • It may be necessary to break down the activities into various lines in the templates, depending on the number of relevant environmental objectives, in addition to the proportion of the respective turnovers, CapEx and OpEx aligned with each of these objectives.

– ESMA reminds issuers of the requirement to **include references to the financial statements and their notes** (Section 1.2.1 of Annex I of Article 8 of the DDA) to allow the users of the information to reconcile the denominators of the KPIs to the financial figures.

86 https://www.esma.europa.eu/sites/default/files/2023-10/ESMA32-193237008-1793_2023_ECEP_Statement.pdf

Main enforcement areas for non-financial information in relation to the 2024 NFIS

– ESMA highlights that disclosures on transition plans must indicate whether there are objectives or plans to align the activities with the taxonomy criteria, emphasising the need for consistency among the taxonomic disclosures and those relative to transition plans (ESRS DR E1-1, paragraph 16, letter e)).

Internal control systems and sustainability risk management

The CNMV will include the disclosures provided by issuers in relation to internal sustainability risk control and management systems as an additional priority of the sustainability information, considering the great importance that ESMA and the national authorities have been giving to data quality and, for these purposes, to the need to strengthen the control systems.

In this regard, a more detailed analysis of the disclosures established by ESRS 2 in its Section 2 on governance will be carried out and, in particular, in its DR GOV-5, according to which the company will disclose the main characteristics of its internal risk control and management system in relation to the sustainability information disclosure process, including the following information:

– The scope, the main characteristics and components of the risk management and internal control processes and systems in relation to the disclosure of sustainability information.

– The approach used to assess risk, including the methodology for prioritising it.

– The main risks detected and the strategies for mitigating them, including the associated checks.

– A description of how the company integrates the findings of its risk assessment and internal controls as regards the sustainability reporting process into relevant internal functions and processes.

– A description of the periodic notification of the findings mentioned in the preceding point to the administrative, management and supervisory bodies.

In relation to this matter, it should be noted that on 7 February 2025 the IAI published a guide on the *Internal Control Over Sustainability Reporting System (ICSR)*, prepared with the collaboration of a group of experts, with the main aim of helping to develop and implement the ICSR.

General considerations and reminders from ESMA about sustainability reports

Connectivity and consistency between the financial information and sustainability information. ESMA points out that the enforcement priorities of previous financial years on climate-related matters[87] continue to be relevant in the 2024 annual financial reports. It highlights the importance of the consistency and connectivity

87 https://www.esma.europa.eu/sites/default/files/2023-10/ESMA32-1283113657-1041_Report_-_Disclosures_of_Climate_Related_Matters_in_the_Financial_Statements.pdf

between the information on climate risks and opportunities disclosed in the financial statements and that included in the sustainability report or management report.

In particular, ESMA points out that those issuers most exposed to climate risks must provide explanations in their financial statements when the climate-related matters indicated in the management report do not have any effect on the financial statements (e.g. indicating how the issuer's transition plans impact its financial position and profit/(loss)). In this regard, these recently published documents must be taken into consideration: i) *IFRS IC AD Climate-related commitments (IAS* 37);[88] and ii) *IASB ED Climate-related uncertainties and other uncertainties in the financial statements. Proposed illustrative examples.*[89]

In this regard, **the CNMV wishes to highlight that consistency** between financial and sustainability information should be limited to climate-related matters, **but should extend to all the areas of the sustainability report**. This includes, for example, the consistency of the description of the business model and of the value chain of the sustainability report with the information by segment, the breakdown of turnover or information on customers or suppliers in the financial information, or the description of the information on the scope and provisions or contingencies disclosed in the notes with the information provided in aspects such as personnel, human rights or corruption and bribery. To facilitate understanding, it is recommended that they be adequately referenced.

ESMA's document also establishes some considerations relative to the financial information and the **APMs**, which are addressed in the *Report on the CNMV's review of the non-financial information statements* for 2023.

88 https://www.ifrs.org/news-and-events/updates/ifric/2024/ifric-update-march-2024/
89 https://www.ifrs.org/content/dam/ifrs/project/climate-related-other-uncertainties-fs/iasb-ed-2024-6-climate-uncertainties-fs.pdf

VI Annexes

List of verifiers issuing reports on the 2023 NFIS of issuers of securities or companies with securities admitted to trading on official secondary markets

ANNEX 1

VERIFIER	COMPANY
AENOR CONFÍA, S.A.U.	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
	GRUPO EMPRESARIAL SAN JOSÉ, S.A.
AUREN AUDITORES SP, S.L.P.	CLÍNICA BAVIERA, S.A.
BDO AUDITORES, S.L.P.	GRUPO EZENTIS, S.A.
	LABORATORIO REIG JOFRE, S.A.
BUREAU VERITAS CERTIFICATION	BORGES AGRICULTURAL & INDUSTRIAL NUTS, S.A.
	ERCROS, S.A.
	EROSKI SOCIEDAD COOPERATIVA
CROWE ACCELERA MANAGEMENT, S.L.	MINERALES Y PRODUCTOS DERIVADOS, S.A.
DELOITTE, S.L.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.
	AENA, S.M.E., S.A.
	ALANTRA PARTNERS, S.A.
	APPLUS SERVICES, S.A.
	AUDAX RENOVABLES, S.A.
	CELLNEX TELECOM, S.A.
	DEOLEO, S.A.
	DURO FELGUERA, S.A.
	INDRA SISTEMAS, S.A.
	LINGOTES ESPECIALES, S.A.
	MELIÁ HOTELS INTERNATIONAL S.A.
	MERLIN PROPERTIES, SOCIMI, S.A.
	NEINOR HOMES, S.A.
	TALGO, S.A.
	TÉCNICAS REUNIDAS, S.A.
	VISCOFAN, S.A.
ERNST & YOUNG, S.L.	AEDAS HOMES, S.A.
	AMADEUS IT GROUP, S.A.
	ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A.
	AZKOYEN, S.A.
	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
	CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A.
	DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.
	EBRO FOODS, S.A.
	EDREAMS ODIGEO, S.A.
	ENAGÁS, S.A.

List of verifiers issuing reports on the 2023 NFIS of issuers of securities or companies with securities admitted to trading on official secondary markets *(continuation)*

VERIFIER	COMPANY
ERNST & YOUNG, S.L.	FLUIDRA, S.A.
	GESTAMP AUTOMOCIÓN, S.A.
	GRENERGY RENOVABLES, S.A.
	INDUSTRIA DE DISEÑO TEXTIL, S.A.
	LOGISTA INTEGRAL, S.A.
	NICOLÁS CORREA, S.A.
	OBRASCÓN HUARTE LAIN, S.A.
	PRIM, S.A.
	PROSEGUR CASH, S.A.
	PROSEGUR, COMPAÑÍA DE SEGURIDAD, S.A.
	PUIG BRANDS, S.A.
	REDEIA CORPORACIÓN, S.A.
	SOLTEC POWER HOLDINGS, S.A.
	TUBACEX, S.A.
	TUBOS REUNIDOS, S.A.
	VIDRALA, S.A.
ETL GLOBAL AUDITORES DE CUENTAS, S.L.	COMPAÑÍA LEVANTINA DE EDIFICACIÓN Y OBRAS PÚBLICAS, S.A.
	LIWE ESPAÑOLA, S.A.
EUROPEAN TAX LAW GLOBAL AUDIT ASSURANCE	URBAS GRUPO FINANCIERO, S.A.
GABINETE AUDIWORK, S.L.	NUEVA EXPRESIÓN TEXTIL, S.A.
KPMG ASESORES, S.L.	BANCO SABADELL, S.A.
KPMG AUDITORES, S.L.	ACCIONA, S.A.
	ALMIRALL, S.A.
	ATRYS HEALTH, S.A.
	CIE AUTOMOTIVE, S.A.
	CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.
	CORPORACIÓN FINANCIERA ALBA, S.A.
	COX ABG GROUP, S.A.
	ENCE ENERGÍA Y CELULOSA, S.A.
	ENDESA, S.A.
	GENERAL DE ALQUILER DE MAQUINARIA, S.A.
	GRIFOLS, A.
	IBERDROLA, S.A.
	INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A.
	LABORATORIOS FARMACÉUTICOS ROVI, S.A.
	MAPFRE, S.A.
	NATURGY ENERGY GROUP, S.A.
	RENTA 4 BANCO, S.A.
MAZARS AUDITORES, S.L.P.	ADOLFO DOMÍNGUEZ, S.A.
	AIRTIFICIAL INTELLIGENCE STRUCTURES, S.A.
	INSTITUTO DE CRÉDITO OFICIAL
	MIQUEL Y COSTAS & MIQUEL, S.A.

List of verifiers issuing reports on the 2023 NFIS of issuers of securities or companies with securities admitted to trading on official secondary markets *(continuation)*

ANNEX 1

VERIFIER	COMPANY
PWC AUDITORES, S.L.	ACERINOX, S.A.
	AMREST HOLDINGS, SE
	BANCO SANTANDER, S.A.
	BANKINTER, S.A.
	CAIXABANK, S.A.
	CEMENTOS MOLINS, S.A.
	EDP RENOVAVEIS, S.A.
	ELECNOR, S.A.
	FAES FARMA, S.A.
	GLOBAL DOMINION ACCESS, S.A.
	GRUPO CATALANA OCCIDENTE, S.A.
	IBERPAPEL GESTIÓN, S.A.
	LÍNEA DIRECTA ASEGURADORA, S.A., COMPAÑÍA DE SEGUROS Y REASEGUROS
	MINOR HOTELS EUROPE & AMERICAS, S.A.
	PHARMA MAR, S.A.
	REPSOL, S.A.
	SACYR, S.A.
	TELEFÓNICA, S.A.
	UNICAJA BANCO, S.A.
	VOCENTO, S.A.
SGS INTERNATIONAL CERTIFICATION SERVICES IBÉRICA, S.A.U.	PROMOTORA DE INFORMACIONES, S.A.
VALORA CONSULTORES DE GESTIÓN, S.L.	AMPER, S. A.

Source: CNMV.

Glossary of acronyms

This glossary includes acronyms that are used several times throughout the report:

APM: Alternative Performance Measures

AR: ESRS application requirements

CapEx: Capital Expenditure

CDP: Carbon Disclosure Project

CEAOB: Committee of European Auditing Oversight Bodies

CNMV: National Securities Market Commission

CSDDD or CS3D: Corporate Sustainability Due Diligence Directive

CSRD: EU Corporate Sustainability Reporting Directive 2022/2464

DDA: Delegated Act on Disclosure of Information or Delegated Regulation (EU) 2021/2178, amended by Delegated Regulation (EU) 2023/2486

DNSH: Do No Significant Harm

DR: ESRS disclosure requirements

EC: European Commission

EFRAG: European Financial Reporting Advisory Group

EMAS: Eco-Management and Audit Scheme

ESEF: European Single Electronic Format

ESMA: European Securities and Markets Authority

ESRS: European Sustainability Reporting Standards

EU: European Union

GAR: Green Asset Ratio

GHG: Greenhouse gases

GLESI: Guidelines on Enforcement of Sustainability Information

GRI: Global Reporting Initiative

GSSB: Global Sustainability Standards Board

IAASB: International Auditing and Assurance Standards Board

IAI: Institute of Internal Auditors

ICAC: Accounting and Auditing Institute

ICJCE: Spanish Institute of Chartered Accountants

ICSR: Internal control over sustainability reporting system

IESBA: International Ethics Standards Board for Accountants

IESSA: International Ethics Standards for Sustainability Assurance

IFAC: International Federation of Accountants

IFRS/IAS: International Financial Reporting Standards / International Accounting Standards

IFRS: International Financial Reporting Standards (see also IAS)

IG: Implementation Guidance

IOSCO: International Organization of Securities Commissions

IRO: Incidents, impacts, risks and opportunities

ISAE: International Standard on Assurance Engagement

ISSA: International Standard on Sustainability Assurance

ISSB: International Sustainability Standards Board

KPI: Key Performance Indicator

LMVSI: Law 6/2023, of 17 March, on Securities Markets and Investment Services

MDR-A/M/T: Minimum ESRS disclosure requirement - Actions/Parameters/ Targets

NCP: National Contact Point of the OECD Guidelines for Multinational Enterprises

NFIS: Non-financial information statement (it will be renamed Sustainability Report when the CSRD is transposed)

NFRD: Non-Financial Reporting Directive 2014/95/EU

OECD: Organisation for Economic Co-operation and Development

OJEU: Official Journal of the European Union

OpEx: Operating Expenses

PIOB: Public Interest Oversight Board

PPA: Power purchase agreement

PSF: Platform for Sustainable Finance

Q&A/FAQ: Questions and Answers / Frequently Asked Questions

RTS: Regulatory Technical Standards

SASB: Sustainability Accounting Standards Board

SBM: ESRS Strategy disclosure requirements

SDG: Sustainable Development Goals

SME: Small and medium-sized enterprises

SR: Sustainability report (see NFIS)

TCFD: Task Force on Climate-Related Financial Disclosures

TNFD: Task Force on Nature-related Financial Disclosures

TSC: Technical selection criteria

UNEP FI: United Nations Environment Programme Finance Initiative

VSME: Voluntary Small and Medium Enterprises

XBRL: eXtensible Business Reporting Language