

Staff Request for Feedback

Staff draft of the IFRS[®] Sustainability Disclosure Taxonomy

Question 1—Distinct taxonomy

*Do you agree with the staff recommendation to create a distinct IFRS Sustainability Disclosure Taxonomy separate from the IFRS Accounting Taxonomy? (Paragraphs 1–10)
Why or why not? If not, what alternative approach would you suggest and why?*

OPINION : OTHER

Separating the accounting taxonomy and the sustainability taxonomy is a good idea, as some entities are likely to need one but not the other.

Common elements should however not be duplicated, and so we would favour the approach suggested in paragraph 8, where a third “core” taxonomy gathers such shared concepts.

It is possible to isolate such elements from the rest of the IFRS Accounting Taxonomy without needing to rethink its whole restructure, and without changing the current namespace styles, so that the change would be transparent for software currently using the taxonomy.

On the opposite, the name of some concepts should be made more specific when they are likely to be applied differently in the financial and sustainability reports. In the draft taxonomy, several concepts in the general features category, such as the “Date of start/end of reporting period” concepts may be confusing to users.

We would also like to recommend isolating (within the sustainability taxonomy, for instance by creating two different entry points) concepts that are very specific to IFRS reporting. As the IFRS sustainability taxonomy has the potential to become a reference taxonomy other sustainability standard-setters (such as EFRAG in the EU) could use as a base, it would be useful for them to be able to import only the definitions of the sustainability concepts. This would be a very efficient solution for the convergence between standards which is called upon by the market and the standard setters as to alleviate the burden on the issuers.

Question 2—Taxonomy grouping

*Do you agree with the staff recommendation to organise the general content of the IFRS Sustainability Disclosure Taxonomy, by both:
IFRS Sustainability Disclosure Standard; and aspects of core content?*

Do you agree with the staff recommendation to organise the content in the IFRS Sustainability

*Disclosure Taxonomy related to industry-based metrics separately and organised by the industry for which they are specified? (Paragraphs 11–30)
Why or why not? If not, what alternative approach would you suggest and why?*

2A : OPINION : BROADLY AGREE

Grouping can be very helpful to issuers in terms of discovery, if they match their intuitive classification of elements. Having two groupings gives more opportunity to discover elements.

2B : OPINION : BROADLY DISAGREE

If the industry-specific elements are not discoverable through the two groupings, it is likely that issuers will conclude they do not exist within the taxonomy and recreate them as entity-specific elements.

In the same fashion, other sustainability standard-setters who endeavour to be consistent with the IFRS sustainability taxonomy would be likely to conclude that they need to create their own element, which they might do with different names and attributes.

[Question 3—Relationship between the *General Requirements Exposure Draft* and *Climate Exposure Draft in the Taxonomy*](#)

Do you agree with the staff recommendation to reflect the proposed disclosure requirements related to each aspect of core content as a separate list of distinct elements (line items) for each of the [draft] IFRS Sustainability Disclosure Standards? (Paragraphs 31–53)

Why or why not? If not, what alternative approach would you suggest and why?

XBRL EUROPE:

OPINION : BROADLY AGREE

Using separate line items works well, but whenever a new standard is created, the taxonomy groupings will need to be carefully maintained so that elements appear in all relevant sections.

Separate line items may create complexity for issuers if a report uses one same section to comply with the requirements of several standards. They would then need to tag the section multiple times. We would recommend creating encompassing elements for these cases and using the taxonomy linkbases to document that encompassing relation.

[Question 4—Granularity of narrative information](#)

A - Do you agree with the staff recommendation that, as a principle, distinct taxonomy elements should be created for narrative information that is expected to be both separately understandable to primary users of sustainability-related financial information, and easily identifiable for tagging? (Paragraphs 55–68)

Why or why not? If not, should taxonomy elements generally be provided to represent

more detailed or less detailed narrative data sets? Why?

B - This principle, applied to the disclosure requirements proposed in the exposure drafts, has resulted in the staff recommending the creation of: narrow scope narrative elements typically corresponding to disclosures to be provided to meet proposed requirements listed in first-level subparagraphs of the exposure drafts (Paragraph 62)

In which, if any, cases do you think the most detailed taxonomy elements that should be included in the Taxonomy correspond to a different level of the requirements proposed in the two exposure drafts?

wider scope narrative elements corresponding to wider (paragraph level) proposed disclosure objectives and to entire aspects of proposed core content (see paragraph 64 and Appendix D)

In which, if any, cases would additional or alternative narrative elements covering wider disclosures be beneficial?

A : BROADLY DISAGREE

We would favor a different rationale for creating narrative elements. Ideally, whenever the standards require a disclosure, an equivalent element should be present in the taxonomy.

In cases similar to that of the staff request where a report section may mix the contents of two elements and the tags could not be applied separately, then at least the parent disclosure could be applied, and the presence of the two child elements within the taxonomy would serve as an indication to users searching for content matching a child element that it is likely contained within that section tagged using the parent element. This would of course require the relation between the parent and child tags to be clear within the linkbases of the taxonomy.

At any rate, creating the child elements whenever matching content is required serves as a way to document the standards, which is useful for issuers writing their reports, but also for other standard-setters who would like to create compatible complementary standards.

[B] NO OPINION REQUIRED No specific comments on the draft taxonomy on this point.

Question 5—Categorical elements

Do you agree with the staff recommendation to use categorical elements for narrative disclosures that can be represented as either true or false responses or choices from lists of responses? Why or why not? (Paragraphs 69–81)

Do you agree with the staff recommendation to create specific categorical elements and their properties? (See Appendix F) Why or why not? If not, do you think any additional categorical elements are needed and, if so, which ones?

XBRL EUROPE:

[A] OPINION : BROADLY AGREE

The proposed mechanism seems a fair approach to answering the standard requirements. For consistency, applying the mechanism to the accounting taxonomy would be welcomed.

Note: XBRL Europe highly recommends the development of a “Core” XBRL taxonomy between the ISSB and the ESRS Standards. This would be a very efficient solution for the convergence between the 2 standards which is called upon by the market and the standard setters to alleviate the burden on issuers.

(Potential divergence with the European Sustainability Reporting Standards is already apparent with the example of Scope 3 emissions classifications. Both standards require reports to disclose which of the 15 categories of scope 3 GHG emissions as defined in the GHG Protocol were used in the scope 3 calculation for the reporting entity. ESRS seeks to simplify the disclosure by aggregating the 15 categories into 5 larger categories, for which the exact mapping was provided. Reporting with these 5 categories is however not compatible with the endeavour of calculating upstream and downstream emissions, since one of the categories contains both.

This type of divergence could be revealed by working on a common taxonomy using the mechanism suggested in the draft.)

[B] OPINION : BROADLY AGREE -.

Question 6—Modelling metrics

Do you agree with the staff recommendation to:

- create elements, equivalent to those in the SASB Taxonomy, for defined metrics common to IFRS Sustainability Disclosure Standards and SASB Standards in the IFRS Sustainability Disclosure Taxonomy? (Paragraphs 82–94)
- model disclosures related to entity-specific metrics and targets using a dimensional approach? (Paragraphs 95–99)

Why or why not? If not, what alternative approach would you suggest and why?

XBRL EUROPE:

[A] OPINION : OTHER

It is generally considered good practice not to duplicate elements. If the SASB taxonomy is discontinued as the IFRS sustainability taxonomy “inherits” these elements, there is no duplication issue.

We would support such a change, as it would also make the alignment of other sustainability standards easier. Notably, the ESRS will need to include industry-specific metrics based on the same principles and will seek convergence with the IFRS.

[B] OPINION : OTHER

The recommended approach can work to tag data linked to the entity-specific metric. However, the most important aspect is that the relation between the *value* of that metric and that data be modelled as well, and it doesn't seem possible to use the described approach to tag that value (as the data type cannot be predicted, no line item can be created).

There are several available options to model different relations, using dimensions or footnotes in a report or relations in report-specific linkbases. Our global opinion is that there is no single mechanism that will cover everything needed to model entity-specific disclosures and the related information.

As there are no agreed on best practices on this type of modelling, the risk of divergence with other sustainability taxonomies is rather high, and so we would encourage cooperation on this matter in particular.

Question 7—Representing related information

Should the IFRS Sustainability Disclosure Taxonomy include a specific mechanism to capture connections between related pieces of information—for example, connections between sustainability-related financial information and information in the financial statements or connections between pieces of sustainability-related financial information? If you do, are you aware of a mechanism that can be used without imposing undue costs on preparers and users of digital reporting? If so, please explain that mechanism. (Paragraphs 101–110)

Alternatively, do you think that the narrative elements in the staff draft of the IFRS Sustainability Disclosure Taxonomy would adequately capture such connections for users of the information without imposing undue costs for preparers and users of digital reporting? (Paragraph 103)

XBRL EUROPE:**[A] OPINION : YES**

There are different solutions, that may depend on the filing rules rather than on the taxonomy. Connections strictly within the taxonomy would only work if the report uses the two IFRS taxonomies, and could not be used to express entity-specific relations within a report. A mechanism similar to the one adopted for entity-specific disclosure could be applied here as well, as the requirements are similar.

Here again, this is an issue most sustainability standard-setters will face and for which no best practice exists yet, and so we encourage cooperation and further consultation with the XBRL International Best Practices Board.

[B] OPINION : NO

The narrative contents of a disclosure do not express relations properly in a digital format. Relations must be modelled using dedicated mechanisms. A mechanism similar to the one adopted for entity-specific disclosure could be applied here as well, as the requirements are similar.

Question 8—Connections between reports

Do you agree with the staff recommendation that requirements related to cross-references in the IFRS Sustainability Disclosure Taxonomy should not be modelled explicitly? (Paragraphs 111–123)

Why or why not? If not, what alternative approach would you suggest and why?

Do you agree with the staff recommendation to, in principle, model disclosure requirements of the [draft] IFRS Sustainability Disclosure Standards in the staff draft of the IFRS Sustainability Disclosure Taxonomy in the same way similar disclosure requirements of the IFRS Accounting Standards are modelled in the IFRS Accounting Taxonomy, except for categorical information? (Paragraphs 124–132)

OPINION : BROADLY AGREE

We agree with the proposal to tag directly the information in the report where it is published, and not the cross-reference text.

There is therefore no specific work to be done in the taxonomy.

Here again, this is an issue most sustainability standard-setters will face and for which no best practice exists yet, and so we encourage cooperation and further consultation with the XBRL International Standards Board (XSB).

We acknowledge that there is no existing solution using XBRL to reference data present in another published document as noted in paragraph 118. The XBRL community will address the issue through its XSB working group and develop such a standard to be applied to all kinds of reporting.

Question 9—Similar disclosures in IFRS Accounting Standards and in the [draft] IFRS Sustainability Disclosure Standards

Do you agree with the modelling in the staff draft of the IFRS Sustainability Disclosure Taxonomy for disclosures that are similar to their counterparts in the IFRS Accounting Standards? (Appendix G) Are there any other disclosures that are sufficiently similar between those set out in the [draft] IFRS Sustainability Disclosure Standards and those in IFRS Accounting Standards, and for which consistent modelling should be considered?

XBRL EUROPE:

[A] OPINION : BROADLY AGREE

The modelling generally follows best practice, and we hope the improvements will spread to the accounting taxonomy as well.

[B] OPINION : BROADLY DISAGREE

We recommend using the “similar disclosure concepts” with the ifrs-sds namespace only when ifrs namespace (or gaap namespace) cannot be used in the report (because the entity doesn’t report with this taxonomy).

Local names should be made different, as it creates a risk for software that relies on local names to identify potentially identical elements across versions.

[Question 10—Other comments](#)

Do you have any other comments or suggestions on the staff draft of the IFRS Sustainability Disclosure Taxonomy?

Note: XBRL Europe highly recommends the development of a “Core” XBRL taxonomy between the ISSB and the ESRS Standards. This would be a very efficient solution for the convergence between the 2 standards which is called upon by the market and the standard setters to alleviate the burden on issuers.

Several questions focus on relationships between information either on a taxonomy level or on a report level. The use of relationships can significantly improve the usability and value of digital reports. Narrative information is more complex to read and to process than detailed tags. Therefore, additional relationships would significantly enhance digital sustainability reports. It would consequently be welcome if the introduction of new relationship types could be guided more from the perspective of long-lasting benefits for consumers.

Relationship levels in taxonomies and reports can be further refined by distinguishing between IFRS Sustainability Disclosure Taxonomy and entity-specific taxonomy extensions. Report level can be further refined to human readable iXBRL and extracted machine-readable XBRL.

In order to enrich the reports with digitised semantics and thus not to throw forward-looking advantages overboard, it would be helpful to use relationships consistently throughout and at the four different levels.

- disclosure taxonomy
- entity-specific extension
- iXBRL report
- extracted XBRL report

The XBRL standards offer a variety of possibilities or alternatives for this on every level.

At the taxonomy level, additional types of relationships between concepts could facilitate the use of the taxonomy, for example:

- related to (83-94), to explain whether the elements adopted from the SASB taxonomy are

- identical or how they differ compared to the SASB taxonomy
- different types of anchoring relationships (98), to help to ease manual and automated analysis

The XBRL standard provides role definitions and generic links to enhance roles with labels and documentation.

At the reporting level, such roles can be used as well and relationships can be created on the basis of existing standards per footnote or explanatory footnote (as described under 105-109). Since this feature is offered by the standards, it can be used with little effort by the parties listed under 110 and validated without additional costs.

However, current standards do not cover cross-references between different XBRL instances, iXBRL reports or report packages. An extension to existing standards could be requested from the XBRL International Standards Board (XSB).

As an alternative solution to that, the usage of ids (e.g. as a typed dimension of an explanatory fact) in the scope of reports could solve this issue. Additional usage of hash values (calculated from a report excluding such ids) can help to ensure authenticity. Such properties like id, hash value and further properties like report id might be all covered by typed dimensions in context of an explanatory fact.