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# An update on the IFRS Sustainability Disclosure Standards Digital Taxonomy

XBRL Europe – Rome – 21 May 2023  
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Better Information, Better Decisions

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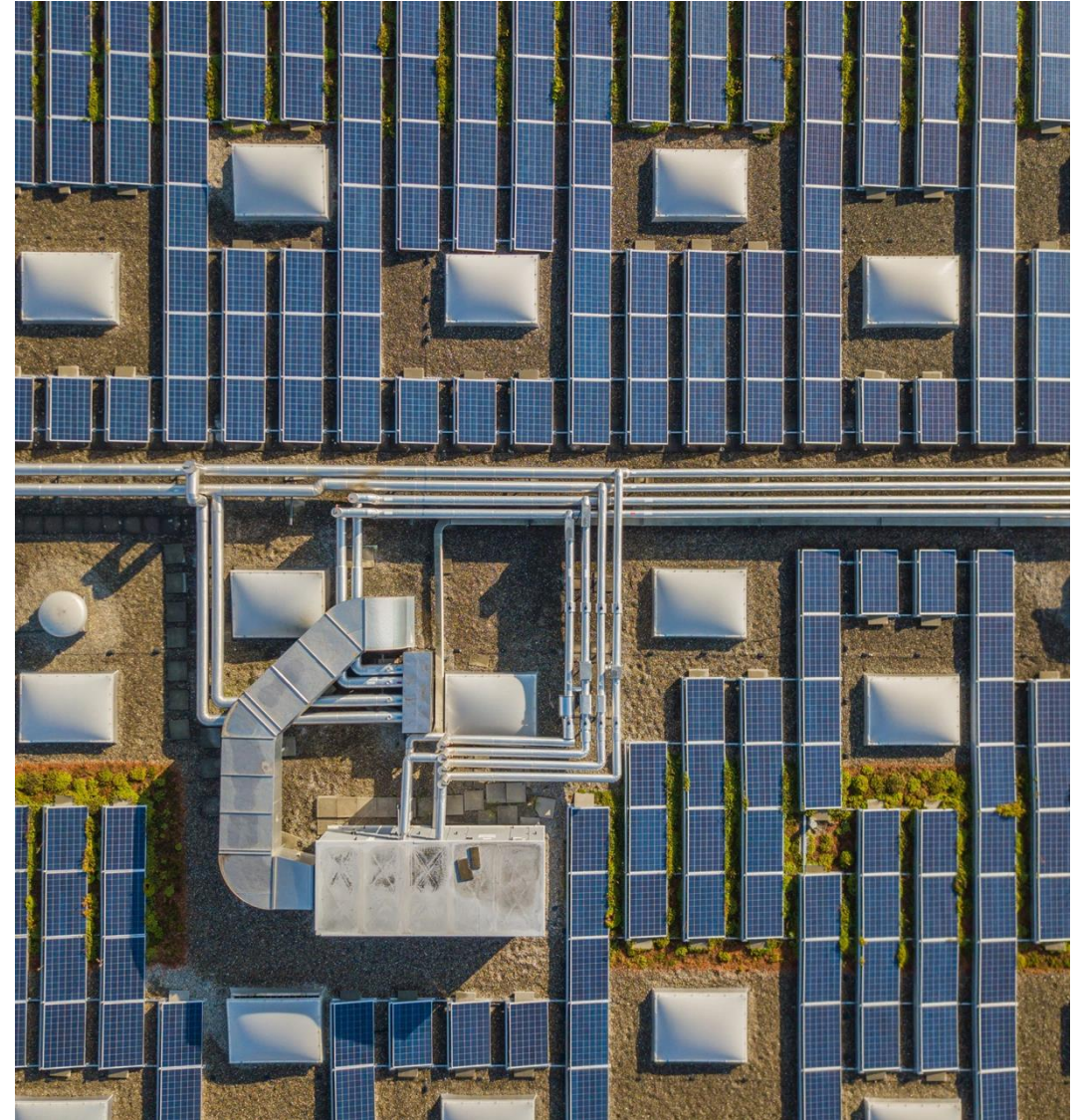
## Background - the ISSB and ISSB Standards



## Market drivers for the ISSB

- Sustainability factors have become a mainstream part of investment decision-making
- End the alphabet soup of voluntary initiatives
- Support from international policy makers\* for a global baseline of sustainability disclosures for capital markets

\* G7, G20, Financial Stability Board





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Sustainability-related disclosure standards that are:

## Decision-useful

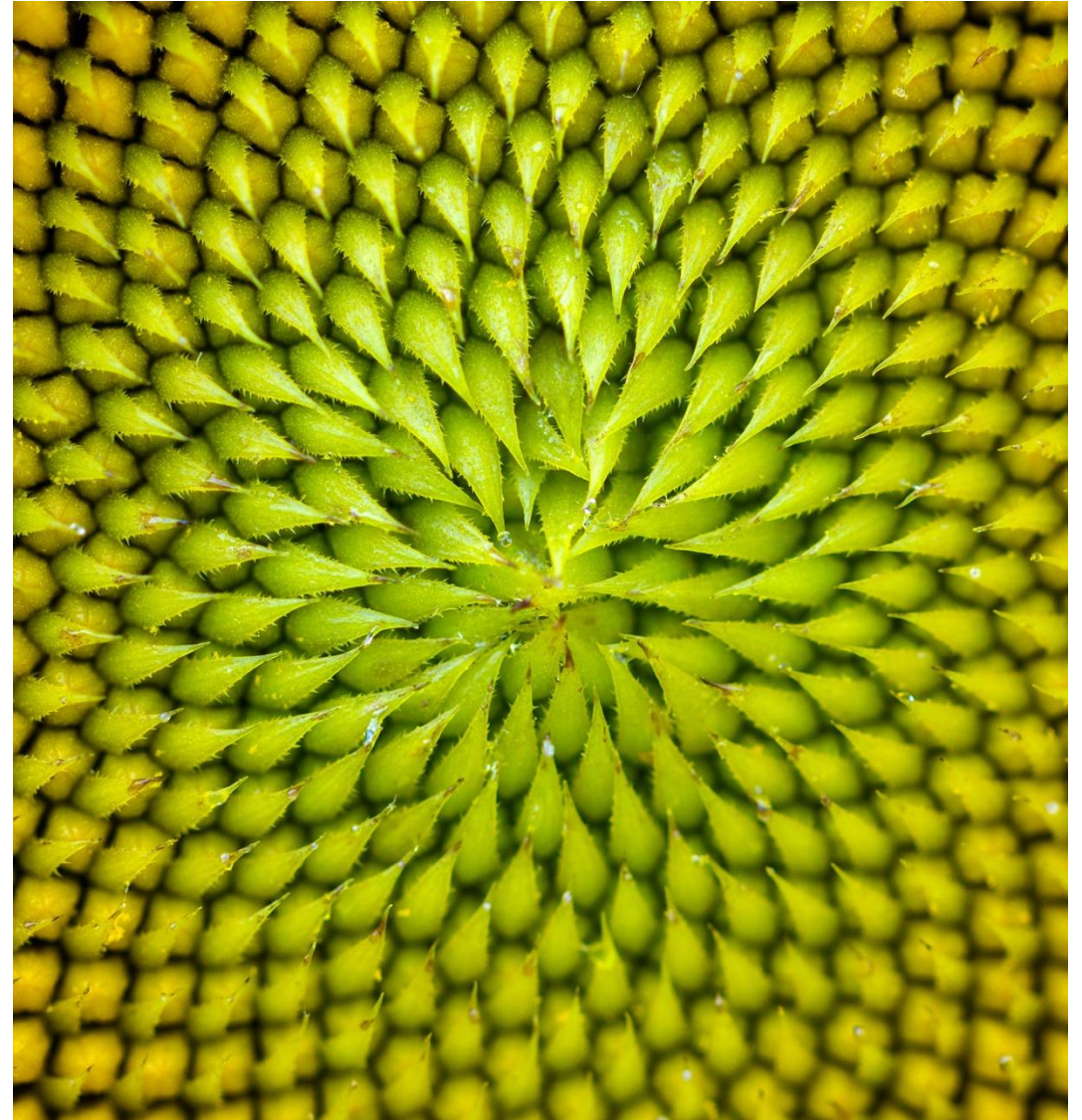
*Information to support investor decisions*

## Cost-effective

*Efficient for preparers*

## Market-informed

*Rigorous, transparent due process*



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# Building on investor-focused standards and frameworks

Consolidated into the IFRS Foundation



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## ISSB objectives



Develop standards for a **global baseline** of sustainability-related disclosures to **meet information needs of investors** globally



**Enable companies** to provide comprehensive, decision-useful sustainability information to global capital markets



Deliver a **common language of sustainability-related disclosures**, with the flexibility for regional **'building blocks'** to be added by regulators when necessary to meet local and multi-stakeholder information needs.

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# Towards a comprehensive global baseline for disclosure



- May be added to, to meet jurisdiction-specific requirements (eg ESRS)
- May be adopted to meet broader multi-stakeholder needs (eg GRI Standards)

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## ISSB Standards



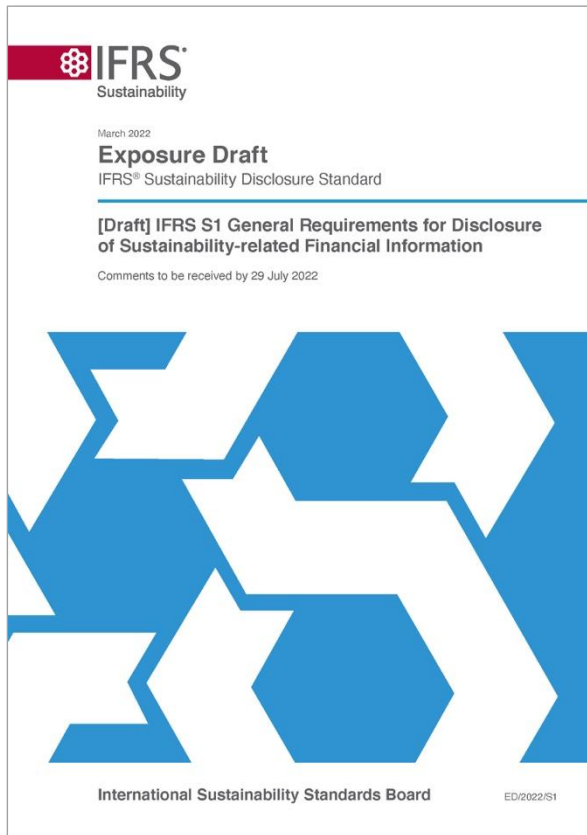
### BASELINE

- Provides a comprehensive foundation of disclosure
- Common language for comparable, cost effective, decision-useful disclosures
- Designed to meet investor needs across global capital markets

# Currently developing two Standards

S1: General Requirements for Sustainability-related Disclosure

S2: Climate-related Disclosures

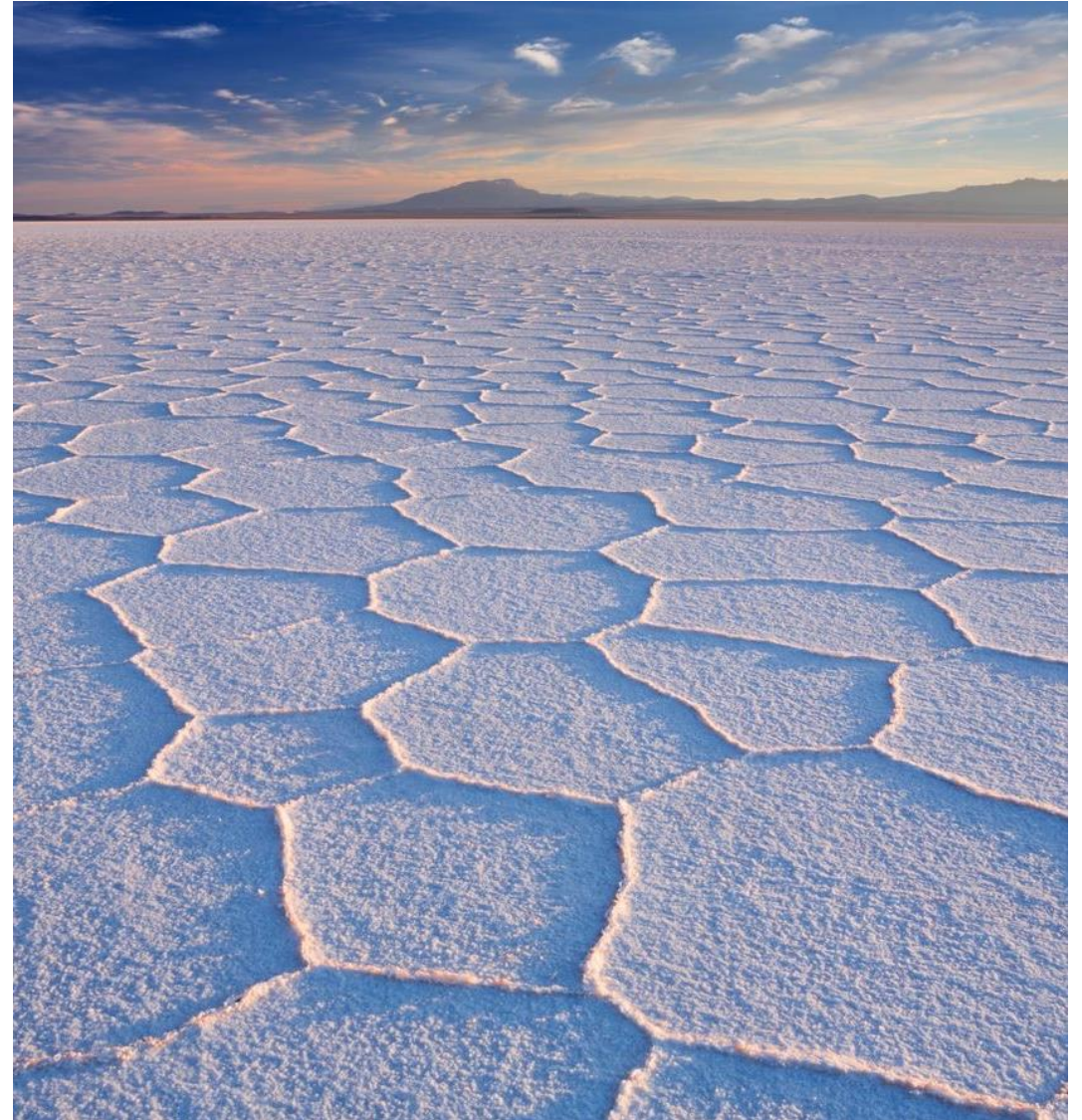




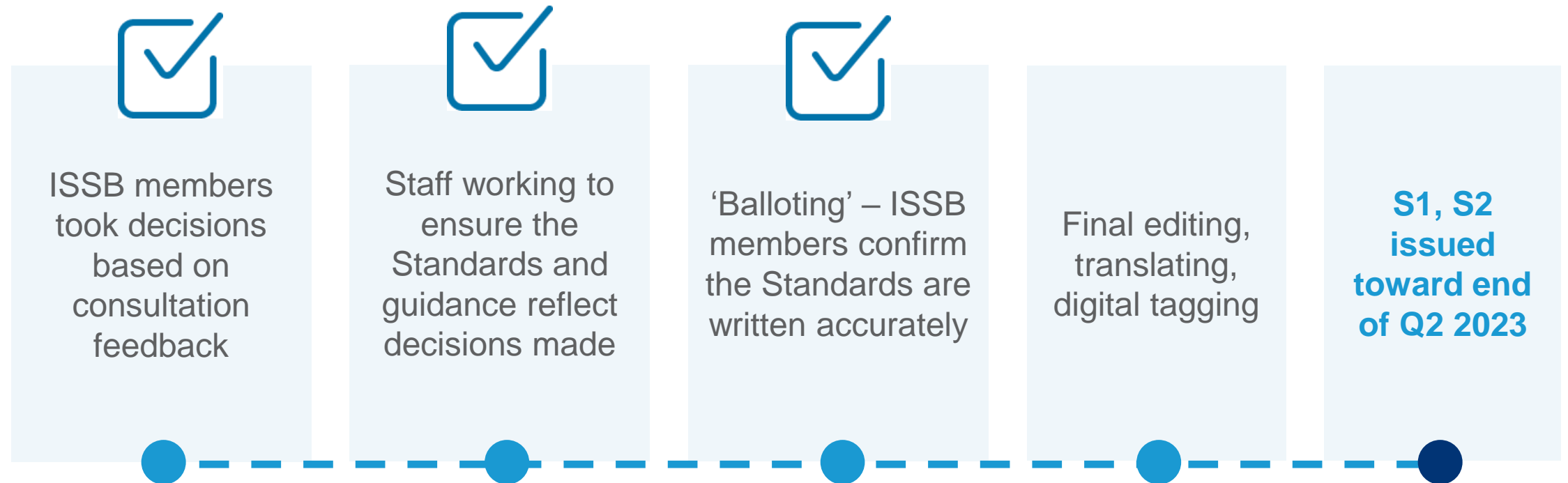
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## Achieving efficient reporting through interoperability

- Ongoing dialogue with **jurisdictions** to ensure consistency across reporting requirements, eg the European Commission
- Adopted the **TCFD structure** to align with existing reporting and regulation
- **CDP** to align platform to ISSB climate standard
- Work with **GRI** to further harmonise the sustainability reporting landscape



## Path to issuing S1 and S2 – almost there!



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# Remaining work



## Capacity building

work with partners globally to facilitate adoption by markets and application by companies



## Internationalise SASB Standards

which companies applying S1 must consider



## Build connectivity

with IASB to ensure standards are compatible and avoid inconsistencies



## Facilitate Interoperability

with jurisdictional initiatives and GRI Standards



## Connect Climate and Nature

research incremental enhancements to S2 around just transition, nature and water



## Consult on priorities

ISSB meetings are broadcast live

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# Digital Reporting



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## Facilitating digital consumption



The ISSB has a desire to **support digital reporting from the start**



The ISSB is **developing an IFRS Sustainability Disclosure Taxonomy**



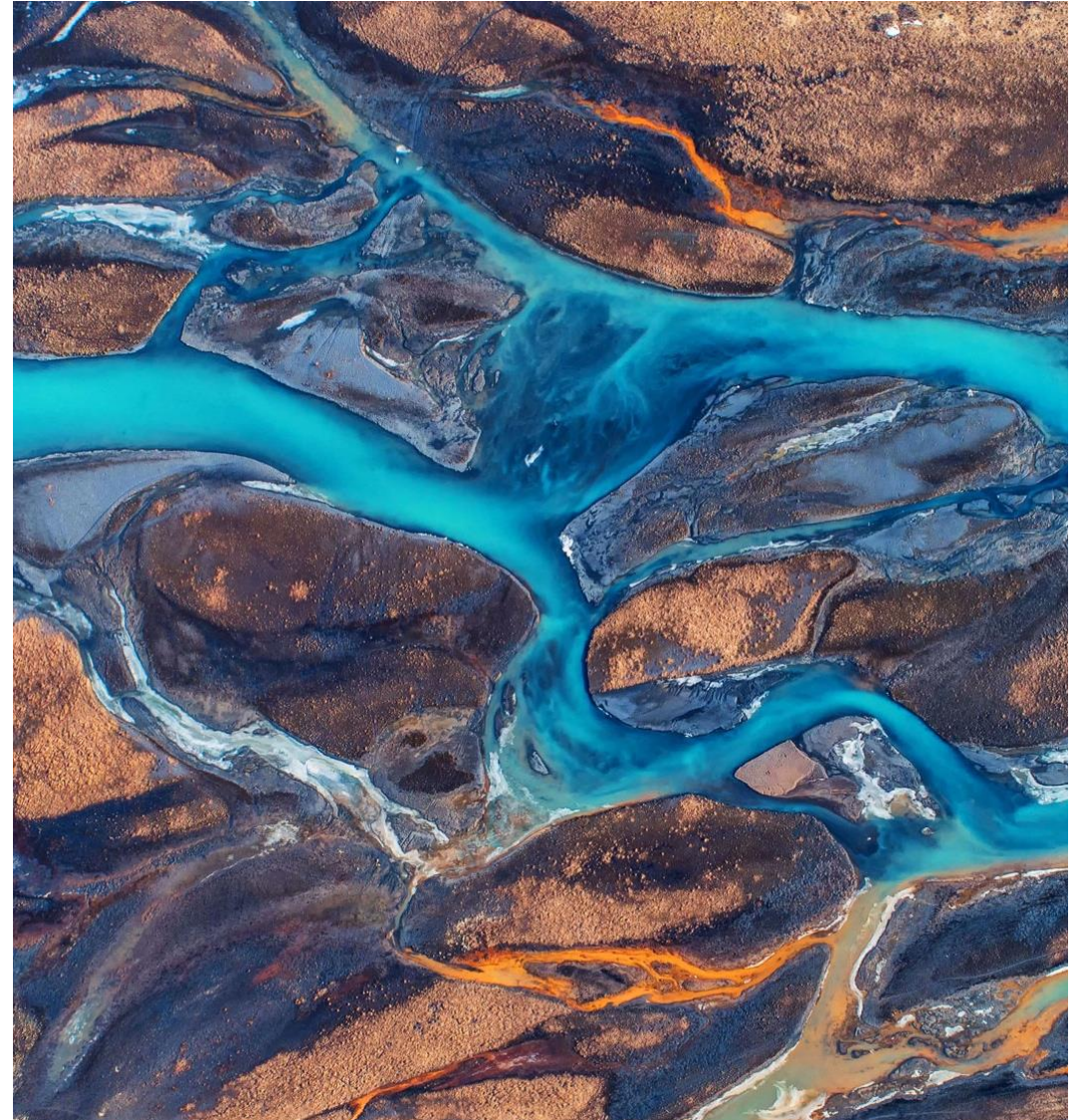
Focus on reflecting the requirements in S1 and S2 **appropriately** in a digital format and providing a **suitable base component** for regional building blocks



# Purpose of the taxonomy

The IFRS Sustainability Disclosure Taxonomy will:

- Provide a **data model** representing the disclosure requirements of the Standards
- Facilitate a **common understanding of the baseline** reported data
- **Enable tagging** by preparers of human readable iXBRL reports
- **Facilitate collection and consumption** of the data



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## Design objectives for the taxonomy



### GAAP Neutrality

Usable either standalone or **alongside (financial statements tagged with) an existing accountancy taxonomy** (IFRS, FASB etc).



### Start simply

Keep things simple to start with. Avoid too granular tagging.



### Usable as a base

Suitable for use as a component in requirements from many jurisdictions. Facilitate easy, direct, comparison of the global baseline information.



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## Modularisation

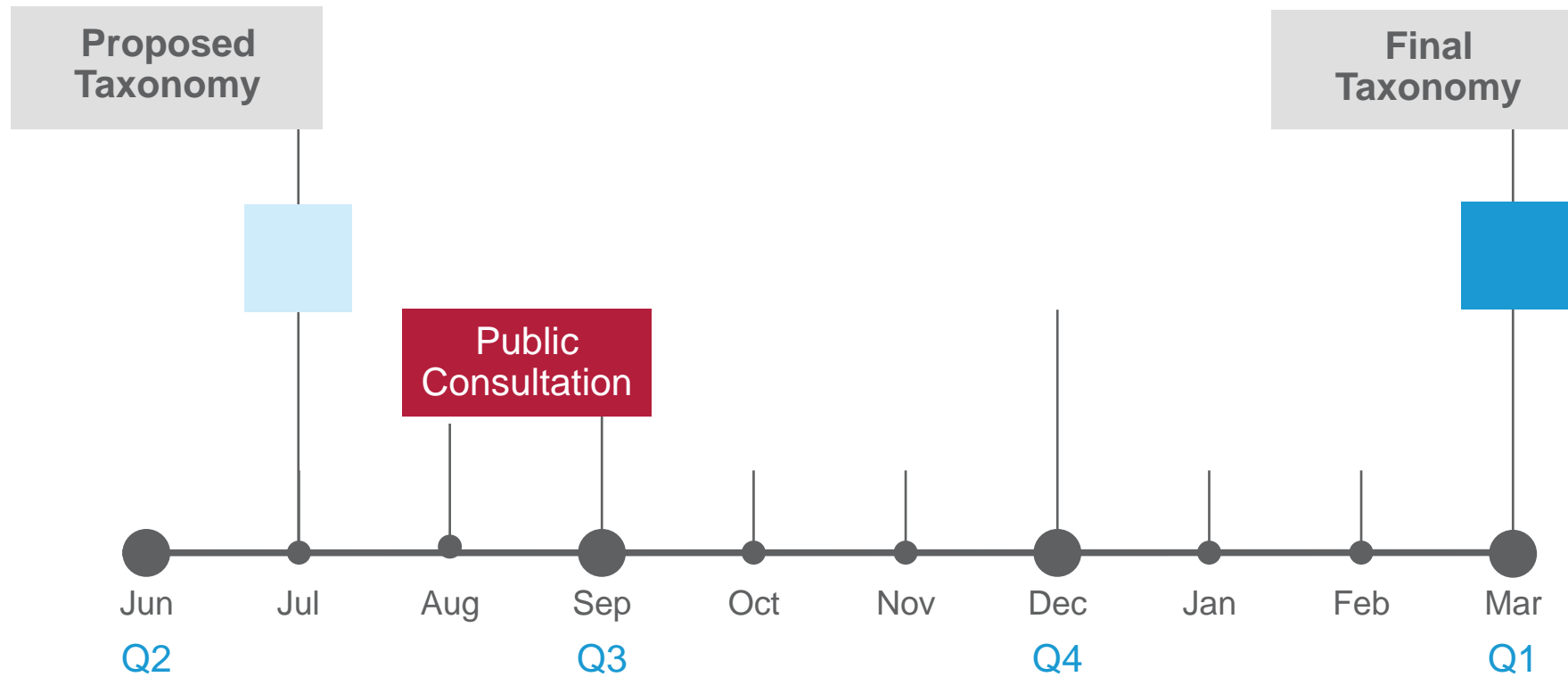
The taxonomy will be separated into two main modules:

- S1 and S2 Core Standards; and
- S2 Industry-based Guidance (industry metrics, which are consistent with internationalised SASB)

S2 states that “*the entity shall refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the Industry-based Guidance on Implementing IFRS S2.*”



# Consultation and finalisation timeline



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## Key questions in the public consultation



Will the taxonomy:

**facilitate digital consumption** of information

**facilitate implementation** and enforcement for regulators

be **usable for tagging** by preparers without undue cost?



Is the proposed **level of detail** appropriate?



Are there **improvements that could be made** that would ease adoption or operation?



What **guidance or supporting materials** would be most useful?



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# Questions



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