# IFRS® Sustainability Disclosure Taxonomy

# Contents



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# Introduction

## Why the ISSB created the IFRS® Sustainability Disclosure Taxonomy

IN1 The International Sustainability Standards Board (ISSB) created the IFRS Sustainability Disclosure Taxonomy to reflect disclosure requirements arising from IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, both issued in June 2023.

IN2 These IFRS Sustainability Disclosure Standards establish a comprehensive global baseline for sustainability-related financial disclosures intended to meet the information needs of users of general purpose financial reports.

IN3 The IFRS Sustainability Disclosure Taxonomy includes elements for tagging sustainability-related financial information prepared in accordance with IFRS Sustainability Disclosure Standards. These elements enable an entity to tag information about its sustainability-related risks and opportunities in its general purpose financial reports. Tagging makes this information machine-readable, enabling users of general purpose financial reports to extract, compare and analyse it more efficiently. Therefore, the IFRS Sustainability Disclosure Taxonomy facilitates consumption of sustainability-related financial information in a digital format.

IN4 The IFRS Sustainability Disclosure Taxonomy is designed for tagging sustainability-related financial disclosures prepared applying IFRS Sustainability Disclosure Standards, and will help:

(a) users of general purpose financial reports to consume sustainability-related financial information digitally;

(b) regulators that require the digital reporting of sustainability-related financial information; and

(c) an entity to implement digital reporting of sustainability-related financial information, enabling tagging without undue cost.[1]

IN5 The IFRS Sustainability Disclosure Taxonomy can also support the interoperability of the IFRS Sustainability Disclosure Standards with other sustainability-related disclosure standards. The IFRS Sustainability Disclosure Taxonomy is designed to help users of general purpose financial reports to make appropriate digital comparisons of sustainability-related financial information prepared in accordance with IFRS Sustainability Disclosure Standards and in accordance with other sustainability-related disclosure standards that are aligned with IFRS Sustainability Disclosure Standards. Interoperability between sustainability-related disclosure taxonomies relies on their respective standards being interoperable and an understanding of that interoperability.

IN6 The IFRS Sustainability Disclosure Taxonomy is a digital taxonomy that entities can use to consistently and comparably classify and structure sustainability-related financial information. It performs the same role as the IFRS Accounting Taxonomy does in relation to IFRS Accounting Standards.[2] It is not a taxonomy for assessing or categorising the sustainability rating or attributes of an entity or product, or sustainability attributes of particular economic activities. Such taxonomies include, for example, the EU taxonomy for sustainable activities.[3]

### IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*

IN7 The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.

IN8 IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. These risks and opportunities are collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects'.

IN9 IFRS S1 sets out the conceptual foundations and general requirements for disclosing material information about an entity's sustainability-related risks and opportunities, as well as specific disclosure requirements related to judgements, uncertainties and errors. It also sets out requirements for an entity to disclose information about its governance, strategy, risk management, and metrics and targets (referred to as the 'core content'). Information

1 The IFRS Foundation published an introductory article *Digital financial reporting—Facilitating digital comparability and analysis of financial reports*. The article explains the important role digital taxonomies play in digital financial reporting. The article can be found at: www.ifrs.org/content/dam/ifrs/standards/taxonomy/digital-financial-reporting/digitalreportingarticle-april2024.pdf.

2 The International Accounting Standards Board (IASB) and IFRS Foundation issue the IFRS Accounting Taxonomy, which is designed to tag financial statements prepared using IFRS Accounting Standards.

3 In this document, the terms 'taxonomy', 'taxonomies', 'IFRS Accounting Taxonomy' and 'IFRS Sustainability Disclosure Taxonomy' refer to digital taxonomies.

focusing on this core content is necessary for users of general purpose financial reports to assess the effects of sustainability-related risks and opportunities on an entity's cash flows, its access to finance and cost of capital.

### IFRS S2 *Climate-related Disclosures*

IN10 The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.

IN11 The requirements in IFRS S2 are structured around the core content of governance, strategy, risk management, and metrics and targets. This structure is consistent with that of the core content requirements in IFRS S1. The structure of IFRS S2 is also aligned with the structure of the widely accepted recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD)[4] and reflects how entities oversee and manage sustainability-related risks and opportunities, including those related to climate change.

## Overview of the IFRS Sustainability Disclosure Taxonomy

IN12 The ISSB aims to facilitate digital reporting of sustainability-related financial disclosures globally by creating the IFRS Sustainability Disclosure Taxonomy. This section discusses the main features of the IFRS Sustainability Disclosure Taxonomy relating to:

(a) digital reporting of sustainability-related financial information globally (paragraphs IN13–IN17);

(b) tagging narrative disclosures (paragraphs IN18–IN24);

(c) reflecting the relationship between IFRS S1 and IFRS S2 (paragraphs IN25–IN28); and

(d) tagging metrics and targets (paragraphs IN29–IN30).

### Digital reporting of sustainability-related financial information globally

IN13 The ISSB aims to facilitate digital reporting of sustainability-related financial disclosures globally by using a taxonomy architecture that enables an entity to use the IFRS Sustainability Disclosure Taxonomy together with other taxonomies, such as the IFRS Accounting Taxonomy.

IN14 The ISSB used best XBRL[5] taxonomy design practice in developing the IFRS Accounting Taxonomy and the IFRS Sustainability Disclosure Taxonomy, which allows both Taxonomies to work well together and maximises the likelihood the IFRS Sustainability Disclosure Taxonomy can be used effectively with other taxonomies. This approach reflects the fact that an entity may apply IFRS Sustainability Disclosure Standards irrespective of whether the entity's financial statements are prepared in accordance with IFRS Accounting Standards or other generally accepted accounting principles or practices (GAAP), as discussed in paragraph 8 of IFRS S1 (paragraphs 1–6).

IN15 Consistent taxonomy design practices in the IFRS Accounting Taxonomy and IFRS Sustainability Disclosure Taxonomy include:

(a) the grouping and ordering of taxonomy elements, which reflect the order of the related disclosure requirements in the IFRS Sustainability Disclosure Standard (paragraphs 75–78); and

(b) the dimensional structure, which reflects disaggregation of information (related to, for example, operating segments for the IFRS Accounting Taxonomy and metrics and targets for the IFRS Sustainability Disclosure Taxonomy) and helps users of general purpose financial reports to understand the meaning of entity-specific elements used to tag this information (paragraphs 79–88).

IN16 Following consistent design practices in different taxonomies helps to avoid unnecessary complexity and confusion that could result from different designs. For example, similar presentation structures in the IFRS Sustainability Disclosure Taxonomy and IFRS Accounting Taxonomy help in navigating two taxonomies to find the appropriate elements for tagging by entities, or to understand tagged data by users of general purpose financial reports.

IN17 When developing the IFRS Sustainability Disclosure Taxonomy, the ISSB considered:

4 Following the publication of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, the Financial Stability Board (FSB) has asked the IFRS Foundation to take over monitoring progress on entities' climate-related disclosures from the Task Force on Climate-related Financial Disclosures (TCFD). IFRS S1 and IFRS S2 fully incorporate the recommendations of the TCFD. As such, the FSB noted that the IFRS Sustainability Disclosure Standards mark 'the culmination of the work of the TCFD', which was established in 2017 at the request of the FSB.

5 XBRL refers to the eXtensible Business Reporting Language.

(a) the connections between disclosures provided by an entity (for example, connections between disclosures on governance, strategy, risk management, and metrics and targets) in accordance with paragraph 21 of IFRS S1. The ISSB encourages entities to use the XBRL *fact-explanatoryFact* link mechanism to reflect connections between disclosures in a digital format, which would enable software to highlight the existence of, and display, additional disclosed information that is relevant to the understanding of disclosed facts.

(b) cross-references to information provided in another report it published, in accordance with paragraph 63 of IFRS S1. An entity should tag information in those other reports in the same way it would tag that information in the main report. This approach reflects the fact that the information included by cross-reference to other reports becomes part of the complete set of sustainability-related financial disclosures (paragraphs 7–14).

### Narrative disclosures

IN18 IFRS S1 and IFRS S2 require entities to provide narrative information on the core content areas relating to governance, strategy and risk management, as well as narrative information alongside quantitative information in relation to metrics and targets. Narrative disclosures are expected to play an important role in sustainability-related financial disclosures alongside quantitative information. In addition, narrative information is expected to play a larger role in sustainability-related financial disclosures than it does in financial statements to date. Consequently, tagging narrative information is a relatively new and important task.

IN19 Generally, users of general purpose financial reports analyse narrative information and numerical information differently. These users often need more context to understand and use narrative information efficiently than they need for using numerical information. Technology such as artificial intelligence, including machine learning and natural language processing, similarly needs more context to extract and analyse detailed disclosures.

IN20 The ISSB aims to facilitate digital consumption of sustainability-related financial information by users of general purpose financial reports without causing undue cost for preparers. To achieve this aim, as a principle, the ISSB created elements for tagging narrative disclosures expected to be:

(a) separately understandable to users of general purpose financial reports;

(b) readily identifiable for tagging in general purpose financial reports; and

(c) at the most granular level(s) at which both (a) and (b) are met (paragraphs 15–34).

IN21 The principle in paragraph IN20 is intended to help the ISSB strike the right balance between creating taxonomy elements that will result in information that is neither too broad for efficient analysis by users of general purpose financial reports nor too narrow for such users to understand the context. Applying this principle, the ISSB created approximately 100 elements to tag narrative information related to the core content areas.

IN22 In applying the principle in paragraph IN20, the ISSB limited the extent of hierarchical structure of elements in the IFRS Sustainability Disclosure Taxonomy. The ISSB limited the extent of hierarchical structure because too many levels of elements:

(a) would result in an entity tagging the same information more than once ('multiple tagging'), which could be complex; and

(b) could result in inconsistency in tagging by entities because, for example, two jurisdictions might mandate different levels of the taxonomy structure for tagging or two entities might tag information using one element or multiple elements from the required levels.

Consequently, many levels of elements would not support global implementation and consistent application of the IFRS Sustainability Disclosure Taxonomy.

IN23 The ISSB created elements that resulted in a hierarchical taxonomy structure if the information tagged using those elements is expected to be separately understandable and useful to users of general purpose financial reports. Examples include, information that could be tagged using categorical elements or information that meets requirements of the IFRS Sustainability Disclosure Standards and other sustainability-related disclosure standards that are aligned with IFRS Sustainability Disclosure Standards. In those instances, the ISSB determined that the benefit of providing separately understandable and useful information for users of general purpose financial reports justifies the additional complexity for other preparers, including multiple tagging.

IN24 The ISSB used two types of categorical elements (Boolean elements and extensible enumerations) to allow users of general purpose financial reports to efficiently analyse narrative information that can be provided in a structured format (paragraphs 35–49). The IFRS Sustainability Disclosure Taxonomy includes nearly 50 categorical elements.

### Reflecting the relationship between IFRS S1 and IFRS S2

IN25 IFRS S2 includes some requirements related to the core content areas of governance, strategy, risk management, and metrics and targets which are also included in IFRS S1 (referred to in this document as 'corresponding requirements'). The ISSB created a single set of narrative elements in the IFRS Sustainability Disclosure Taxonomy to reflect corresponding requirements (paragraphs 50–62). Creating a single set of elements:

(a) reflects that the corresponding requirements might result in the disclosure of common items of information;

(b) prevents the perceived complexity in using two sets of elements to tag information about climate-related risks and opportunities ('multiple tagging'); and

(c) prevents inconsistent tagging by entities because similar elements reflecting corresponding requirements might be confusing to use.

IN26 In addition, IFRS S1 and IFRS S2 require an entity to provide information about the sustainability-related risks to which it is exposed and opportunities available to it, based on the facts and circumstances specific to the entity. As a result, information relating to the core content areas of governance, strategy, risk management, and metrics and targets might be disaggregated by each risk or opportunity identified by an entity. While IFRS S1 focuses on sustainability-related risks and opportunities, IFRS S2 focuses on their subset related to climate.

IN27 The IFRS Sustainability Disclosure Taxonomy includes elements for tagging information about sustainability-related risks and opportunities described as relating to a sustainability-related topic (or topics), including a climate-related topic (paragraphs 63–68). The ISSB uses categorical elements to help users of general purpose financial reports identify and analyse this information in a digital format more efficiently.

IN28 The ISSB provided only the climate-related topic on the list of sustainability-related topics, to reflect the content of IFRS S2. An entity could add other sustainability-related topics it identifies to the list of topics. The ISSB intends to monitor the use of these elements and will consider adding other sustainability-related topics to either reflect topics identified in new IFRS Sustainability Disclosure Standards, once they are developed, or to add elements reflecting common reporting practice.

### Sustainability-related metrics and targets

IN29 IFRS S1 and IFRS S2 require an entity to disclose metrics and targets to enable users of general purpose financial reports to understand its performance in relation to its sustainability-related risks and opportunities. The Standards also require an entity to disclose information about any targets the entity has set and any targets it is required to meet by law or regulation. The categories of sustainability-related metrics and targets in IFRS S1 and IFRS S2 are:

(a) *climate-related cross-industry metrics and financed emissions metrics in IFRS S2*—these metrics are provided in IFRS S2 and each metric is reflected in the IFRS Sustainability Disclosure Taxonomy as a separate element.

(b) *climate-related industry-based metrics in Industry-based Guidance for IFRS S2*—these metrics are provided in *Industry-based Guidance on implementing IFRS S2* Climate-related Disclosures (Industry-based Guidance for IFRS S2) and each metric is reflected in the IFRS Sustainability Disclosure Taxonomy as a separate element (paragraph IN30).

(c) *metrics taken from a source other than IFRS Sustainability Disclosure Standards*—these metrics are not set out in IFRS S1 or IFRS S2. However, IFRS S1:

(i) requires an entity to provide metrics associated with specific business models, activities and other common features that characterise participation in an industry and to refer to and consider the applicability of the metrics associated with the disclosure topics included in the SASB Standards for industry-based metrics not related to climate. The ISSB encourages an entity to use the SASB Standards Taxonomy to tag those metrics if the entity discloses them (paragraph IN30).[6]

(ii) allows an entity to use metrics drawn from other sources. Those other sources might have corresponding taxonomies, which the entity might use alongside the IFRS Sustainability Disclosure Taxonomy.

6 SASB Standards are now part of the IFRS Foundation. The International Sustainability Standards Board (ISSB) is responsible for the maintenance and enhancement of the SASB Standards and the SASB Standards Taxonomy. The SASB Standards Taxonomy can be found at https://sasb.ifrs.org/structured-reporting-xbrl/.

(d) *metrics and targets developed by an entity*—these metrics and targets are not set out in IFRS S1 or IFRS S2. However, IFRS S1 requires an entity to disclose any metrics used by the entity to measure and monitor its sustainability-related risks and opportunities, including any metrics developed by the entity. IFRS S1 also requires an entity to disclose any targets it has set and any targets the entity is required to meet by law or regulation. The ISSB expects an entity will tag disclosures about these metrics and targets using entity-specific elements (extensions) and taxonomy elements in a dimensional structure to help users of general purpose financial reports understand those disclosures in a digital format (paragraph IN15(b)).

IN30 The Industry-based Guidance for IFRS S2 was derived from the SASB Standards and, in a similar way, the corresponding part of the IFRS Sustainability Disclosure Taxonomy is derived from the SASB Standards Taxonomy. The ISSB expects this similar taxonomy design will make it easier for an entity to use the IFRS Sustainability Disclosure Taxonomy with the SASB Standards Taxonomy to tag industry-specific metrics it discloses in accordance with the SASB Standards (paragraphs 69–74).

## Developing the IFRS Sustainability Disclosure Taxonomy

### Due process

IN31 The ISSB followed the IFRS Foundation *Due Process Handbook* when developing the IFRS Sustainability Disclosure Taxonomy, using a similar process as for the IFRS Accounting Taxonomy. This approach reflects the IFRS Foundation Trustees' Due Process Oversight Committee's decision in March 2022 that the ISSB apply the due process specified in the *Due Process Handbook* for corresponding technical activities of the International Accounting Standards Board (IASB).

### Due process milestones

IN32 The IFRS Sustainability Disclosure Taxonomy reflects the ISSB's intention to facilitate digital consumption of sustainability-related financial disclosures. This aim was supported by the feedback on the Exposure Draft *[Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* and the Exposure Draft *[Draft] IFRS S2 Climate-related Disclosures* and led the ISSB to develop the IFRS Sustainability Disclosure Taxonomy alongside the IFRS Sustainability Disclosure Standards.

IN33 In May 2022 IFRS Foundation staff published a request for feedback focused on fundamental matters the ISSB needed to consider at an early stage so it could issue the IFRS Sustainability Disclosure Taxonomy soon after the ISSB issued IFRS S1 and IFRS S2.[7] This document included a staff draft of the IFRS Sustainability Disclosure Taxonomy. The consultation had a 90-day comment period, ending on 30 September 2022. The IFRS Foundation:

(a) received 43 responses on the consultation;

(b) discussed proposals with regulators and standard-setters and with the IFRS Taxonomy Consultative Group (ITCG) at its July 2022 meeting;[8] and

(c) performed targeted market outreach with a small number of entities to discuss the tagging experience of those entities using their sustainability-related reports and the staff draft of the IFRS Sustainability Disclosure Taxonomy.

IN34 The ISSB discussed a summary of feedback on the staff draft at its November 2022 meeting.[9] In addition, at its September 2022 meeting the ISSB discussed feedback on the [Draft] IFRS S1 and [Draft] IFRS S2. The ISSB received 593 comment letters responding to Question 15 of both exposure drafts, which related to digital reporting. The ITCG also discussed the feedback on the staff draft at its December 2022 meeting, and gave further consideration to the feedback at its February and June 2023 meetings.

IN35 In July 2023 the ISSB published the Proposed IFRS Sustainability Disclosure Taxonomy for public consultation. This consultation reflected:

(a) requirements in IFRS S1 and IFRS S2 published in June 2023; and

(b) feedback on the staff draft of the IFRS Sustainability Disclosure Taxonomy.

7 The project page for the IFRS Sustainability Disclosure Taxonomy includes due process documents and supporting materials published during the development of the Taxonomy, as well as the comment letters received on each consultation. The project page can be found at: www.ifrs.org/projects/work-plan/ifrs-sustainability-disclosure-taxonomy/#about.

8 IFRS Taxonomy Consultative Group (ITCG) meetings and related agenda papers are public and can be found at www.ifrs.org/groups/ifrs-taxonomy-consultative-group/.

9 ISSB meetings and related agenda papers are public and can be found at www.ifrs.org/groups/international-sustainability-standards-board/#meetings.

IN36 The consultation had a 60-day comment period, ending on 26 September 2023. The ISSB received feedback from 48 respondents and performed targeted outreach with digital taxonomy experts from 21 users of general purpose financial reports, 12 regulators and six standard-setters (including both accounting and sustainability standard-setters). The ISSB also discussed the proposals with the ITCG at its July 2023 meeting.

IN37 The ISSB discussed a summary of feedback on the Proposed IFRS Sustainability Disclosure Taxonomy at its November 2023 meeting and the proposed changes to the proposals at its December 2023 meeting. The ITCG also discussed the preliminary feedback summary at its October 2023 meeting and proposed changes as a result of the feedback at its February 2024 meeting. The Sustainability Standards Advisory Forum (SSAF) discussed the preliminary feedback summary at its October 2023 meeting.[10]

IN38 Appendix J provides a summary of feedback on the Proposed IFRS Sustainability Disclosure Taxonomy and how the ISSB responded to the feedback from comment letters and outreach activities, including meetings with consultative bodies.

### Next steps

IN39 The IFRS Sustainability Disclosure Taxonomy will be updated periodically to reflect any amendments to the IFRS Sustainability Disclosure Standards or new Standards, common reporting practice and emerging reporting issues. The updates to the Taxonomy will follow due process, including public consultation.

## IFRS Sustainability Disclosure Taxonomy files

IN40 The IFRS Sustainability Disclosure Taxonomy, which this document accompanies, is provided as taxonomy files using XBRL.[11] The taxonomy files provide:

(a) a complete list of elements, including properties such as references to related sections of the IFRS Sustainability Disclosure Standards or documentation labels that describe the meaning of each element;

(b) a 'presentation' view of these elements to support human-readable viewing and navigation of the IFRS Sustainability Disclosure Taxonomy; and

(c) a 'definition' structure that is computer-readable.

IN41 Because XBRL is an open international standard, these XBRL taxonomy files can be viewed in, and used by, various freely available or commercial software tools.[12] The ISSB also provides:

(a) the *IFRS Taxonomy Illustrated* in PDF format, which presents the IFRS Sustainability Disclosure Taxonomy in a simplified visual format to facilitate understanding of the IFRS Sustainability Disclosure Taxonomy and its structure without the use of specialised software;[13] and

(b) the IFRS Sustainability Standards Navigator, which presents IFRS Sustainability Disclosure Standards with taxonomy elements next to the appropriate paragraphs of the relevant Standard.[14]

IN42 Please refer to Appendix B for further information on terms used in the IFRS Sustainability Disclosure Taxonomy.

10 Sustainability Standards Advisory Forum meetings and related agenda papers are public and can be found at: www.ifrs.org/groups/ifrs-sustainability-standards-advisory-forum/.

11 For more information about XBRL, please refer to www.xbrl.org.

12 See, for example, www.xbrl.org/the-standard/how/tools-and-services/. References to software and tools do not constitute endorsement or recommendation by the IFRS Foundation.

13 The taxonomy files and their visual representation can be found at www.ifrs.org/projects/work-plan/ifrs-sustainability-disclosure-taxonomy/.

14 The IFRS Taxonomy Standards Navigator can be found at www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/.

## Digital reporting of sustainability-related financial information globally

### Using the IFRS Sustainability Disclosure Taxonomy with other taxonomies

1 The ISSB aims to facilitate digital reporting of sustainability-related financial disclosures globally by using a taxonomy architecture that enables entities to use the IFRS Sustainability Disclosure Taxonomy together with other taxonomies, for example, to tag:

(a) related financial statements prepared in accordance with IFRS Accounting Standards or other GAAP (paragraphs 3–5); and

(b) the information disclosed when applying the sources of guidance an entity is required and permitted to consider in accordance with IFRS S1 (paragraph 6).[15]

2 Paragraph 8 of IFRS S1 states that an entity might apply IFRS Sustainability Disclosure Standards irrespective of whether the entity's related financial statements are prepared in accordance with IFRS Accounting Standards or other GAAP. An IFRS Sustainability Disclosure Taxonomy that is distinct and separate from the IFRS Accounting Taxonomy can meet the needs of various entities—those that apply IFRS Sustainability Disclosure Standards together with other GAAP, and those that apply both IFRS Sustainability Disclosure Standards and IFRS Accounting Standards.

3 The IFRS Sustainability Disclosure Taxonomy relates to IFRS Sustainability Disclosure Standards in the same way the IFRS Accounting Taxonomy does to IFRS Accounting Standards. The IFRS Foundation used best XBRL taxonomy design practice in developing the IFRS Accounting Taxonomy and the IFRS Sustainability Disclosure Taxonomy, which allows both Taxonomies to work well together and maximises the likelihood the IFRS Sustainability Disclosure Taxonomy can be used effectively with other taxonomies.[16]

4 Consistent taxonomy design practices in the IFRS Accounting Taxonomy and IFRS Sustainability Disclosure Taxonomy include:

(a) the grouping and ordering of taxonomy elements, which reflect the order of the related disclosure requirements in the IFRS Sustainability Disclosure Standards (paragraphs 75–78 and Appendix F).

(b) the use in the IFRS Sustainability Disclosure Taxonomy of elements similar to those used in the IFRS Accounting Taxonomy for similar disclosure requirements. Appendix G includes a list of elements that reflect disclosure requirements that are similar in IFRS Accounting Standards and IFRS Sustainability Disclosure Standards.

(c) the use of a dimensional structure, which reflects disaggregation of information (related to, for example, operating segments for the IFRS Accounting Taxonomy and metrics and targets for the IFRS Sustainability Disclosure Taxonomy) and helps users of general purpose financial reports to understand the meaning of entity-specific elements used to tag this information (paragraphs 79–88). Both Taxonomies include explicit dimensions to reflect the disaggregation of information by entity-specific elements. Appendix J discusses why the ISSB rejected the use of the alternative, typed dimensions.

(d) the use of categorical elements to improve the usability and comparability of narrative information (paragraphs 35–48 and Appendix H). Appendix J discusses the use of categorial element types in the IFRS Sustainability Disclosure Taxonomy and the introduction of categorical elements in the IFRS Accounting Taxonomy.

5 Following consistent design practices in different taxonomies helps to avoid the potential unnecessary complexity and confusion that could result from different designs. For example:

(a) similar presentation structures help in navigating the IFRS Sustainability Disclosure Taxonomy and the IFRS Accounting Taxonomy to find the appropriate elements for tagging by entities, or to understand tagged data by users of general purpose financial reports; and

15 Please refer to Appendix A and Appendix B for further information on the terms used in the IFRS Sustainability Disclosure Taxonomy and this document.

16 Both IFRS Taxonomies have been developed using the most recent XBRL specifications (XBRL 2.1, recommended on 31 December 2003, with errata corrections to 20 February 2013; XBRL Dimensions 1.0, recommended on 18 September 2006, with errata corrections to 25 January 2012; Extensible Enumerations 2.0, recommended on 12 February 2020; and Calculation 1.1, recommended on 22 February 2023). According to due process, both Taxonomies are subject to review by an external group of experts—the ITCG (see paragraphs IN33–IN38).

(b) a similar approach to the use of categorical elements in the IFRS Sustainability Disclosure Taxonomy and the IFRS Accounting Taxonomy enables entities to tag narrative information in a similar way, which in turn helps users of general purpose financial reports to search for and interpret such information.

6 IFRS S1 lists sources of guidance an entity is required and permitted to consider in preparing its sustainability-related financial disclosures in the absence of an IFRS Sustainability Disclosure Standard. An entity that uses a source of guidance described in IFRS S1 should use a related taxonomy, if one exists, to tag information disclosed in accordance with that source of guidance. For example, paragraph 55(a) of IFRS S1 requires an entity to refer to and consider the applicability of the disclosure topics in the SASB Standards in identifying sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects, and paragraph 58(a) of IFRS S1 requires the entity to refer to and consider the applicability of the metrics in the SASB Standards in identifying the applicable disclosures about the sustainability-related risks and opportunities. In these cases, an entity that applies the SASB Standards, and so discloses non-climate-related metrics described in the SASB Standards, should use the SASB Standards Taxonomy to tag those disclosures prepared in accordance with the SASB Standards. Applying the SASB Standards Taxonomy together with the IFRS Sustainability Disclosure Taxonomy should be relatively straightforward because they share similar layouts and structures for industry-based metrics (paragraph 74). The ISSB encourages entities to use the SASB Standards Taxonomy for tagging non-climate-related metrics disclosed by an entity applying the SASB Standards because using the elements defined in the SASB Standards Taxonomy would help users of general purpose financial reports identify comparable information in a digital format.

## Connection between disclosures and cross-references

### Connection between disclosures

7 Paragraph 21 of IFRS S1 requires an entity to provide information that allows users of general purpose financial reports to understand:

(a) the connections between the items to which the information relates—such as connections between various sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects; and

(b) the connections between disclosures provided by the entity:

(i) within its sustainability-related financial disclosures—such as connections between disclosures on governance, strategy, risk management, and metrics and targets; and

(ii) across its sustainability-related financial disclosures and other general purpose financial reports published by the entity—such as its related financial statements.

8 If disclosures are connected, including in the ways referred to by paragraph 21(b) of IFRS S1, the ability of users of general purpose financial reports to efficiently identify related disclosures would be maximised if digitally navigable connections were available between the different pieces of disclosed information.

9 The IFRS Sustainability Disclosure Taxonomy provides various XBRL mechanisms that can show connections between specific sustainability-related financial disclosures identified based on the disclosure requirements of the IFRS Sustainability Disclosure Standards. These XBRL mechanisms include dimensional structures (paragraphs 79–91) and elements that capture the links from risks and targets to relevant metrics (paragraphs 70–71).

10 However, in many cases, the specific items of information to be connected are entity- and report-specific. The specific items that are connected is part of the reported information itself, is not specified by an IFRS Sustainability Disclosure Standard, and is not, therefore, captured by any specific taxonomy structures.

11 The ISSB encourages entities to use the XBRL *fact-explanatoryFact* link to connect:

(a) a disclosure to any relevant textual or categorical disclosures of information *about* that disclosure. This connection would address, in the digital format, requirements to identify the disclosures to which the disclosed circumstances apply. For example, in accordance with paragraph 78(a) of IFRS S1 an entity would identify an amount that was 'subject to a high level of uncertainty' and connect it with the related explanation about the measurement uncertainty the entity disclosed in accordance with paragraph 78(b) of IFRS S1.

(b) disclosures within an entity's sustainability-related financial disclosures in accordance with paragraph 21(b)(i) of IFRS S1.[17]

(c) disclosures within an entity's financial statements to relevant disclosures within its sustainability-related financial disclosures that might affect those financial statements in accordance with paragraph 21(b)(ii) of IFRS S1.

12 If an entity provides such structured connections between the digital sustainability-related financial disclosures, suitable software could highlight the existence of, and display, connections between the different pieces of disclosed information.

#### Cross-referencing

13 Paragraphs 63 and B45–B47 of IFRS S1 permit an entity to include information needed to comply with a disclosure requirement by cross-referencing another report published by the entity, subject to two conditions, which are that:

(a) the cross-referenced information is available on the same terms and at the same time as the sustainability-related financial disclosures; and

(b) the complete set of sustainability-related financial disclosures is not made less understandable by including information by cross-reference.

14 To capture cross-referenced information in a digital format, an entity should tag information in the other reports, in the same way it would tag that information if it were part of the main report. This approach reflects the fact that the information included by cross-reference to other reports becomes part of the complete set of sustainability-related financial disclosures, as discussed in paragraph B46 of IFRS S1.

## Narrative disclosures

### Granularity of narrative disclosures

#### Background

15 IFRS S1 and IFRS S2 require entities to provide narrative information on the core content areas relating to governance, strategy and risk management, as well as narrative information alongside quantitative information in relation to metrics and targets. Narrative disclosures are expected to play an important role in sustainability-related financial disclosures alongside quantitative information. In addition, narrative information is expected to play a larger role in sustainability-related financial disclosures than it does in financial statements to date. Consequently, tagging narrative information is a relatively new and important task.

16 Generally, users of general purpose financial reports analyse (unstructured) narrative information and (structured) numerical information differently.[18] For example, although numerical information might be used directly in investors' models—not least to make comparisons between entities and over time—the meaning of narrative information often depends on context and can be less directly comparable than numerical information. It is often useful to capture each reported number separately as a distinct item of information in digital format. For example, an entity's total value of assets or inventory at the end of the year can be understood separately from other information. In contrast, users often need more context to understand and use narrative information efficiently than they need for numerical information.

17 The ISSB sought to achieve a balance in creating elements so the narrative information tagged is neither too broad for efficient analysis by users of general purpose financial reports nor too narrow to allow such users to understand the broader context for that information. More specifically:

17 A 'fact-explanatoryFact' link is expressed using a footnoteArc between the two facts, with an arcrole of 'http://www.xbrl.org/lrr/arcrole/factExplanatory-2009-12-16.xsd#fact-explanatoryFact' (see https://specifications.xbrl.org/registries/lrr-2.0/#arcrole-fact-explanatoryFact and https://www.xbrl.org/Specification/XBRL-2.1/REC-2003-12-31/XBRL-2.1-REC-2003-12-31+corrected-errata-2013-02-20.html#_4.11.1.3.1).

18 This document uses the term 'narrative information' to refer to disclosures provided in accordance with IFRS S1 and IFRS S2 that have no prescribed format and that might be either purely textual in nature or might include some quantitative information. For example, paragraph 33(b) of IFRS S1 requires an entity to disclose information—including quantitative and qualitative information—about its progress against plans the entity has disclosed in previous reporting periods, without specifying the content, structure or format of the information provided. Such a requirement is reflected using 'text block' type elements designed to tag unstructured blocks of information (that is, information in various formats, instead of, for example, elements designed to tag specific types of information, such as percentages).

(a) larger blocks of text covering broader subjects in a coherent way might be more useful to users of general purpose financial reports than more narrow blocks of text that cannot be understood without context. For example, information about 'why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties' disclosed in accordance with paragraph 22(b)(i)(5) of IFRS S2 might be less useful on its own without related information about 'which climate-related scenarios the entity used for the analysis and the sources of those scenarios' disclosed in accordance with paragraph 22(b)(i)(1) of IFRS S2. Users might instead prefer to analyse information disclosed in accordance with paragraph 22(b)(i)(1) of IFRS S2 within information about how and when climate-related scenario analysis was carried out disclosed in accordance with paragraph 22(b) of IFRS S2.

(b) information tagged with highly aggregated elements only would probably be less useful than more granular information. The objective of structured data is to allow efficient identification and analysis of needed information; this objective is not met if users need to manually identify smaller pieces of information separately from a larger piece of information. For example, 'information that enables users of general purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects' disclosed in accordance with paragraph 10 of IFRS S2 might include too much disparate information for efficient analysis. Users of general purpose financial reports might instead prefer to analyse separately the explanation of 'whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk' disclosed in accordance with paragraph 10(b) of IFRS S2.

18 The ISSB aims to facilitate digital consumption of sustainability-related financial information by users of general purpose financial reports without causing undue cost for preparers. The ISSB considered the effect of the taxonomy design on various stakeholders when deciding the level of granularity of narrative elements in the IFRS Sustainability Disclosure Taxonomy. The ISSB specifically considered:

(a) how the narrative information in a digital format would be consumed by users of general purpose financial reports;

(b) how straightforward it would be for an entity to tag such information consistently and without errors to provide useful digital information for users of general purpose financial reports; and

(c) how to support regulators and entities in global implementation and consistent application of the IFRS Sustainability Disclosure Taxonomy.

19 To determine the appropriate approach, the ISSB considered three features of the taxonomy elements:

(a) *the granularity of the narrative information tagged*—whether elements should capture broader or narrower pieces of information, for example, to reflect requirements in a paragraph or subparagraph of the IFRS Sustainability Disclosure Standard (paragraphs 20–21);

(b) *the hierarchy of elements*—whether elements that reflect both broader and narrower information content should be created and included in a hierarchical structure in the IFRS Sustainability Disclosure Taxonomy, for example, to reflect requirements in a paragraph or subparagraph of the IFRS Sustainability Disclosure Standard (paragraph 22);[19] and

(c) *interoperability*—whether elements that reflect the disclosure requirements of the IFRS Sustainability Disclosure Standards and other sustainability-related disclosure standards that are aligned with IFRS Sustainability Disclosure Standards, can help with interoperability between the respective sustainability-related disclosure taxonomies (paragraphs 23–25).

20 When considering the granularity of information discussed in paragraph 19(a), users of general purpose financial reports would benefit if:

(a) all information on paper or in PDF format were to be provided in a digital format. In addition, users would benefit if information provided in a digital format was of good quality—for example, tagged consistently across entities.

19 This hierarchy of elements is reflected in the grouping of elements in the Taxonomy (paragraphs 75–78) using parent–child relationships. In these relationships, parent elements are normally broader and provide context to the (usually) narrower child elements with which they are linked.

(b) elements reflect the appropriate balance between capturing narrative information at too broad a level to be useful or too narrow a level to provide context. Technology such as artificial intelligence, including machine learning and natural language processing, similarly needs more context to extract and analyse detailed disclosures. However, some users of general purpose financial reports suggested that information provided at various levels of granularity might be helpful. For example, some data aggregators said such elements might allow them to aggregate or disaggregate information in a way that is helpful for their analyses.

(c) sustainability-related financial information prepared in accordance with IFRS Sustainability Disclosure Standards and in accordance with other sustainability-related disclosure standards that are aligned with IFRS Sustainability Disclosure Standards, could be appropriately and efficiently compared (paragraphs 23–25).

21 When considering granularity of information, an entity would benefit if:

(a) elements were not too granular. Overly detailed tagging could be confusing for an entity and, therefore, affect the quality of information provided in a digital format. Having to tag many granular, possibly overlapping, pieces of information separately could pose difficulties, for example, if one sentence or short section could meet two separate, detailed requirements. Overly detailed tagging might also be impracticable to tag reports that vary in regard to structure and the jurisdictional requirements with which they have to comply.

(b) the number of elements were limited. Limiting the number of elements would keep the size of the IFRS Sustainability Disclosure Taxonomy more manageable and entities would not spend undue time on finding the appropriate elements for tagging. Additionally, a large number of elements with similar labels would increase the risk of incorrect tagging because the more similar the elements are, the greater the risk of an entity choosing an inappropriate element.

22 The hierarchical structure of taxonomy elements discussed in paragraph 19(b):

(a) would result in multiple tagging of information, which is complex for entities. The requirements at a lower level of the IFRS Sustainability Disclosure Standard—for example, a subparagraph—generally meet requirements listed at the paragraph level and, therefore, elements reflecting both requirements are applicable for tagging. For example, information disclosed to meet the requirement in paragraph 33(a) of IFRS S1—will also meet the related broader requirement—in this example, in paragraph 33 of IFRS S1; and

(b) could result in inconsistency in tagging by entities because, for example, two jurisdictions might mandate different levels of the taxonomy structure for tagging, or two entities might tag the same information using one element or multiple elements from the required levels.

23 With regard to interoperability, discussed in paragraph 19(c), the IFRS Sustainability Disclosure Taxonomy reflects the requirements of the IFRS Sustainability Disclosure Standards in a way that is designed to help users of general purpose financial reports make appropriate digital comparisons of sustainability-related financial information prepared in accordance with IFRS Sustainability Disclosure Standards and in accordance with other sustainability-related disclosure standards that are aligned with IFRS Sustainability Disclosure Standards. For example, the IFRS Sustainability Disclosure Taxonomy includes elements created at the level of granularity that is expected to enable users to make appropriate digital comparisons of information that meets the requirements of the IFRS Sustainability Disclosure Standards and some of the requirements of the European Sustainability Reporting Standards (ESRS) that are aligned with IFRS Sustainability Disclosure Standards.

24 The ISSB observed that the interoperability between sustainability-related disclosure taxonomies relies on the respective sustainability-related disclosure standards being interoperable. An understanding of the interoperability between sustainability-related disclosure standards can inform how requirements that are aligned can be most appropriately reflected in the taxonomy (for example, by creating elements reflecting aligned disclosure requirements at the same level of granularity).

25 The IFRS Sustainability Disclosure Taxonomy is designed to help users of general purpose financial reports make appropriate digital comparisons of information that meets those requirements of the IFRS Sustainability Disclosure Standards and other sustainability-related disclosure standards that are aligned with IFRS Sustainability Disclosure Standards. However, users will also need to consider the degree of interoperability between the respective requirements in IFRS Sustainability Disclosure Standards and other sustainability-related disclosure standards to understand the similarities between information provided in accordance with those requirements.

### Approach in the IFRS Sustainability Disclosure Taxonomy

26 As discussed in paragraph 18, the ISSB aims to facilitate the consumption of sustainability-related financial information by users of general purpose financial reports without causing undue cost for preparers. Considering the factors explained in paragraphs 15–25, the ISSB aimed to design a taxonomy that:

(a) provides users of general purpose financial reports with blocks of narrative information in a digital format that are appropriate for efficient analysis;

(b) facilitates the appropriate comparability of information provided using various sustainability-related disclosure standards;

(c) avoids causing undue costs for entities, including minimising multiple tagging; and

(d) supports the global implementation and consistent application of the IFRS Sustainability Disclosure Taxonomy by limiting a potentially excessively hierarchical structure that could result in inconsistency in tagging practice among entities, or in jurisdictions mandating entities to use different levels of the taxonomy structure.

27 To achieve the aim described in paragraph 26, as a principle, the ISSB created elements for tagging narrative disclosures expected to be:

(a) separately understandable to users of general purpose financial reports;

(b) readily identifiable for tagging in general purpose financial reports; and

(c) at the most granular level(s) at which both (a) and (b) are met.

28 The principle in paragraph 27 is intended to help the ISSB strike the right balance between creating elements that would result in information tagged being either too broad for efficient analysis by users of general purpose financial reports or too narrow for such users to understand the context. The resulting elements:

(a) are expected to allow preparers to tag disclosures that are understandable as discrete pieces of information by users of general purpose financial reports (that is, information expected to be important for most entities in the context of an entity's sustainability-related financial disclosures and sufficiently independent of other information) and helpful for efficient analysis in a digital format; and

(b) typically relate to requirements expected to result in relatively distinct and coherent disclosures that are readily identifiable for tagging (the resulting disclosures, for example, might be provided in separate sentences or tables).

29 In applying the principle in paragraph 27, the ISSB limited the extent of hierarchical structure in the IFRS Sustainability Disclosure Taxonomy. The ISSB limited the extent of hierarchical structure because:

(a) over-complex hierarchy would result in multiple tagging of information, which is complex for entities (paragraph 22(a)). For example, if an element was created to reflect a requirement in a subparagraph in the IFRS Sustainability Disclosure Standards—for instance, a requirement in paragraph 33(a) of IFRS S1—the ISSB generally limited creating elements reflecting a requirement at a level higher (or lower) than subparagraphs—in this example, paragraph 33 of IFRS S1.

(b) over-complex hierarchy could result in inconsistency in tagging by entities (paragraph 22(b)). Consequently, many levels of elements would not support global implementation and consistent application of the IFRS Sustainability Disclosure Taxonomy.

30 As discussed in paragraph 29, the ISSB limited the extent of hierarchical structure in the IFRS Sustainability Disclosure Taxonomy. However, the ISSB created elements that would result in a hierarchical structure if the information tagged using those elements is expected to be separately understandable and useful to users of general purpose financial reports. In those instances, the ISSB determined that the benefit of providing useful information for users of general purpose financial reports justifies the additional complexity for entities, for example, multiple tagging. The ISSB created elements that resulted in a hierarchical structure if one of two criteria was met. These criteria are that:

(a) information could be tagged using categorical elements (and related text for additional context) because these elements will help users of general purpose financial reports analyse narrative information in a digital format efficiently (see paragraphs 35–46).

(b) both broader and narrower narrative information is expected to be separately understandable and useful to users of general purpose financial reports. For example, the ISSB created an element to reflect the requirement in paragraph 44(a)(i) of IFRS S1 for disclosure of inputs and parameters used in the process and related policies to identify, prioritise and monitor risks—in addition to an element reflecting the requirement in paragraph 44(a) of IFRS S1 for disclosure of the processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks. The ISSB determined that both broader and narrower narrative information about risk management would form a discrete, separately understandable disclosure.

31 The criteria in paragraph 30(b) might be met if more granular (or broader) information could help users of general purpose financial reports make appropriate digital comparisons of sustainability-related financial information prepared in accordance with IFRS Sustainability Disclosure Standards and in accordance with other sustainability-related disclosure standards that are aligned with IFRS Sustainability Disclosure Standards.

32 The ISSB also added elements for each section of core content to reflect 'other information' that meets the disclosure objective of that section. This element is intended to tag information that could not otherwise be tagged using elements in the IFRS Sustainability Disclosure Taxonomy that reflect more specific requirements in an IFRS Sustainability Disclosure Standard. The ISSB provided these taxonomy elements to ensure an entity can tag all information that it might provide to meet the objective of each section of core content. The ISSB aimed to reduce the need for an entity to create entity-specific elements because these elements are more difficult for users of general purpose financial reports to understand and use for analysis than taxonomy elements.

33 As mentioned in paragraph 15, tagging narrative information is a relatively new and important task. The ISSB intends to monitor implementation of the IFRS Sustainability Disclosure Taxonomy by entities and regulators, usage of the digital information and technology development—for example, artificial intelligence or XBRL—and refine and enhance the IFRS Sustainability Disclosure Taxonomy, as necessary, to reflect emerging practice.

34 The IFRS Sustainability Disclosure Taxonomy includes approximately 100 elements to tag narrative information related to the core content areas. Those elements reflect the approach in the IFRS Sustainability Disclosure Taxonomy explained in paragraphs 26–33 and paragraphs 56–61.

## Categorical elements

### Background

35 Narrative information is more difficult and time consuming to analyse digitally than numerical information. However, some narrative disclosures are like numerical information in that they are directly comparable between entities and over time, and could be tagged to facilitate that comparison. If entities provided such data in a categorical format—for example, a true/false format—users of general purpose financial reports would be able to search databases for information quickly, without needing to interpret each entity's textual disclosures (Table 1 provides examples of narrative disclosures, while Table 2 illustrates the simplicity of interpreting those examples).

**Table 1—Example of narrative disclosures**

| Entity | Taxonomy narrative element | Tagged information (as text) |
|---|---|---|
| Entity A | Whether and how entity uses scenario analysis to inform its identification of risks | We use scenario analysis to support our risk assessments. We assess the resilience of our business model and value chain against a wide range of scenarios, including .... |
| Entity B | Whether and how entity uses scenario analysis to inform its identification of risks | We do not use scenario analysis to support our risk assessments. |
| Entity C | Whether and how entity uses scenario analysis to inform its identification of risks | Uzywamy analizy scenariuszy do wspierania naszej oceny ryzyka. Oceniamy odporność naszego modelu biznesowego i łańcucha wartości na szeroki zakres scenariuszy, w tym ....[20] |

20 The English translation of this note in Polish is 'We use scenario analysis to support our risk assessments. We assess the resilience of our business model and value chain against a wide range of scenarios, including ....'. The text illustrates disclosure in a randomly chosen non-English language to highlight the benefit of tagging such information using a categorical element.

**Table 2—Example of equivalent 'categorical' disclosures**

| Entity | Taxonomy categorical element | Tagged information (as Boolean) |
|---|---|---|
| Entity A | Entity uses scenario analysis to inform its identification of risks | True |
| Entity B | Entity uses scenario analysis to inform its identification of risks | False |
| Entity C | Entity uses scenario analysis to inform its identification of risks | True |

36 Categorical elements allow entities to tag some narrative disclosures using an answer from a list of options defined in the IFRS Sustainability Disclosure Taxonomy. The objective of creating categorical elements is to simplify how users of general purpose financial reports interpret narrative disclosures and to make their analyses of those disclosures more efficient in a digital format. These elements allow users to efficiently extract and analyse narrative information that can be provided in a structured format. The types of categorical elements included in the IFRS Sustainability Disclosure Taxonomy are:

(a) Boolean elements—these elements allow an entity to choose only 'true' or 'false' as answers, such as whether the entity uses scenario analysis to inform its identification of risks (see Table 2); and

(b) extensible enumerations—these elements allow an entity to choose specified answers from a list (and create entity-specific answers when appropriate), for example, whether the climate-related scenarios the entity has used are associated with climate-related transition risks or climate-related physical risks or both. Extensible enumeration elements have two variants, which are:

(i) elements that allow a single answer to be chosen from the list of options as one response; and

(ii) elements that allow more than one answer to be chosen from the list of options to be provided as one response.

### Approach in the IFRS Sustainability Disclosure Taxonomy

37 The ISSB included categorical elements in the IFRS Sustainability Disclosure Taxonomy to reflect specific narrative disclosure requirements. These categorical elements allow users of general purpose financial reports to efficiently extract and analyse narrative information that can be provided in a structured format.

38 The ISSB created two types of categorical elements to reflect narrative information that could be provided in a categorical format—Boolean elements and extensible enumeration elements. Boolean element types are used if narrative disclosures can be appropriately standardised as either 'true' or 'false'. Extensible enumeration element types are used if narrative disclosures can be appropriately reflected by a list of defined options for which:

(a) the exhaustive list of options is provided in an IFRS Sustainability Disclosure Standard; or

(b) an exhaustive list of options is not provided in an IFRS Sustainability Disclosure Standard but the examples provided in the Standard are expected to cover most disclosures in practice.

39 For example, the ISSB created a categorical element for disclosure of the time horizon(s) over which the effects of a sustainability-related risk or opportunity could reasonably be expected to occur. This disclosure is suited to a categorical element because the list of options used for time horizons is provided with the disclosure requirement in paragraph 30(b) of IFRS S1 and paragraph 10(c) of IFRS S2 ('short term', 'medium term' or 'long term').

40 The ISSB created extensible enumeration elements for requirements in IFRS Sustainability Disclosure Standards that omit a complete list of options but include a list of examples that is expected to cover most responses. The ISSB did not include an 'other' option in the list of values for the extensible enumeration elements. The ISSB expects that if an entity's disclosure does not match any of the provided options, the entity would create an entity-specific option to use as the answer for the categorical element.[21]

41 For example, for the element 'Source from which metric was drawn', the ISSB provided examples mentioned in IFRS S1 as options (such as, CDSB Framework Application Guidance in paragraph 58(b) of IFRS S1 or Global Reporting Initiative Standards in paragraph C2(a) of IFRS S1). However, an entity might use another source not specifically discussed in IFRS S1. If so, the entity should create an entity-specific answer (for example, 'Standard Z') as a possible option for the element 'Source from which metric was drawn' and use that option for tagging.

21 XBRL extensible enumerations are 'extensible' by entities or jurisdictions. This means an entity may add response options for the element, if needed.

42 The ISSB notes that categorical elements, like other elements in the IFRS Sustainability Disclosure Taxonomy, can be used more than once for tagging to convey more than one fact when combined with appropriate axes. For example, the element 'Time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur' can be used with an axis allowing repetition by (entity-specific, individual or groups of) 'Risks and opportunities', if necessary. Appendix E provides an illustration of how to tag information using categorical elements, including this element.

43 The IFRS Sustainability Disclosure Taxonomy includes 47 categorical elements (31 Boolean elements and 16 extensible enumerations). Appendix H provides a list of all categorical elements.

### *Additional features—related narrative elements and guidance*

44 The ISSB usually created categorical elements for disclosures that include related contextual information. The ISSB created narrative elements to tag these explanations because users of general purpose financial reports are expected to search for, analyse and use such information separately from other disclosed information in order to understand the context of the categorical element.

45 The ISSB usually provided categorical elements in a hierarchical taxonomy structure, with narrative elements as the parents of categorical elements. This hierarchical structure will:

(a) capture narrative information in a categorical format to simplify analysis (using the child categorical element); and

(b) allow entities to tag any related contextual information (using the parent narrative element).

46 For example, paragraph 44(a)(ii) of IFRS S1 requires an entity to disclose information about 'whether and how the entity uses scenario analysis to inform its identification of risks'. To reflect this requirement in the IFRS Sustainability Disclosure Taxonomy, the ISSB created the categorical element 'Entity uses scenario analysis to inform its identification of risks', which allows an entity to select either the answer 'true' or the answer 'false'. The ISSB also created an accompanying narrative element 'Whether and how scenario analysis used to inform identification of risks', which allows the entity to tag the text of the related contextual information disclosed.

47 The ISSB expects that entities will only use categorical elements to tag information that is disclosed. For example:

(a) an entity that *discloses* it has 'changed the processes it uses to identify, assess, prioritise and monitor sustainability-related risks compared with the previous reporting period' applying paragraph 44(a)(iv) of IFRS S1 would be expected to include 'true' for the related categorical element in its digital report;[22] and

(b) an entity that does *not disclose* that it has *not* 'changed the processes it uses to identify, assess, prioritise and monitor sustainability-related risks compared with the previous reporting period' would not be expected to include 'false' for the related categorical element in its digital report.

48 The benefits of categorical elements will be realised only if entities consistently use categorical elements to tag narrative information. Therefore, the ISSB provided guidance to facilitate consistent use of the categorical elements and the related narrative elements by adding a guidance label to the categorical elements: 'When using this element, the entity should also use the parent narrative element to capture the related narrative disclosure if provided in the sustainability-related financial disclosures.'.

49 Appendix C provides:

(a) examples of the disclosure requirements in IFRS S1 related to risk management and the resulting elements (and rejected elements), including categorical elements.

(b) an example of an excerpt of a climate-related disclosure, showing how an entity would tag it using elements in the IFRS Sustainability Disclosure Taxonomy and the resulting tagged information users of general purpose financial reports would be able to extract. This example also illustrates the multiple tagging the ISSB intended to limit using the approach in the IFRS Sustainability Disclosure Taxonomy.

22 The ISSB included the Boolean element 'Entity changed processes to identify, assess, prioritise and monitor risks compared with previous reporting period' in the IFRS Sustainability Disclosure Taxonomy to reflect the requirement in paragraph 44(a)(vi) of IFRS S1.

## Reflecting the relationship between IFRS S1 and IFRS S2

### Corresponding requirements in IFRS S1 and IFRS S2

#### Background

50 Both IFRS S1 and IFRS S2 include requirements structured around the core content of governance, strategy, risk management, and metrics and targets. IFRS S1 includes general requirements for the disclosure of sustainability-related financial information, whereas IFRS S2:

(a) includes the disclosure requirements which are also in IFRS S1 that are relevant to climate-related risks and opportunities (referred to as 'corresponding requirements'); and

(b) requires specific disclosures applicable to climate-related risks and opportunities.

51 Paragraphs 56–62 discuss how the IFRS Sustainability Disclosure Taxonomy reflects requirements in IFRS S1 and IFRS S2, focusing on the corresponding requirements.

52 IFRS S1 and IFRS S2 both require an entity to provide information about its sustainability-related risks and opportunities (including climate-related risks and opportunities) that could reasonably be expected to affect the entity's prospects. In providing such information, an entity is required to identify the sustainability-related risks to which it is exposed and the sustainability-related opportunities available to it, based on the facts and circumstances specific to the entity. This is reflected in the IFRS Sustainability Disclosure Taxonomy, which uses an axis in a dimensional structure to help users of general purpose financial reports understand entity-specific elements used to tag information about an entity's sustainability-related risks and opportunities (paragraphs 79–88 and Appendix I). Furthermore:

(a) for the corresponding requirements in IFRS S1 and IFRS S2, an entity is required to provide information about sustainability-related risks and opportunities (including climate-related risks and opportunities); and

(b) for the specific disclosure requirements in IFRS S2, an entity is required to provide information about climate-related risks and opportunities.[23]

53 Paragraphs 63–68 discuss how the IFRS Sustainability Disclosure Taxonomy helps users of general purpose financial reports to identify which sustainability-related risks and opportunities relate to climate, or potentially other sustainability-related topics.

#### Corresponding requirements

54 Corresponding requirements are set out in both IFRS S1 and IFRS S2 to help an entity provide disclosures that are consistent and comparable for all sustainability-related risks and opportunities the entity reports on. For example, the corresponding requirements related to governance and risk management in IFRS S1 are closely aligned with those in IFRS S2 (paragraphs BC32 and BC71 in *Basis for Conclusions on IFRS S2* Climate-related Disclosures).

55 Examples of corresponding requirements in IFRS S1 and IFRS S2 include:

(a) paragraph 33(a) of IFRS S1, which requires an entity to disclose information about 'how the entity has responded to, and plans to respond to, *sustainability-related* [emphasis added] risks and opportunities in its strategy and decision-making'; and

(b) paragraph 14(a) of IFRS S2, which requires an entity to disclose information about 'how the entity has responded to, and plans to respond to, *climate-related* [emphasis added] risks and opportunities in its strategy and decision-making, including …'.

23 An entity may provide some or all of this information as integrated disclosures (paragraph 7 and paragraph 26 of IFRS S2). If an entity prepares disclosures on an integrated basis and does not provide separate information for each sustainability-related risk and opportunity, the entity is not expected to use an axis in a dimensional structure.

### Approach in the IFRS Sustainability Disclosure Taxonomy

#### *Corresponding requirements*

56 The ISSB created a single set of narrative elements to reflect these corresponding disclosure requirements.[24] These elements:

(a) often have standard labels that refer to risks and opportunities;[25,26]

(b) include references to requirements in both IFRS S1 and IFRS S2 to reflect their intended relationship; and

(c) are shown twice in the IFRS Sustainability Disclosure Taxonomy under headings that reflect the specific IFRS Sustainability Disclosure Standard that is relevant (paragraph 76).

57 For example, the disclosure requirements described in paragraph 55 would be reflected by the element 'How entity responded to, and plans to respond to, risks and opportunities in its strategy and decision-making', with references to paragraph 33(a) of IFRS S1 and paragraph 14(a) of IFRS S2.

58 Using a single set of elements to reflect corresponding disclosure requirements in IFRS S1 and IFRS S2:

(a) reflects that the corresponding requirements might result in the disclosure of common items of information;

(b) avoids the perceived complexity in using two sets of elements to tag information about climate-related risks and opportunities ('multiple tagging'); and

(c) avoids inconsistent tagging by entities because similar elements reflecting corresponding requirements might be confusing to use.

59 As discussed in paragraph 56, a single set of elements reflecting the corresponding requirements will have standard labels that refer to risks and opportunities and not sustainability- or climate-related risks and opportunities. An entity could use element references and the presentation of elements in the IFRS Sustainability Disclosure Taxonomy in addition to the standard label to find the correct element. To help entities find the correct element and avoid inconsistent tagging, the ISSB also:

(a) provided a documentation label clarifying that 'risks and opportunities' are intended to mean sustainability-related risks and opportunities, including climate-related risks and opportunities. For example, for the element 'How entity responded to, and plans to respond to, risks and opportunities in its strategy and decision-making', the documentation label is 'The disclosure of how the entity has responded to, and plans to respond to, sustainability-related risks and opportunities (including climate-related risks and opportunities) in its strategy and decision-making'.

(b) added a guidance label to elements that reflect corresponding requirements in IFRS S1 and IFRS S2, explaining how to identify these elements correctly for tagging, that states: 'All climate-related risks and opportunities are sustainability-related risks and opportunities. Entities should use the element reference to find the appropriate element for tagging'.

#### *Specific requirements in IFRS S2*

60 As stated in paragraph 50(b), IFRS S2 includes specific disclosure requirements applicable to climate-related risks and opportunities. Elements reflecting those requirements:

(a) often have standard labels referring to climate-related risks and opportunities;

(b) include references to IFRS S2 only; and

(c) are shown in the IFRS Sustainability Disclosure Taxonomy under headings that reflect IFRS S2 only.

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24 The ISSB created separate sets of categorical and numerical elements to reflect the related 'corresponding requirements' because such requirements are not expected to result in the disclosure of common items of information. Consequently, tagging sustainability- and climate-related information separately is expected to be more useful for users of general purpose financial reports. For example, the ISSB created categorical elements for 'Performance metrics are included in remuneration policies' and 'Climate-related performance metrics are included in remuneration policies' because an entity may need to use different answers from 'true' or 'false' options for each element.

25 Standard labels are used for searching elements within the list of elements. Short labels help with finding the correct element; however, the brevity should not be confusing, to avoid the risk of entities and users of general purpose financial reports choosing inappropriate elements.

26 Elements reflecting disclosure requirements in IFRS S1 that are not included in IFRS S2 have standard labels that are similar to the ones for the corresponding requirements but include only references to IFRS S1 and are shown in the IFRS Sustainability Disclosure Taxonomy under headings that indicate IFRS S1 only.

61 For example, paragraph 14(b) of IFRS S2 requires an entity to provide information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a). This information will be reflected by the element 'How entity is resourcing, and plans to resource, activities disclosed in relation to response to climate-related risks and opportunities in strategy and decision-making', referencing paragraph 14(b) of IFRS S2 and shown in the IFRS Sustainability Disclosure Taxonomy, together with other elements related to IFRS S2.

62 Appendix D provides an example of disclosure requirements in IFRS S1 and IFRS S2 related to strategy and the related elements in the IFRS Sustainability Disclosure Taxonomy.

### Identification of the climate-related topic and other sustainability-related topics

63 As discussed in paragraphs 50–52, IFRS S1 and IFRS S2 require an entity to provide information about the sustainability-related risks to which it is exposed and sustainability-related opportunities available to it, based on the facts and circumstances specific to the entity. While IFRS S1 focuses on sustainability-related risks and opportunities, IFRS S2 focuses on their subset related to climate.

64 The IFRS Sustainability Disclosure Taxonomy includes elements for tagging information about sustainability-related risks and opportunities described as relating to a sustainability-related topic (or topics), for example, a climate-related topic. The ISSB uses categorical elements (more specifically, an extensible enumeration element) to help users of general purpose financial reports identify and analyse this information in a digital format more efficiently.

65 The ISSB provided only the climate-related topic on the list of sustainability-related topics, to reflect the content of IFRS S2. The use of an extensible enumeration element allows an entity to add other sustainability-related topics it identifies and to allocate sustainability-related risks and opportunities to more than one topic, if needed.

66 The ISSB intends to monitor the use of the elements specified in paragraph 64 and will consider adding other sustainability-related topics to reflect topics identified in new IFRS Sustainability Disclosure Standards once they are developed or to add elements reflecting common reporting practice, following the relevant due process (paragraph IN39).[27] Defining topics this way would minimise the need for an entity to create those topics and would enhance comparability of that information.

67 As discussed in paragraph 47, categorical elements are expected to be used to tag disclosed information. Consequently, an entity would not be expected to use these elements if the entity does not provide information about the sustainability-related topics on paper or in a PDF. For example, information about sustainability-related topics would not be provided in a digital format if an entity discloses information that relates to all its sustainability-related risks and opportunities on an integrated basis, without indicating the sustainability-related topics to which the information relates (paragraph 52). To enable an entity to tag information about sustainability-related topics that are indicated in the entity's integrated disclosures, the ISSB provided specific categorical elements for governance disclosures and risk management disclosures to reflect disclosure requirements in paragraph 7 and paragraph 26 of IFRS S2 (Appendix H).

68 Appendix E provides an example of:

(a) how an entity would tag an excerpt of a disclosure explaining sustainability-related risks and opportunities and identifying the climate-related topic using elements in the IFRS Sustainability Disclosure Taxonomy; and

(b) the resulting tagged information that users of general purpose financial reports would be able to extract.

## Sustainability-related metrics and targets

### Overview

69 IFRS S1 and IFRS S2 require an entity to disclose its metrics and targets to enable users of general purpose financial reports to understand its performance in relation to its sustainability-related risks and opportunities. The Standards also require an entity to disclose information about any targets the entity has set and any targets it is required to meet by law or regulation. The categories of sustainability-related metrics and targets in IFRS S1 and IFRS S2 are:

27 An example of the expected reporting practice could be an existing list of sustainability topics, for example, the General Issue Category list associated with the SASB Standards, which can be found at https://sasb.ifrs.org/standards/materiality-finder/

(a) *climate-related cross-industry metrics and financed emissions metrics in IFRS S2*—these metrics are provided in IFRS S2 and each metric is reflected in the IFRS Sustainability Disclosure Taxonomy. The Taxonomy contains 53 such elements.[28]

(b) *climate-related industry-based metrics in Industry-based Guidance for IFRS S2*—these metrics are provided in the Industry-based Guidance for IFRS S2 and each metric is reflected in the IFRS Sustainability Disclosure Taxonomy as a separate element (paragraphs 72–74). The Taxonomy contains approximately 900 elements to tag such metrics.[29]

(c) *metrics taken from a source other than IFRS Sustainability Disclosure Standards*—these metrics are not set out in IFRS S1 or IFRS S2. However, IFRS S1:

(i) requires an entity to provide metrics associated with specific business models, activities and other common features that characterise participation in an industry and to refer to and consider the applicability of the metrics associated with the disclosure topics included in the SASB Standards for industry-based metrics not related to climate. The ISSB encourages entities to use the SASB Standards Taxonomy to tag those metrics if an entity discloses them. The SASB Standards Taxonomy provides separate elements for each metric.

(ii) allows an entity to use metrics drawn from other sources. Those other sources might have corresponding taxonomies, which the entity might use alongside the IFRS Sustainability Disclosure Taxonomy (paragraph 6).

(d) *metrics and targets developed by an entity*—these metrics and targets are not set out in IFRS S1 or IFRS S2. However, IFRS S1 requires an entity to disclose any metrics used by the entity to measure and monitor its sustainability-related risks and opportunities, including any metrics developed by the entity. IFRS S1 also requires an entity to disclose any targets it has set and any targets the entity is required to meet by law or regulation. The IFRS Sustainability Disclosure Taxonomy is designed to tag information about these metrics and targets:

(i) using entity-specific elements (extensions) reflecting metrics and targets developed by an entity and taxonomy elements reflecting required disclosures explaining them. Those elements are expected to be used for tagging in a dimensional structure to help users of general purpose financial reports understand those disclosures in a digital format (paragraphs 83–88 and Appendix I).

(ii) using three taxonomy elements to tag values of those metrics and targets, which reflect the various types of information those metrics could represent: narrative, numerical and percentage. Using specific element types helps users of general purpose financial reports to compare similar types of information, for example, comparing numerical metrics between entities. Appendix I illustrates those elements.

70 The IFRS Sustainability Disclosure Taxonomy includes elements for tagging information about the connections between:

(a) sustainability-related risks and opportunities and sustainability-related metrics;[30] and

(b) sustainability-related metrics and sustainability-related targets.[31]

71 The ISSB created categorical elements (more specifically, extensible enumeration) for tagging this information, to help users of general purpose financial reports to identify and analyse the connection in a digital format in an efficient way. Appendix H provides a list of categorical elements, including extensible enumeration elements.

28 20 of these elements are numeric, 5 are categoric, 21 are narrative and 7 facilitate disaggregation in a dimensional structure. These elements reflect the cross-industry metrics of paragraph 29 of IFRS S2 and the financed emission metrics of paragraphs B58–B63 of IFRS S2.

29 Approximately 360 of these elements are numeric, 1 is categoric, 170 are narrative and 360 facilitate disaggregation in a dimensional structure (numbers do not add due to rounding).

30 Paragraph 46 of IFRS S1 requires an entity to disclose the metric it uses to measure and monitor for each sustainability-related risk and opportunity that could reasonably be expected to affect the entity's prospects.

31 Paragraph 51(a) of IFRS S1 and paragraph 33(a) of IFRS S2 require an entity to disclose the metric it uses to set each target and to monitor progress toward that target.

### Industry-based metrics included in the Industry-based Guidance for IFRS S2

72 Paragraph 32 of IFRS S2 requires an entity to disclose industry-based metrics and also requires the entity to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the Industry-based Guidance for IFRS S2. Paragraph BC137 in *Basis for Conclusions on IFRS S2* Climate-related Disclosures further explains that while IFRS S2 requires an entity to disclose industry-based metrics, the entity is not required to use the particular metrics included in the Industry-based Guidance for IFRS S2. However, the entity is required to refer to and consider the applicability of the Industry-based Guidance for IFRS S2. The ISSB:

(a) created elements in the IFRS Sustainability Disclosure Taxonomy reflecting the industry-based metrics to enable an entity to tag any of those industry-based metrics an entity disclosed (paragraph 73); and

(b) included elements in a separate grouping located after elements reflecting IFRS S1 and IFRS S2 (paragraph 77 and Appendix F), with example references reflecting that industry-based metrics are included in separate guidance that accompanies IFRS S2.

73 Paragraph BC135 in *Basis for Conclusions on IFRS S2* Climate-related Disclosures states that the industry-based metrics in the Industry-based Guidance for IFRS S2 were derived from the SASB Standards with targeted amendments, including enhancements to the international applicability of a subset of requirements in the SASB Standards.[32] Consequently, the ISSB:

(a) created elements in the IFRS Sustainability Disclosure Taxonomy equivalent to those in the 2022 SASB Standards Taxonomy, but updated them to reflect targeted amendments in IFRS S2. This approach means that elements might have the same human-readable labels (allowing preparers and users of general purpose financial reports to identify the equivalent elements between the SASB Standards Taxonomy and the IFRS Sustainability Disclosure Taxonomy), but can be differentiated by computers using their XBRL technical metadata.[33]

(b) followed the SASB Standards Taxonomy grouping structure (paragraph 77) and taxonomy design, reflecting some requirements (paragraph 91), modified as necessary for compatibility with the architecture of the IFRS Sustainability Disclosure Taxonomy. The metric codes used for identifying industry-based metrics are included in the IFRS Sustainability Disclosure Taxonomy presentation structure in the same way as they are in the SASB Standards Taxonomy presentation structure. In addition, submetric codes are included in the IFRS Sustainability Disclosure Taxonomy, primarily aiding software vendors that are integrating the taxonomy elements into their financial reporting processes.

74 The Industry-based Guidance for IFRS S2 was derived from the SASB Standards and, in a similar way, the corresponding part of the IFRS Sustainability Disclosure Taxonomy is derived from the SASB Standards Taxonomy (paragraph 73). The ISSB expects this similar taxonomy design will make it easier for an entity to use the IFRS Sustainability Disclosure Taxonomy with the SASB Standards Taxonomy to tag industry-specific metrics it discloses in accordance with the SASB Standards.

## Other features of the IFRS Sustainability Disclosure Taxonomy

### Taxonomy element grouping in the IFRS Sustainability Disclosure Taxonomy

75 Elements within the IFRS Sustainability Disclosure Taxonomy are organised (grouped) in a way that facilitates its navigation, understanding and use by entities and users of general purpose financial reports.[34] This grouping is intended to help an entity to find the elements it needs, which facilitates consistent tagging and the digital consumption of financial reports. For the avoidance of doubt, an entity is neither required nor expected to organise its human-readable reports according to element groupings in the IFRS Sustainability Disclosure Taxonomy. The taxonomy groupings do not dictate how data resulting from the tagging of those reports is viewed or analysed by users of that data.

32 These amendments, which were designed to ensure that the climate-related metrics are suitable for international application, were exposed for comment in the Exposure Draft *[Draft] IFRS S2 Climate-related Disclosures*. The SASB Standards Taxonomy will be updated to reflect these amendments and the most recent amendments to the SASB Standards in a way that is consistent with the IFRS Sustainability Disclosure Taxonomy.

33 Specifically, computers will read the *namespace* of the elements, which will clearly distinguish elements from the IFRS Sustainability Disclosure Taxonomy from elements from the SASB Standards Taxonomy.

34 Technically, elements are grouped in the presentation linkbase of the IFRS Sustainability Disclosure Taxonomy files.

76 The grouping of taxonomy elements represents the order of the disclosure requirements in the IFRS Sustainability Disclosure Standard these elements are reflecting. For example, elements reflecting requirements in IFRS S1 are organised in the order of the requirements in that Standard (with minor exceptions driven by, for example, XBRL technical requirements) and under an 'IFRS S1' heading. The elements reflecting requirements in IFRS S2 are organised in a similar way, under an 'IFRS S2' heading. Such an arrangement makes locating elements easier for entities and users of general purpose financial reports who are looking for elements corresponding to the disclosures specified in an IFRS Sustainability Disclosure Standard. This approach is consistent with the approach taken in the IFRS Accounting Taxonomy and other taxonomies.

77 The grouping of elements reflects industry-based information separately, by industry, which reflects the structure of the Industry-based Guidance for IFRS S2.[35] The Industry-based Guidance for IFRS S2 suggests ways to identify and disclose information about climate-related risks and opportunities associated with particular business models, economic activities and other common features that characterise participation in an industry (see paragraph IB1 of the Industry-based Guidance for IFRS S2). The guidance also specifies metrics designed to provide useful information regarding performance on a specific disclosure topic. Paragraph 73 discusses more features specific to this section of the IFRS Sustainability Disclosure Taxonomy.

78 Appendix F illustrates the high-level grouping of taxonomy elements.

## Dimensional structure to reflect disaggregation of information, including entity-specific elements

79 A dimensional structure (in which data could be logically organised in a table) is often used in the IFRS Accounting Taxonomy and other taxonomies to reflect the (potential) disaggregation of information. Some entities consider a dimensional structure as complex to use for tagging, but this structure is particularly helpful:

(a) for an entity to reflect the disaggregation of information. Emphasising relationships between the disaggregated pieces of information allows a reduction in the number of elements in the IFRS Sustainability Disclosure Taxonomy.

(b) for users of general purpose financial reports to identify and understand the meaning of entity-specific elements.[36] A dimensional structure provides an XBRL structure in which those entity-specific elements are arranged using a common, defined dimension, which helps users understand those elements.

80 The IFRS Sustainability Disclosure Taxonomy uses a dimensional structure to reflect disaggregation by:

(a) entity-specific elements (paragraphs 83–88); and

(b) elements defined in the IFRS Sustainability Disclosure Taxonomy (paragraphs 89–91).

81 Appendix I explains the dimensional structure and provides an illustration of its application for entity-specific elements.

82 IFRS S1 and IFRS S2 include only a few examples in which a disclosed total amount is disaggregated into components. The ISSB did not create mathematical summation (calculation) relationships in the IFRS Sustainability Disclosure Taxonomy to reflect those few cases because the ISSB was of the view that, on balance, the benefits of providing those calculations do not justify any additional complexity.

### Disaggregation using entity-specific elements

83 IFRS S1 and IFRS S2 both require an entity to disclose information to help users of general purpose financial reports understand information provided that is not specifically defined by the IFRS Sustainability Disclosure Standards. This information comprises:

(a) sustainability-related metrics and targets, including climate-related metrics and targets (paragraph 84); and

(b) sustainability-related risks and opportunities, including climate-related risks and opportunities (paragraph 85).

35 The *Industry-based Guidance on implementing IFRS S2* Climate-related Disclosures is derived from the SASB Standards and organised by industry consistent with the Sustainable Industry Classification System® (SICS®).

36 An entity creates an entity-specific element, which is an extension to tag information for which no element in a taxonomy is appropriate because the Standards contain no directly related requirement (referred to in this document as 'entity-specific information'), or the ISSB did not identify a common reporting practice.

84 IFRS S1 and IFRS S2 both require an entity to disclose metrics required by an applicable IFRS Sustainability Disclosure Standard—for example, the climate-related metrics required in paragraph 29 of IFRS S2—and those used by the entity to measure and monitor its sustainability-related risks and opportunities (paragraph 46(b) of IFRS S1). IFRS S1 and IFRS S2 require an entity to disclose information about any targets set by the entity or which the entity is required to meet by law or regulation. Paragraph 69 explains categories of sustainability-related metrics and targets and how they are reflected in the IFRS Sustainability Disclosure Taxonomy, including which sustainability-related metrics and targets are reflected using a dimensional structure.

85 IFRS S1 and IFRS S2 both require an entity to provide information about its sustainability-related risks and opportunities related to the core content specified in IFRS S1 and IFRS S2. An entity might provide some or all of this information as integrated disclosures.[37] Paragraphs 54–55 of IFRS S1 and paragraphs 11–12 of IFRS S2 set out requirements for an entity to apply in identifying its sustainability-related risks and opportunities.

86 An entity might need to create entity-specific elements (extensions) to tag disaggregation by attributes not specifically defined by IFRS S1 and IFRS S2. As stated in paragraph 80, the ISSB decided to use a dimensional structure to reflect such disaggregation to help users of general purpose financial reports to understand entity-specific elements. In a dimensional structure, this disaggregation is provided using an axis element type. An entity is not expected to use the related axis in the dimensional structure if it prepares disclosures on an integrated basis and does not provide separate information disaggregated by an attribute not specified by the Standard—for example, by sustainability-related risk and opportunity—but instead provides only a single disclosure addressing all sustainability-related risks and opportunities.

87 Conceptually, the information in a dimensional structure can be considered as if it were a table in which:[38]

(a) the disaggregation by entity-specific elements would be provided in columns using an axis element type from the IFRS Sustainability Disclosure Taxonomy. The ISSB created the axes ‘Risks and opportunities’, ‘Metrics’ and ‘Targets’.[39] An entity would create the entity-specific elements, for example, specific targets set by the entity, as member elements to be used with this axis.

(b) the elements reflecting disclosure requirements that are related—for example, information about the targets set by an entity required by paragraph 51 of IFRS S1—would be provided in rows using (line item) elements from the IFRS Sustainability Disclosure Taxonomy.

88 An entity might need guidance on how to use axes for which it needs to create entity-specific elements and how those axes help provide connections to the required disclosures. The ISSB added these guidance labels to elements: ‘Risks and opportunities [axis]’, ‘Metrics [axis]’ and ‘Targets [axis]’, explaining that the ISSB expects an entity to create entity-specific elements for these axes. The guidance label reads: ‘The taxonomy provides no members for this axis, because the items in this axis will be entity-specific. Entities are expected to create specific members for their needs’.[40,41]

### Disaggregation using defined taxonomy elements

89 The ISSB uses a dimensional structure for disclosures that require disaggregation, reflecting requirements in IFRS Sustainability Disclosure Standards. This structure will allow an entity to tag, for example:

(a) information it provides by Scope 3 greenhouse gas emission categories or by constituent greenhouse gases, as illustrated in Examples 2 and 3 in *Accompanying Guidance on IFRS S2* Climate-related Disclosures; and

(b) financed emissions by asset class as provided in paragraph B62(a)(ii) and B63(a)(ii) of IFRS S2.

37 Paragraph 7 of IFRS S2 refers to an ‘integrated basis’, stating: ‘if oversight of sustainability-related risks and opportunities is managed on an integrated basis, the entity would avoid duplication by providing integrated governance disclosures instead of separate disclosures for each sustainability-related risk and opportunity’.

38 The dimensional structure used in the IFRS Sustainability Disclosure Taxonomy does not prescribe how the information should be disclosed in general purpose financial reports, for example information need not be presented in a table. The same taxonomy elements can be used regardless of how the information is set out in a report.

39 Paragraphs 50–62 discuss how the IFRS Sustainability Disclosure Taxonomy reflects corresponding requirements in IFRS S1 and IFRS S2 using one set of elements related to sustainability-related risks and opportunities. Similarly, the ISSB uses one set of elements to disaggregate information by sustainability-related risk or opportunity and sustainability-related metrics and targets for corresponding requirements in IFRS S1 and IFRS S2.

40 The guidance also explains that entity-specific elements will be created under the domain member. The use of domain members simplifies tagging for entities because they do not need to specify members for all axes, only those needed to reflect information in their report appropriately and when different from the domain. Refer to Appendix I for an illustration of the domain member within a dimensional structure.

41 The ISSB also created a ‘Carbon credit [axis]’, for which an entity is expected to create entity-specific elements, with the same guidance label.

90 Paragraph B62(a)(ii) and paragraph B63(a)(ii) of IFRS S2 require an entity to disclose 'absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions' by asset class. Using a dimensional structure, the ISSB created a 'Financed emissions asset class' axis with associated taxonomy elements (members) to reflect the asset classes listed in paragraph B62(a)(ii) of IFRS S2. Those elements comprise 'Loans', 'Project finance', 'Bonds', 'Equity investments' and 'Undrawn loan commitments'. This model allows an entity to tag Scope 1, Scope 2 or Scope 3 financed emissions for each asset class—for example, Scope 1 greenhouse gas emissions for loans.

91 The IFRS Sustainability Disclosure Taxonomy also uses the dimensional structure to reflect many requirements related to industry-based metrics that were derived from the SASB Standards if a dimensional structure was used in the related part of the SASB Standards Taxonomy (paragraph 74).

## Approval by the ISSB of the IFRS Sustainability Disclosure Taxonomy published in April 2024

The IFRS Sustainability Disclosure Taxonomy was approved for publication by all 14 members of the International Sustainability Standards Board.

| | |
|---|---|
| Emmanuel Faber | Chair |
| Jingdong Hua | Vice-Chair |
| Suzanne Lloyd | Vice-Chair |
| Richard Barker | |
| Jenny Bofinger-Schuster | |
| Verity Chegar | |
| Jeffrey Hales | |
| Michael Jantzi | |
| Hiroshi Komori | |
| Bing Leng | |
| Ndidi Nnoli-Edozien | |
| Tae-Young Paik | |
| Veronika Pountcheva | |
| Elizabeth Seeger | |

## Appendix A—Defined terms

| | |
|---|---|
| **Categorical element** | A **taxonomy element** representing data that can be one of a limited (typically fixed) number of possible values. |
| **Entity-specific (extension) element** | A **taxonomy element** created by the **preparer** of an XBRL report to tag information for which a taxonomy does not include an appropriate element. Entity-specific elements are often more difficult for users of general purpose financial reports to understand and use for analysis than the elements provided in a base taxonomy. Entity-specific elements are less standardised, reducing the ability to compare tagged information. |
| **General purpose financial reports** | Reports that provide financial information about a **reporting entity** that is useful to **primary users** in making decisions relating to providing resources to the entity. Those decisions involve decisions about:<br>(a) buying, selling or holding equity and debt instruments;<br>(b) providing or selling loans and other forms of credit; or<br>(c) exercising rights to vote on, or otherwise influence, the entity's management's actions that affect the use of the entity's economic resources.<br>General purpose financial reports include but are not restricted to an entity's general purpose financial statements and **sustainability-related financial disclosures**. |
| **IFRS Sustainability Disclosure Standards** | Standards of that name issued by the International Sustainability Standards Board. |
| **Preparer** | An entity that is required, or chooses, to prepare general purpose financial statements. |
| **Primary users of general purpose financial reports (primary users)** | Existing and potential investors, lenders and other creditors. |
| **Reporting entity (entity)** | See **preparer**. |
| **Sustainability-related financial disclosures** | A particular form of **general purpose financial reports** that provide information about the **reporting entity**'s sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term, including information about the entity's governance, strategy and risk management in relation to those risks and opportunities, and related metrics and targets. |
| **Tag** | A single **taxonomy element** or combination of taxonomy elements (a concept, an axis and other information) applied to a part of an entity's report to create an individual piece of information in a digital report. |
| **Tagging** | The process of creating a digital report by selecting **taxonomy elements** (such as concepts and axes) and other information and applying them to a part of an entity's report (for example, a number, a paragraph of text or a table) to create pieces of information in the digital report. Tagging is one possible approach to creating digital reports. |
| **Taxonomy** | A (digital reporting) taxonomy (termed an 'ontology' in other contexts) links and defines a number of components that provide the meaning for facts in a digital report. For example, a taxonomy could include definitions of concepts such as 'Scope 1 greenhouse gas emissions', 'Profit' or 'Assets'. Taxonomies might contain a very rich set of information, including multi-language labels, references to authoritative definitions (for example, accounting standards or applicable local laws) and validation rules. A digital reporting taxonomy is typically implemented using the **XBRL** specification (see www.xbrl.org), and is usually stored in a set of files hosted on a website. |
| **Taxonomy element** | Concept (a taxonomy element that provides meaning for reported facts) and other structured elements (such as tables, axes and members of those axes) in a **taxonomy**. For example, concepts such as 'Disclosure of identity of governance body(s) or individual(s) responsible for oversight of risks and opportunities' and 'Absolute gross Scope 1 greenhouse gas emissions', and members 'Short', 'Medium' or 'Long' on a 'Time horizon' axis. |
| **Users of general purpose financial reports (users)** | See **primary users of general purpose financial reports (primary users)**. These definitions describe the same population. |

| | |
|---|---|
| **XBRL** | XBRL (eXtensible Business Reporting Language) is a freely available and global framework for exchanging business information. One common use of XBRL is the exchange of financial information, such as in a company's annual financial report. XBRL is also increasingly used in its Inline XBRL variant, which embeds XBRL tags into an HTML document (a human-readable format). The XBRL Standard is developed and published by XBRL International, Inc. |

## Appendix B—IFRS Sustainability Disclosure Taxonomy terminology

B1 This appendix contains brief explanations of the IFRS Sustainability Disclosure Taxonomy terms used elsewhere in this document. Key terms are highlighted in bold.

<table>
<tr><th colspan="2">Primary content—IFRS Sustainability Disclosure Taxonomy elements</th></tr>
<tr>
<td>The IFRS Sustainability Disclosure Taxonomy includes elements that represent sustainability-related financial disclosures in general purpose financial reports prepared in accordance with IFRS Sustainability Disclosure Standards.<br><br>These elements are described using:<br><br>• line items—represent the concepts being reported. They can be numerical or narrative, reflecting the figures and narratives reported. For example, ‘Disclosure of identity governance body(s) or individual(s) responsible for oversight of risks and opportunities’ and ‘Absolute gross Scope 1 greenhouse gas emissions’.<br>• axes, domains and members:<br>  • axes—represent the specific information category that concepts can be broken down into or reported by, for example, ‘Time horizon’.<br>  • members—represent concepts to qualify facts associated with a line item. For example, ‘Short’, ‘Medium’ or ‘Long’ on a ‘Time horizon’ axis. They can also be used as the choice(s) for an extensible enumeration element.<br>  • domains— the set of possible members (categories) for an axis, or possible choice(s) for an extensible enumeration element. Typically, this domain item is also the ‘default member’ for that axis, and conceptually applies whenever an entity does not combine a line item with a specific member for the axis to tag the value of a disclosure, representing ‘not applicable’, ‘all’ or ‘total’.<br>• tables—logical groupings of IFRS Sustainability Disclosure Taxonomy axes, members and line items.</td>
<td>These IFRS Sustainability Disclosure Taxonomy elements have:<br><br>• element names and element identifiers—unique computer tags used to identify and mark up the data.<br>• element standard labels—human-readable names reflecting the meaning of an element. Some elements have additional labels that provide more specific descriptions to, for example, indicate a total (total label). Such additional labels do not alter the financial reporting meaning of the element, but are used for displaying IFRS Sustainability Disclosure Taxonomy presentation relationships.<br>• element types (ET)—categories of permitted data values, for example, text (T), text block (TB), Boolean (B), enumeration (EN), monetary (M), decimal (DEC), percentage (PER) or year (YYYY). Element types include:<br>  • text element types—used for simple narrative disclosures, for example, a one-sentence explanation. They are also used if IFRS Sustainability Disclosure Standards do not specify the details of a disclosure requirement, but the entity is expected to use a free-text format to comply with that disclosure requirement.<br>  • text block element types—used for a set of information, which might include, for example, numerical disclosures, narrative explanations and tables.<br>  • Boolean and extensible enumeration types (categorical elements)—used to indicate a choice, for example, between true or false (Boolean) or from a list of options an entity can extend (enumeration), either with single (EN-S) or multiple option (EN-M).<br>• element properties, such as the period—indicates whether the element is expected to be reported for a period of time (duration) or at a particular point in time (instant).</td>
</tr>
</table>

| **Supporting content—Documentation and references for IFRS Sustainability Disclosure Taxonomy elements** | |
|---|---|
| The IFRS Sustainability Disclosure Taxonomy provides supporting content explaining the **meaning** of an element. | This content includes properties such as:<br>• **references**—link an element to the authoritative literature, for example, IFRS S1.30(c).<br>• **element reference types (ER)**—define the source of an element, for example, disclosure (D), example (E), unspecified reference (R) and common practice (CP). Common practice elements are only developed once a requirement has been applied in practice.<br>• **documentation labels**—provide a textual definition of each element. The sources of these definitions are the IFRS Sustainability Disclosure Standards and their accompanying materials, if available.<br>• **guidance labels**—provide implementation notes that help an entity to use IFRS Sustainability Disclosure Taxonomy elements correctly in a digital report. |

| **Supporting content—Relationships between IFRS Sustainability Disclosure Taxonomy elements (linkbases)** | |
|---|---|
| The IFRS Sustainability Disclosure Taxonomy uses the presentation linkbase to provide a **presentation view** under which the line items, axes and members (or combinations of these as tables) have been **grouped**. Presentation views support **human-readable** viewing and navigation of the IFRS Sustainability Disclosure Taxonomy. | The IFRS Sustainability Disclosure Taxonomy includes specific presentation elements to support its viewing and navigation, which are:<br>• **headings** (abstract elements); and<br>• **presentation groups**.<br>These elements are not used when tagging general purpose financial reports.<br>The hierarchy of elements is reflected in the grouping of elements in the presentation linkbase of the taxonomy files, using parent–child relationships. In these relationships, parent elements are normally broader and provide context to the (usually) narrower child elements with which they are linked. Indents are used to show a taxonomy presentation parent–child relationship between elements. |
| The IFRS Sustainability Disclosure Taxonomy uses the definition linkbase to provide **views** under which the combined line items, axes and members (**tables**) have been grouped. These views support **computer-readable** use of the IFRS Sustainability Disclosure Taxonomy. | For example, this content includes:<br>• a **default member** for each axis—for example, 'Time horizon [domain]' as the default value for the 'Time horizon' axis; and<br>• a **definition** for each table, laying out the axes and line items making up the table. |

# Appendix C—Granularity of narrative disclosures—Illustration of taxonomy elements and their effect on digital reporting

C1 IFRS Sustainability Disclosure Standards set out disclosure requirements on governance, strategy, risk management, and metrics and targets in relation to sustainability-related risks and opportunities. Disclosure requirements relating to the first three areas generally require narrative reporting.

C2 This appendix contains:

(a) an example of the disclosure requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and the resulting taxonomy elements (and rejected elements) to tag narrative information, including categorical elements (paragraphs C3–C7).

(b) an example of an excerpt of a climate-related disclosure, how an entity would tag it using the elements in the IFRS Sustainability Disclosure Taxonomy, and the resulting tagged information users of general purpose financial reports would be able to extract. This example also illustrates how multiple tagging is complex for entities. The ISSB intended to limit multiple tagging by using the approach in the IFRS Sustainability Disclosure Taxonomy (paragraphs C8–C16).

## An example of the disclosure requirements in the IFRS Sustainability Disclosure Standards and the resulting elements in the IFRS Sustainability Disclosure Taxonomy

C3 Table C1 sets out disclosure requirements in the risk management section of IFRS S1 related to narrative information.

**Table C1—Disclosure requirements in IFRS S1 related to risk management**

| **IFRS S1, 'Risk management'** |
|---|
| 43 The objective of sustainability-related financial disclosures on risk management is to enable users of general purpose financial reports:<br>(a) to understand an entity's processes to identify, assess, prioritise and monitor sustainability-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management processes; and<br>(b) to assess the entity's overall risk profile and its overall risk management process. |
| 44 To achieve this objective, an entity shall disclose information about:<br>(a) the processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks, including information about:<br>(i) the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);<br>(ii) whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks;<br>...<br>(b) the processes the entity uses to identify, assess, prioritise and monitor sustainability-related opportunities; and<br>(c) the extent to which and how the processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process. |

C4 As discussed in paragraph 22, the ISSB used the principle for creating elements for tagging narrative disclosures at the most granular level(s) expected to be both separately understandable to users of general purpose financial reports and readily identifiable for tagging in general purpose financial reports.

C5 The ISSB created:

(a) distinct elements to reflect the requirements in paragraph 44(a)–(c) of IFRS S1. The ISSB expects users of general purpose financial reports to understand each of these elements as separate pieces of information helpful for efficient analysis in a digital format. The information is also expected to be readily identifiable for tagging because it would typically be disclosed separately in the general purpose financial reports—for example, in separate sentences or tables (paragraph 21).

(b) an element 'Other disclosures about risk management', referencing paragraph 43 of IFRS S1, to allow an entity to tag any 'other information' disclosed to meet the objective discussed in paragraph 43. This element is intended to tag information that could not otherwise be tagged using elements in the IFRS Sustainability Disclosure Taxonomy that reflect more specific requirements in the Standard (for example, paragraph 44(a) of IFRS S1). The ISSB provided this element to ensure an entity can tag all information disclosed to meet the objective of the risk management section in paragraph 43 of IFRS S1 with a taxonomy element. The ISSB aimed to reduce the need for an entity to create entity-specific elements because these elements are more difficult for users of general purpose financial reports to understand and use for analysis than taxonomy elements.[42]

(c) Boolean elements and related narrative elements, for example, reflecting the requirements in paragraph 44(a)(ii) of IFRS S1 for an entity to disclose whether and how it uses scenario analysis to identify sustainability-related risks. As stated in paragraph 30(a), the ISSB expects the information tagged using these elements to be useful to users of general purpose financial reports. Boolean elements allow an entity a simple choice between 'true' and 'false', which makes the analysis of the related text information more efficient.

(d) a distinct element to reflect the requirement in paragraph 44(a)(i) of IFRS S1 for an entity to disclose the inputs and parameters it used in the processes and related policies to identify, prioritise and monitor risks. The ISSB determined that this disclosure is separately understandable and useful to users of general purpose financial reports. This element also reflects the disclosure requirement in paragraph 25(a)(i) of IFRS S2 *Climate-related Disclosures*, which might be aligned with the related climate-related disclosure requirement in other sustainability-related disclosure standards, for example, the ESRS.[43] Users of general purpose financial reports could use related elements to compare information that meets those requirements of the IFRS Sustainability Disclosure Standards and other sustainability-related disclosure standards that are aligned with IFRS Sustainability Disclosure Standards.

C6 The ISSB aims to limit the extent of hierarchical structure in the IFRS Sustainability Disclosure Taxonomy to reduce the complexity of multiple and inconsistent tagging by entities (paragraph 29). Therefore, the ISSB decided against creating elements that reflect the overall objective for risk management set out in paragraph 43 of IFRS S1. The ISSB made this decision because:

(a) it determined that an entity tagging the whole risk management disclosure using one element would be an unsatisfactory approach because users of general purpose financial reports would generally want to extract more detailed or narrowly focused information from the more general disclosure; and

(b) paragraph 44 of IFRS S1—for which the elements are created (paragraph C5(a))—covers the information required by paragraph 43 of IFRS S1. If the ISSB created two sets of elements to reflect those requirements, an entity would need to tag the same information twice (paragraphs C13–C16).

42 The 'other' elements may also be used for tagging information disclosed to meet requirements of other sustainability-related disclosure standards (if this information meets the disclosure objective of core content of IFRS S1 or IFRS S2, but no other taxonomy element is applicable). This information may also be tagged using elements from the taxonomy reflecting other sustainability-related disclosure standards. This limited multiple tagging of information is expected to be useful for users of general purpose financial reports because it helps them understand and compare the information reported using IFRS Sustainability Disclosure Standards and other sustainability-related disclosure standards.

43 The reference to paragraphs in IFRS S2 reflects the 'corresponding requirements' in IFRS S1 and IFRS S2 (Appendix D).

C7 Therefore, the ISSB created the elements in Table C2 to reflect the disclosure requirements set out in Table C1.

**Table C2—Illustration of detail of narrative elements**

| Element label[44] | ET[45] | Reference |
|---|---|---|
| Processes and related policies to identify, assess, prioritise and monitor risks | TB | IFRS S1.44(a), IFRS S2.25(a)[46] |
| Inputs and parameters used in process to identify, prioritise and monitor risks | TB | IFRS S1.44(a)(i), IFRS S2.25(a)(i) |
| Whether and how scenario analysis used to inform identification of risks | TB | IFRS S1.44(a)(ii), IFRS S2.25(a)(ii) |
| Entity uses scenario analysis to inform identification of risks | B | IFRS S1.44(a)(ii) |
| ... | | |
| Processes used to identify, assess, prioritise and monitor opportunities | TB | IFRS S1.44(b), IFRS S2.25(b) |
| Extent to which and how processes for identifying, assessing, prioritising and monitoring risks and opportunities are integrated into or inform overall risk management process | TB | IFRS S1.44(c), IFRS S2.25(c) |
| Other disclosures about risk management | TB | IFRS S1.43, IFRS S2.24 |

## Illustration of tagging using elements in the IFRS Sustainability Disclosure Taxonomy and the resulting tagged data

C8 The example in paragraphs C10–C12 illustrates how an entity would tag a climate-related disclosure using the taxonomy elements, and the resulting tagged information users of general purpose financial reports would be able to extract. The example emphasises that by using the taxonomy elements:

(a) information generally would not be tagged twice, for example, using elements reflecting requirements in subparagraphs and elements reflecting requirements in paragraphs (as discussed in paragraph C6); and

(b) information that could be readily compared between entities and over time would be separately tagged using categorical elements (as discussed in paragraph C5(c)).

C9 To illustrate the points in paragraph C8, consider an example of an excerpt of a climate-related disclosure that an entity might produce (the text is provided only for illustration of tagging using the IFRS Sustainability Disclosure Taxonomy).

**Figure C1—Example of an excerpt of a climate-related disclosure**

**Risk management**

...

**Sustainability-related risks**

We identify sustainability-related risks considering their strategic importance to the entity's business model and value chain over the short, medium and long term. To understand these risks further, we evaluate ....

We use scenario analysis to support our risk assessments. We assess the resilience of our business model and value chain against a wide range of scenarios, including ....

...

44 Indents are used to show a parent–child relationship between elements in a hierarchical taxonomy structure.

45 'ET' refers to 'element type'. Element type 'TB' refers to 'text block', 'B' refers to 'Boolean' ('true' or 'false').

46 The references to paragraphs in IFRS S2 reflect 'corresponding requirements' in IFRS S1 and IFRS S2 (see Appendix D).

### Approach in the IFRS Sustainability Disclosure Taxonomy

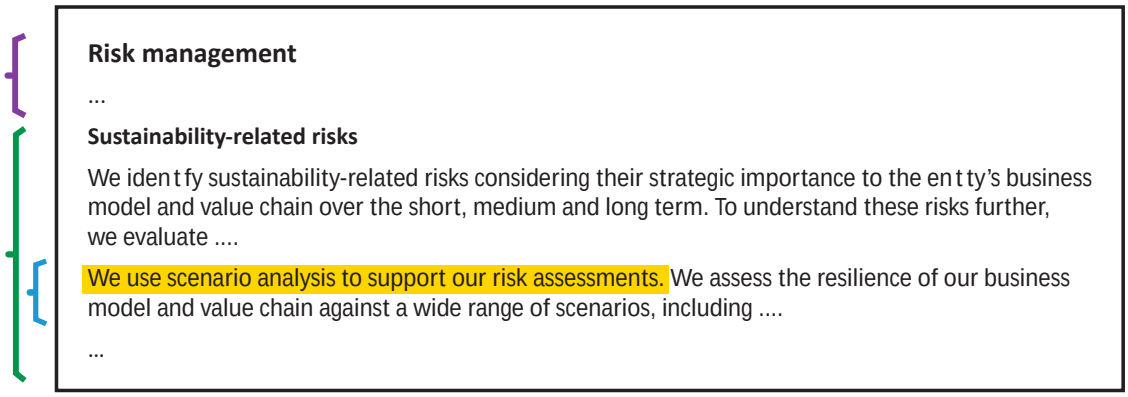
C10 Consider the corresponding illustrative set of taxonomy elements in Table C3.

**Table C3—Illustrative taxonomy elements relating to risk management**

| Element label and reference | ET[47] |
|---|---|
| Processes and related policies to identify, assess, prioritise and monitor risks (IFRS S1.44(a), IFRS S2.25(a)) | TB |
| Whether and how scenario analysis used to inform its identification of risks (IFRS S1.44(a)(ii), IFRS S2.25(a)(ii)) | TB |
| Entity uses scenario analysis to inform identification of risks (IFRS S1.44(a)(ii)) | B |
| Other disclosures about risk management (IFRS S1.43, IFRS S2.24) | TB |

C11 The preparer would apply the elements in Table C3 to tag the report in Figure C1, as shown in Figure C2.

**Figure C2—Illustration of tagging**




C12 Tagging Figure C1 using the taxonomy elements in Table C3 would result in the data in Table C4.

**Table C4—Illustration of tagged information**

| Element | Value |
|---|---|
| Other disclosures about risk management (IFRS S1.43, IFRS S2.24) | **Risk management**<br>… |
| Processes and related policies to identify, assess, prioritise and monitor risks (IFRS S1.44(a), IFRS S2.25(a)) | **Sustainability-related risks**<br>We identify sustainability-related risks considering their strategic importance to the entity's business model and value chain over the short, medium and long term. To understand these risks further, we evaluate ….<br>We use scenario analysis to support our risk assessments. We assess the resilience of our business model and value chain against a wide range of scenarios, including ….<br>... |
| Whether and how scenario analysis used to inform its identification of risks (IFRS S1.44(a)(ii), IFRS S2.25(a)(ii)) | We use scenario analysis to support our risk assessments. We assess the resilience of our business model and value chain against a wide range of scenarios, including …. |
| Entity uses scenario analysis to inform identification of risks (IFRS S1.44(a)(ii)) | True |

47 'ET' refers to 'element type'. Element type 'TB' refers to 'text block', 'B' refers to 'Boolean' ('true' or 'false').

### Illustration of multiple tagging resulting from the hierarchical structure

C13 As discussed in paragraph C6, the ISSB aims to limit the extent of hierarchical structure in the IFRS Sustainability Disclosure Taxonomy to reduce the complexity of tagging the same information using more than one element. As an example, the ISSB decided against creating an element to reflect the overall objective for risk management described in paragraph 43 of IFRS S1. Including elements in the IFRS Sustainability Disclosure Taxonomy that reflect paragraph 43 and paragraphs 44(a)–(c) of IFRS S1 would create a hierarchical structure, which would result in the need to tag information using one element reflecting a paragraph and one of the elements reflecting the related subparagraphs (see Table C5, Table C6 and Figure C3). The requirements at a lower level of the Standard—for example, a subparagraph—generally meet the requirements at the paragraph level, hence elements reflecting both requirements are applicable for tagging.

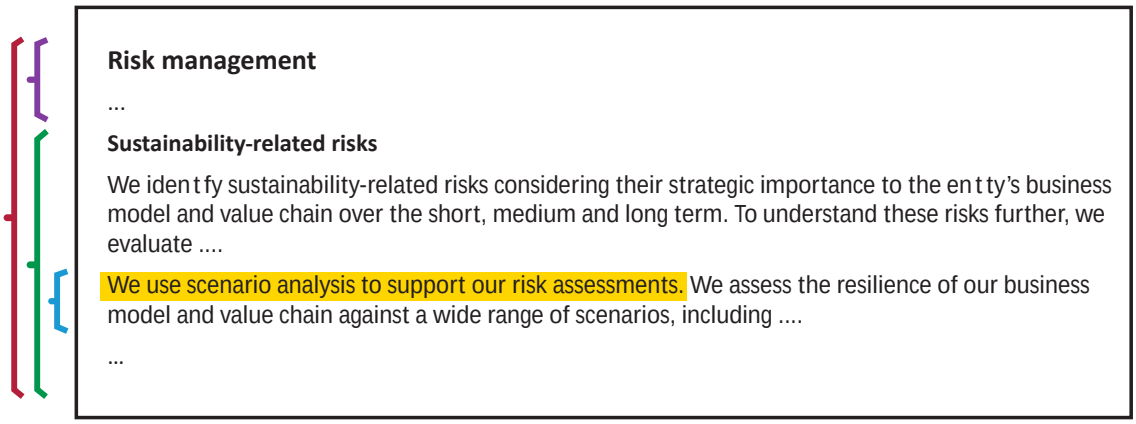
C14 The illustrative set of taxonomy elements in Table C5 includes an additional element reflecting paragraph 43 of IFRS S1. The additional element was rejected by the ISSB because it would create another level of hierarchy within the structure described in paragraph C13.

**Table C5—Illustrative taxonomy elements relating to risk management reflecting the hierarchical structure with an additional element reflecting the requirement in paragraph 43 of IFRS S1**

| Element label and reference | ET[48] |
|---|---|
| Processes to identify, assess, prioritise and monitor risks and opportunities (IFRS S1.43, IFRS S2.24) | TB |
| Processes and related policies to identify, assess, prioritise and monitor risks (IFRS S1.44(a), IFRS S2.25(a)) | TB |
| Whether and how scenario analysis used to inform its identification of risks (IFRS S1.44(a)(ii), IFRS S2.25(a)(ii)) | TB |
| Entity uses scenario analysis to inform identification of risks (IFRS S1.44(a)(ii)) | B |
| Other disclosures about risk management (IFRS S1.43, IFRS S2.24) | TB |

C15 The preparer would have applied the elements in Table C5 to tag the report in Figure C1, as shown in Figure C3. All information is tagged using at least two elements, including an element reflecting paragraph 43 of IFRS S1.

**Figure C3—Illustration of tagging**




48 'ET' refers to 'element type'. Element type 'TB' refers to 'text block', 'B' refers to 'Boolean' ('true' or 'false').

C16 Tagging Figure C1 using elements in Table C5 would result in the data in Table C6.

**Table C6—Illustration of tagged information**

| Element | Value |
|---|---|
| Processes to identify, assess, prioritise and monitor risks and opportunities (IFRS S1.43, IFRS S2.24)[49] | **Risk management**<br>…<br>**Sustainability-related risks**<br>We identify sustainability-related risks considering their strategic importance to the entity's business model and value chain over the short, medium and long term. To understand these risks further, we evaluate ….<br>We use scenario analysis to support our risk assessments. We assess the resilience of our business model and value chain against a wide range of scenarios, including ….<br>... |
| Other disclosures about risk management (IFRS S1.43, IFRS S2.24) | **Risk management**<br>... |
| Processes and related policies to identify, assess, prioritise and monitor risks (IFRS S1.44(a), IFRS S2.25(a)) | **Sustainability-related risks**<br>We identify sustainability-related risks considering their strategic importance to the entity's business model and value chain over the short, medium and long term. To understand these risks further, we evaluate ….<br>We use scenario analysis to support our risk assessments. We assess the resilience of our business model and value chain against a wide range of scenarios, including ….<br>... |
| Whether and how scenario analysis used to inform its identification of risks (IFRS S1.44(a)(ii), IFRS S2.25(a)(ii)) | We use scenario analysis to support our risk assessments. We assess the resilience of our business model and value chain against a wide range of scenarios, including …. |
| Entity uses scenario analysis to inform identification of risks (IFRS S1.44(a)(ii)) | True |

49 The reference to paragraphs in IFRS S2 reflects 'corresponding requirements' in IFRS S1 and IFRS S2 (see Appendix D).

## Appendix D—Reflecting the relationship between IFRS S1 and IFRS S2—Illustration of taxonomy elements

D1 As discussed in paragraph 50, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* includes general requirements for the disclosure of sustainability-related financial information, whereas IFRS S2 *Climate-related Disclosures*:

(a) includes the disclosure requirements which are also in IFRS S1 that are relevant to climate-related risks and opportunities (referred to as 'corresponding requirements'); and

(b) requires specific disclosures applicable to climate-related risks and opportunities.

D2 This appendix provides an example of disclosure requirements in IFRS S1 and IFRS S2 related to strategy and the related elements in the IFRS Sustainability Disclosure Taxonomy.

### An example of the disclosure requirements in IFRS Sustainability Disclosure Standards and the resulting elements in the IFRS Sustainability Disclosure Taxonomy

D3 Table D1 illustrates the disclosure requirements related to strategy in paragraph 33 of IFRS S1 and in paragraph 14 of IFRS S2. These two paragraphs include corresponding requirements (highlighted by placing them next to each other and using bold text for emphasis) and specific disclosure requirements applicable to climate-related risks and opportunities only.

**Table D1—Disclosure requirements in IFRS S1 and IFRS S2 related to strategy, highlighting corresponding disclosure requirements**

| IFRS S1, 'Strategy', 'Strategy and decision-making' | IFRS S2, 'Strategy', 'Strategy and decision-making' |
|---|---|
| 33 **An entity shall disclose information that enables users of general purpose financial reports to understand the effects of sustainability-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose information about:**<br>(a) **how the entity has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making;** | 14 **An entity shall disclose information that enables users of general purpose financial reports to understand the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose:**<br>(a) **information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making**, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the entity shall disclose information about:<br>...<br>(iv) any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies; and<br>...<br>(b) information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a). |

*continued...*

*...continued*

| IFRS S1, 'Strategy', 'Strategy and decision-making' | IFRS S2, 'Strategy', 'Strategy and decision-making' |
|---|---|
| (b) **the progress against plans the entity has disclosed in previous reporting periods, including quantitative and qualitative information**; and<br><br>(c) trade-offs between sustainability-related risks and opportunities that the entity considered (for example, in making a decision on the location of new operations, an entity might have considered the environmental impacts of those operations and the employment opportunities they would create in a community). | (c) **quantitative and qualitative information about the progress of plans disclosed in previous reporting periods** in accordance with paragraph 14(a). |

D4 As discussed in paragraph 56, the ISSB created a single set of elements to reflect corresponding disclosure requirements in IFRS S1 and IFRS S2. These elements:

(a) often have standard labels that refer to risks and opportunities;

(b) include references to requirements in both IFRS S1 and IFRS S2 to reflect their intended relationship; and

(c) are shown twice in the taxonomy under headings that reflect the relevant IFRS Sustainability Disclosure Standard.

D5 IFRS S2 includes specific disclosure requirements applicable to climate-related risks and opportunities. As discussed in paragraph 60, elements reflecting those requirements:

(a) often have standard labels referring to climate-related risks and opportunities;

(b) include references to IFRS S2 only; and

(c) are shown in the IFRS Sustainability Disclosure Taxonomy under headings that reflect IFRS S2 only.

D6 Tables D2 and D3 list the elements created to reflect the disclosure requirements in paragraph 33 of IFRS S1 and paragraph 14 of IFRS S2 (Table D1).

**Table D2—Taxonomy elements related to strategy in the taxonomy element grouping under the IFRS S1 heading**[50]

| Element label | ET[51] | Reference |
|---|---|---|
| How entity responded to, and plans to respond to, risks and opportunities in its strategy and decision-making | TB | IFRS S1.33(a), IFRS S2.14(a) |
| Progress against plans disclosed in previous reporting periods | TB | IFRS S1.33(b), IFRS S2.14(c) |
| Trade-offs between risks and opportunities considered | TB | IFRS S1.33(c) |

50 The elements are located under the top-level heading '[200000] General requirements for disclosure of sustainability-related financial information' and the lower-level headings 'Strategy' and 'Strategy and decision-making' (see Appendix F).

51 'ET' refers to 'element type'. Element type 'TB' refers to 'text block'.

**Table D3—Taxonomy elements related to strategy in the taxonomy element grouping under the IFRS S2 heading**[52,53]

| Element label | ET | Reference |
|---|---|---|
| How entity responded to, and plans to respond to, risks and opportunities in its strategy and decision-making | TB | IFRS S1.33(a), IFRS S2.14(a) |
| Entity has climate-related transition plan | TB | IFRS S2.14(a)(iv) |
| How entity is resourcing, and plans to resource, activities disclosed in relation to response to climate-related risks and opportunities in strategy and decision-making | TB | IFRS S2.14(b) |
| Progress against plans disclosed in previous reporting periods | TB | IFRS S1.33(b), IFRS S2.14(c) |

52 The elements are located under the top-level heading '[210000] Climate-related disclosures' and the lower-level headings 'Strategy' and 'Strategy and decision-making' (see Appendix F).
53 Indents are used to show a parent–child relationship between elements in a hierarchical taxonomy structure.

## Appendix E—Reflecting the relationship between IFRS S1 and IFRS S2—Illustration of digital reporting of information about sustainability-related risks and opportunities and identification of the climate-related topic

E1 As discussed in paragraphs 50–52, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* both require an entity to provide information about the sustainability-related risks to which it is exposed and sustainability-related opportunities available to it, based on the facts and circumstances specific to the entity. The IFRS Sustainability Disclosure Taxonomy includes elements for tagging information about sustainability-related risks and opportunities described as relating to a sustainability-related topic (or topics), for example, a climate-related topic.

E2 This appendix contains an example of:

(a) how an entity would tag an excerpt of a disclosure explaining sustainability-related risks and opportunities and identification of a climate-related topic using elements in the IFRS Sustainability Disclosure Taxonomy; and

(b) the resulting tagged information that users of general purpose financial reports would be able to extract.

E3 This example illustrates, but does not focus on, the points emphasised in the examples used in Appendix C and Appendix D, namely that:

(a) information related to climate would be tagged using only one set of elements reflecting corresponding requirements included in IFRS S1 and IFRS S2 that are relevant to the climate-related risks and opportunities in order to avoid tagging the same information with two separate elements (Appendix D); and

(b) categorical and related narrative elements are helpful to analyse information efficiently (Appendix C).

### An example disclosure of sustainability-related risks and opportunities, including climate-related risks and opportunities

E4 Figure E1 provides an example of an excerpt of a disclosure about sustainability-related risks and opportunities that an entity might produce (the text is provided only for illustration of tagging using the IFRS Sustainability Disclosure Taxonomy).

**Figure E1—Example of an excerpt of a disclosure about sustainability-related risks and opportunities**

**Sustainability-related risks and opportunities**

...

**Water quality regulation**

Stricter water quality regulation might require us to replace some equipment used in our water treatment plants.

We expect the effect of this risk to occur in the short term.

We assess that water quality regulation risk can affect particular parts of our business model because ....

**Flooding**

Flooding might disrupt the availability of our water treatment plants.

We identify flooding as a climate-related physical risk.

We expect the effect of this risk to occur in the short term, growing in severity in the medium term.

We assess that disruption caused by flooding can affect particular parts of our business model because ....

E5 Consider the illustrative set of taxonomy elements in Table E1, which is designed to tag the disclosure in Figure E1.

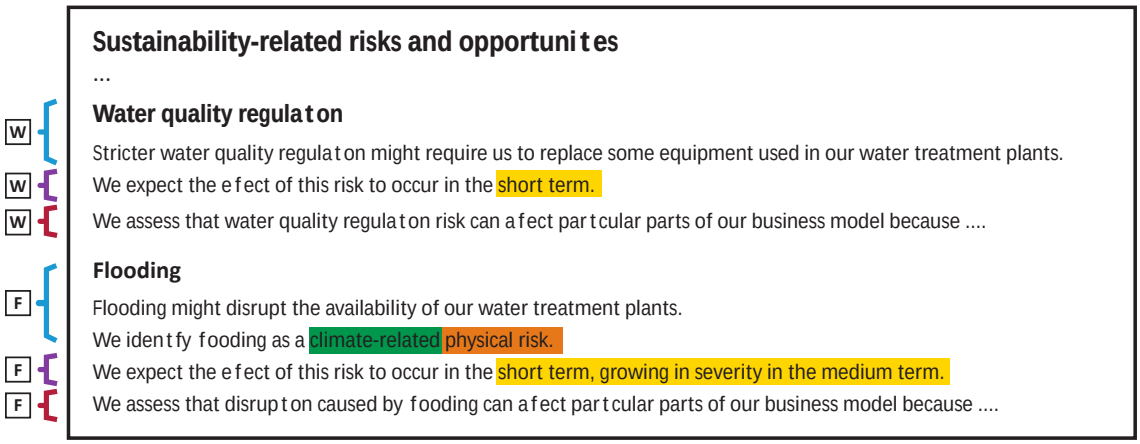
**Table E1—Illustrative taxonomy elements relating to sustainability-related risks and opportunities**

| | | | | |
|---|---|---|---|---|
| | | | Risks and opportunities [domain] *representing 'overall'* | |
| | | | *Entity-specific elements identifying each risk and opportunity:* | |
| | **Element label and reference** | **ET**[54] | 'Risk and opportunity X' | 'Risk and opportunity Y' |
| | Description of risk or opportunity (IFRS S1.30(a), IFRS S2.10(a)) | TB | | |
| | Topic(s) of risk or opportunity (IFRS S1.30(a), IFRS S2.10(a))[55] | EE-M | □ Climate topic | □ Climate topic |
| | Category of climate-related risk (IFRS S2.10(b)) | EE-S | □ Physical risk<br>□ Transition risk | □ Physical risk<br>□ Transition risk |
| | Time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur (IFRS S1.30(b), IFRS S2.10(c)) | TB | | |
| | Time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur (IFRS S1.30(b), IFRS S2.10(c)) | EE-M | □ Short term<br>□ Medium term<br>□ Long term | □ Short term<br>□ Medium term<br>□ Long term |
| | Current and anticipated effects of risks and opportunities on business model and value chain (IFRS S1.32(a), IFRS S2.13(a)) | TB | | |

## Illustration of tagging using elements in the IFRS Sustainability Disclosure Taxonomy and the resulting tagged data

E6 An entity would apply the elements in Table E1 to tag the report in Figure E1 and, as shown in Figure E2, identify the risks and opportunities as 'Water quality regulation' ('W') and 'Flooding' ('F').

**Figure E2—Illustration of tagging**




54 'ET' refers to 'element type'. Element type 'TB' refers to 'text block', 'EE-S' refers to 'extensible enumeration–single choice' and 'EE-M' refers to 'extensible enumeration–multiple choice'. Extensible enumeration element types allow an entity to choose a single value or multiple values from the list of answers. For some extensible enumerations, an entity is expected to create entity-specific answers. Please refer to Appendix H for more information and a list of categorical elements, including extensible enumeration elements.

55 Indents are used to show a parent–child relationship between elements in a hierarchical taxonomy structure.

E7 Tagging Figure E1 using the elements in Table E1 would result in the data in Table E2.

**Table E2—Illustration of tagged information**

| **Element** | Water quality regulation [member] | Flooding [member] |
|---|---|---|
| | **Value** | |
| Description of risk or opportunity (IFRS S1.30(a), IFRS S2.10(a)) | **Water quality regulation**<br>Stricter water quality regulation might require us to replace some equipment used in our water treatment plants. | **Flooding**<br>Flooding might disrupt the availability of our water treatment plants.<br>We identify flooding as a climate-related physical risk. |
| Topic(s) of risk or opportunity (IFRS S1.30(a), IFRS S2.10(a)) | - | Climate topic |
| Category of climate-related risk (IFRS S2.10(b)) | - | Physical risk |
| Time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur (IFRS S1.30(b), IFRS S2.10(c)) | We expect the effect of this risk to occur in the short term. | We expect the effect of this risk to occur in the short term, growing in severity in the medium term. |
| Time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur (IFRS S1.30(b), IFRS S2.10(c)) | Short term | Short term<br>Medium term |
| Current and anticipated effects of risks and opportunities on business model and value chain (IFRS S1.32(a), IFRS S2.13(a)) | We assess that water quality regulation risk can affect particular parts of our business model because .... | We assess that disruption caused by flooding can affect particular parts of our business model because .... |

E8 As illustrated in Table E2, a dimensional taxonomy structure allows users of general purpose financial reports to extract information for each risk and opportunity (for example, information related to water quality regulation separately from information related to flooding) in a digital format. However, risks and opportunities are defined by an entity (and tagged using entity-specific elements) which might affect users of general purpose financial reports' efficient analysis and comparison of this information between entities.

E9 As discussed in paragraph E1, the IFRS Sustainability Disclosure Taxonomy includes elements for tagging information about sustainability-related risks and opportunities described as relating to a sustainability-related topic (or topics), for example, a climate-related topic. As illustrated in Table E2, those elements allow users of general purpose financial reports to extract in a digital format information about:

(a) which topics the sustainability-related risks and opportunities relate to, which helps users of general purpose financial reports to understand sustainability-related risks and opportunities identified by an entity. For example, users of general purpose financial reports would be able to identify efficiently in a digital format that the 'Flooding' risk identified by an entity is a climate-related risk.

(b) which disclosures are related to climate and other sustainability-related topics, thus facilitating users of general purpose financial reports' analysis of those disclosures. For example, users of general purpose financial reports will be able to identify information about current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain applying the requirement in paragraph 13(a) of IFRS S2 based on explicit information in a digital format about which risks and opportunities relate to climate, as explained in paragraph E9(a).

(c) sustainability-related topics, which could serve as a common basis for comparing sustainability-related risks and opportunities between entities. This could also help users of general purpose financial reports to compare information about entities' climate-related risks and opportunities that meets those requirements of the IFRS Sustainability Disclosure Standards and other sustainability-related disclosure standards that are aligned with IFRS Sustainability Disclosure Standards.

## Appendix F—Other features of the IFRS Sustainability Disclosure Taxonomy—Illustration of taxonomy element grouping

F1 As discussed in paragraphs 75–78, the ISSB created taxonomy elements groupings representing:

(a) disclosure requirements reflecting core content based on the IFRS Sustainability Disclosure Standard from which they are derived; and

(b) industry-based metrics, separately by industry.

**Table F1—High-level element groupings in the IFRS Sustainability Disclosure Taxonomy**

| | **Element groupings and top-level headings**[56, 57] |
|---|---|
| Standard-by-Standard layout of elements | **[200000] General requirements for disclosure of sustainability-related financial information** |
| | Governance |
| | Strategy |
| | Risks and opportunities |
| | Business model and value chain |
| | Strategy and decision-making |
| | Financial position, financial performance and cash flows |
| | Resilience |
| | Risk management |
| | Metrics and targets |
| | General requirements |
| | Judgements, uncertainties and errors |
| | Application guidance |
| | Effective date and transition |
| | **[210000] Climate-related disclosures** |
| | Governance |
| | Strategy |
| | Risks and opportunities |
| | Business model and value chain |
| | Strategy and decision-making |
| | Financial position, financial performance and cash flows |
| | Resilience |
| | Risk management |
| | Metrics and targets |
| | Effective date and transition |
| | **[211100] Climate-related disclosures - Financed emissions - Asset management** |
| | **[211200] Climate-related disclosures - Financed emissions - Commercial banks** |
| | **[211300] Climate-related disclosures - Financed emissions - Insurance** |
| | **[219000] Climate-related disclosures - Illustrative examples - Aggregation and disaggregation of greenhouse gas emissions** |
| Industry-based metrics[58] | **[805100] Industry Metrics - Consumer Goods - Apparel, Accessories & Footwear (CG-AA)** |
| | **[805200] Industry Metrics - Consumer Goods - Appliance Manufacturing (CG-AM)** |
| | … 65 other industries … |
| | **[855900] Industry Metrics - Transportation - Road Transportation (TR-RO)** |

56 Note that the numbers within square brackets, although included in the names of the groups in the IFRS Sustainability Disclosure Taxonomy, have no particular meaning and are chosen to show an order in which the groups should be presented.

57 The various elements used to tag disclosures will be shown beneath these top-level headings.

58 Only 68 of the 77 SICS® industries are included in the *Industry-based Guidance on implementing IFRS S2* Climate-related Disclosures, because only these industries require reference to climate-related metrics. More of the remaining SICS industries will likely be included in one or more future IFRS Sustainability Disclosure Standards.

## Appendix G—Using the IFRS Sustainability Disclosure Taxonomy with other taxonomies—List of taxonomy elements that reflect similar disclosure requirements in IFRS Accounting Standards and IFRS Sustainability Disclosure Standards

G1 As discussed in paragraph 4(b), the ISSB uses similar elements in the IFRS Sustainability Disclosure Taxonomy to those used in the IFRS Accounting Taxonomy for similar disclosure requirements in the respective Standards. If both Taxonomies are used to tag information in the general purpose financial reports, an entity uses the element grouping and element references in the IFRS Sustainability Disclosure Taxonomy to choose the appropriate elements for tagging sustainability-related financial information. For example, the entity uses the element 'Description of reason for using reporting period longer or shorter than 12 months' with reference to IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* for tagging sustainability-related financial information, and not the element 'Description of reason for using longer or shorter reporting period' with reference to IAS 1 *Presentation of Financial Statements*.

**Table G1—Elements that reflect similar disclosures in IFRS Accounting Standards and IFRS Sustainability Disclosure Standards**

| | IFRS Accounting Taxonomy | IFRS Sustainability Disclosure Taxonomy |
|---|---|---|
| **Element label** | Description of reason for using longer or shorter reporting period | Reason for using reporting period longer or shorter than 12 months |
| **Element name** | ifrs-full: DescriptionOfReasonForUsingLongerOrShorterReportingPeriod | ifrs-sds: DisclosureOfReasonForUsingReportingPeriodLongerOrShorterThan12MonthsExplanatory |
| **Reference** | IAS 1.36(a) | IFRS S1.66(b) |
| **Element type** | text | text block[59] |
| **Element label** | Description of fact that amounts presented in financial statements are not entirely comparable | Fact that amounts disclosed in sustainability-related financial disclosures are not entirely comparable due to change in length of reporting period |
| **Element name** | ifrs-full: DescriptionOfReasonWhyFinancialStatementsAreNotEntirelyComparable | ifrs-sds: FactThatAmountsDisclosedInSustainabilityRelatedFinancialDisclosuresAreNotEntirelyComparableDueToChangeInLengthOfReportingPeriod |
| **Reference** | IAS 1.36(b) | IFRS S1.66(c) |
| **Element type** | text | text |
| **Element label** | Amounts presented in financial statements are not entirely comparable | Amounts disclosed in sustainability-related financial disclosures are not entirely comparable due to change in length of reporting period |
| **Element name** | ifrs-full: AmountsPresentedInFinancialStatementsAreNotEntirelyComparable | ifrs-sds: AmountsDisclosedInSustainabilityRelatedFinancialDisclosuresAreNotEntirelyComparableDueToChangeInLengthOfReportingPeriod |
| **Reference** | IAS 1.36(b) | IFRS S1.66(c) |
| **Element type** | Boolean | Boolean |

*continued...*

59 In the IFRS Sustainability Taxonomy, the ISSB uses text block type elements to reflect almost all narrative information. Doing so allows more types of information to be tagged appropriately than if text type elements are used—for example, providing information in a table. A text block type element allows information about the format of the information in the paper or PDF report to be included in a digital format. If an entity tags a table using text type elements, the table formatting could not be included in the digital format and, therefore, such a table could only be shown as text. The ISSB uses text type for a limited number of elements that reflect what are expected to be simple textual explanations—for example, the element 'Financial statements to which sustainability-related financial disclosures relate'.

*...continued*

| | | |
|---|---|---|
| **Element label** | Description of nature of accounting errors in prior periods | Description of nature of errors in prior periods |
| **Element name** | ifrs-full: DescriptionOfNatureAmountAndCorrectionOfAccountingErrorsInPriorPeriodsEstimate | ifrs-sds: DescriptionOfNatureOfErrorsInPriorPeriodsExplanatory |
| **Reference** | IAS 8.49(a) | IFRS S1.B58(a) |
| **Element type** | text block | text block |
| **Element label** | Explanation of reason it is impracticable to determine amounts for correction related to prior period errors | Circumstances that led to existence of prior period errors that are impracticable to correct, and description of how and from when errors have been corrected |
| **Element name** | ifrs-full: ExplanationOfReasonWhyItIsImpracticableToDetermineAmountsForCorrectionRelatedToPriorPeriodErrors | ifrs-sds: DisclosureOfCircumstancesThatLedToExistenceOfPriorPeriodErrorsThatAreImpracticableToCorrectAndDescriptionOfHowAndFromWhenErrorsHaveBeenCorrectedExplanatory |
| **Reference** | IAS 8.49(d) | IFRS S1.B58(c) |
| **Element type** | text | text block |
| **Element label** | Statement of IFRS compliance[60] | Statement of compliance with IFRS Sustainability Disclosure Standards |
| **Element name** | ifrs-full: StatementOfIFRSCompliance | ifrs-sds: StatementOfComplianceWithIFRSSustainabilityDisclosureStandards |
| **Reference** | IAS 1.16 | IFRS S1.72 |
| **Element type** | text block | text |
| **Element label** | Financial statements comply with IFRSs | Entity made explicit and unreserved statement of compliance |
| **Element name** | ifrs-full: FinancialStatementsComplyWithIFRSs | ifrs-sds: EntityMadeExplicitAndUnreservedStatementOfCompliance |
| **Reference** | IAS 1.16 | IFRS S1.72 |
| **Element type** | Boolean | Boolean |
| **Element label** | New or amended IFRS Standard is applied early | New or amended IFRS Sustainability Disclosure Standard is applied early |
| **Element name** | ifrs-full: NewOrAmendedIFRSStandardIsAppliedEarly | ifrs-sds: NewOrAmendedIFRSSustainabilityDisclosureStandardIsAppliedEarly |
| **Reference** | IAS 1.139U, IAS 16.81N, IAS 37.105, … | IFRS S1.E1, IFRS S2.C1 |
| **Element type** | Boolean | Boolean |
| **With dimension** | Initially applied IFRSs [axis] | IFRS Sustainability Disclosure Standards [axis] |

*continued...*

60 The term 'IFRS' used in the IFRS Accounting Taxonomy element labels refers to the 'IFRS Accounting Standards'. The element labels and documentation labels that refer to 'IFRS' are expected to be updated in the 2025 IFRS Accounting Taxonomy.

*...continued*

| **Element label** | Retrospective application and retrospective restatement [axis] | Retrospective application and retrospective restatement [axis] |
|---|---|---|
| **Element name** | ifrs-full: RetrospectiveApplicationAndRetrospectiveRestatementAxis | ifrs-sds: RetrospectiveApplicationAndRetrospectiveRestatementAxis |
| **Reference** | IAS 8.28(f)(i), IAS 8.29(c)(i), IAS 1.106(b), … | IFRS S1.B50(b), IFRS S1.B52(a), IFRS S1.B58(b) |
| **Element type** | axis | axis |
| **Element label** | Range [axis] | Range [axis] |
| **Element name** | ifrs-full: RangeAxis | ifrs-sds: RangeAxis |
| **Reference** | IFRS 2.45(d), IFRS 14.33(b), IFRS 17.120, … | IFRS S1.36, IFRS S1.41 |
| **Element type** | axis | axis |
| **Element label** | Geographical areas [axis] | Geographical areas [axis] |
| **Element name** | ifrs-full: GeographicalAreasAxis | ifrs-sds: GeographicalAreasAxis |
| **Reference** | IFRS 8.33, IFRS 15.B89(b), IFRS 17.96(b), … | IFRS S2IBG IF-EU-420a.3, IFRS S2IBG IF-GU-420a.2, IFRS S2IBG TR-AU-410a.1, … |
| **Element type** | axis | axis |

## Appendix H—Narrative disclosures—List of categorical and related narrative elements

H1 As discussed in paragraph 36, the ISSB created two types of categorical elements:

(a) Boolean elements, which allow an entity to choose only 'true' or 'false' as answers; and

(b) extensible enumerations, which allow an entity to choose specified answers from a list (and create entity-specific answers when appropriate).[61]

H2 Tables H1, H2 and H3 list categorical elements and their features:

(a) most categorical elements have associated parent narrative elements to tag related narrative information, as discussed in paragraph 45. In some cases, the same narrative element may be used as a common parent of several categorical elements.

(b) categorical elements, like other elements in the IFRS Sustainability Disclosure Taxonomy, can be used multiple times for tagging to convey more than one fact when combined with appropriate axes—for example, per target or per risk or opportunity. These features are identified in footnotes to the applicable element labels in Tables H1, H2 and H3.

H3 Appendix C contains an example of how such elements would be used for tagging and how they would fit within the element hierarchy in the taxonomy element grouping.

### Boolean elements

H4 The Boolean elements ('true' or 'false') are listed in Table H1. These elements are grouped by the relevant sections of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.

**Table H1—List of Boolean elements**

| Element label[62] | List | ET[63] | Reference |
|---|---|---|---|
| **Governance**[64] | | | |
| How responsible body(s) or individual(s) takes into account risks and opportunities when overseeing strategy, decisions on major transactions and risk management processes and related policies | | TB | IFRS S1.27(a)(iv), IFRS S2.6(a)(iv) |
| Responsible body(s) or individual(s) considered trade-offs associated with risks and opportunities | True / False | B | IFRS S1.27(a)(iv) |
| Responsible body(s) or individual(s) considered trade-offs associated with climate-related risks and opportunities | True / False | B | IFRS S2.6(a)(iv) |
| Whether and how related performance metrics are included in remuneration policies | | TB | IFRS S1.27(a)(v), IFRS S2.6(a)(v), IFRS S2.29(g)(i) |
| Performance metrics are included in remuneration policies | True / False | B | IFRS S1.27(a)(v) |

*continued...*

61 Categorical elements allow entities to tag some narrative disclosures using an answer from a list of options defined in the IFRS Sustainability Disclosure Taxonomy. This means the tagged text in the paper or PDF report is not expected to be the same as the answer chosen by an entity and shown in the digital report (even though the information represented by the categorical element in the digital format is expected to appropriately reflect the disclosure in the paper or PDF report). For example, it is unlikely 'true' is provided as a disclosure in the PDF report even though such information could be derived from the text in the PDF report. For extensible enumeration type elements this means that technically an entity will need to use 'hidden facts' to derive the answer in the digital report from the PDF report (an entity generally uses standard XBRL transformations for other types of elements). The IFRS Foundation intends to update its guidance for entities to indicate that a mechanism to link the human-readable layer to the XBRL fact should be used for such facts (as is the current guidance for SEC or ESEF filers), via a style property with name ending '-ix-hidden' and value of the id attribute of the relevant fact in the ix:hidden section.

62 Indents are used to show a parent–child relationship between elements in a hierarchical taxonomy structure.

63 'ET' refers to 'element type'. Element type 'TB' refers to 'text block', 'T' refers to 'text' and 'B' refers to 'Boolean'. Appendix G explains when text block element type is used and when text element type is used in the IFRS Sustainability Disclosure Taxonomy.

64 All elements under this heading are associated with the axis allowing, if necessary, repetition by (entity-specific, individual or groups of) 'Risks and opportunities'.

*...continued*

| Element label[62] | List | ET[63] | Reference |
|---|---|---|---|
| Climate-related performance metrics are included in remuneration policies | True / False | B | IFRS S2.6(a)(v), IFRS S2.29(g)(i) |
| Whether management's role in governance processes, controls and procedures used to monitor, manage and oversee risks and opportunities is delegated to specific position or committee and how oversight is exercised | | TB | IFRS S1.27(b)(i), IFRS S2.6(b)(i) |
| Management's role in governance processes, controls and procedures used to monitor, manage and oversee risks and opportunities is delegated to specific position or committee | True / False | B | IFRS S1.27(b)(i) |
| Management's role in governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities is delegated to specific position or committee | True / False | B | IFRS S2.6(b)(i) |
| Whether management uses controls and procedures to support oversight of risks and opportunities, and how those are integrated with other internal functions | | TB | IFRS S1.27(b)(ii), IFRS S2.6(b)(ii) |
| Management uses controls and procedures to support oversight of risks and opportunities | True / False | B | IFRS S1.27(b)(ii) |
| Management uses controls and procedures to support oversight of climate-related risks and opportunities | True / False | B | IFRS S2.6(b)(ii) |
| **Strategy**[64] | | | |
| Climate-related transition plan | | TB | IFRS S2.14(a)(iv) |
| Entity has climate-related transition plan | True / False | B | IFRS S2.14(a)(iv) |
| How and when climate-related scenario analysis was carried out | | TB | IFRS S2.22(b) |
| Climate-related scenario analysis included diverse range of climate-related scenarios | True / False | B | IFRS S2.22(b)(i)(2) |
| Climate-related scenario used that is aligned with latest international agreement on climate change | True / False | B | IFRS S2.22(b)(i)(4) |
| **Risk management**[64] | | | |
| Whether and how scenario analysis used to inform identification of risks | | TB | IFRS S1.44(a)(ii), IFRS S2.25(a)(ii) |
| Entity uses scenario analysis to inform identification of risks | True / False | B | IFRS S1.44(a)(ii) |
| Entity uses climate-related scenario analysis to inform identification of climate-related risks | True / False | B | IFRS S2.25(a)(ii) |
| Whether and how sustainability-related risks have been prioritised relative to other types of risk | | TB | IFRS S1.44(a)(iv), IFRS S2.25(a)(iv) |
| Sustainability-related risks have been prioritised relative to other types of risk | True / False | B | IFRS S1.44(a)(iv) |
| Climate-related risks have been prioritised relative to other types of risk | True / False | B | IFRS S2.25(a)(iv) |

*continued...*

*...continued*

| Element label[62] | List | ET[63] | Reference |
|---|---|---|---|
| Whether and how processes to identify, assess, prioritise and monitor risks for risk-management purposes changed compared with previous reporting period | | TB | IFRS S1.44 (a)(vi), IFRS S2.25 (a)(vi) |
| Entity changed processes to identify, assess, prioritise and monitor risks compared with previous reporting period | True / False | B | IFRS S1.44(a)(vi), IFRS S2.25(a)(vi) |
| Whether and how climate-related scenario analysis used to inform identification of climate-related opportunities | | TB | IFRS S2.25(b) |
| Entity uses climate-related scenario analysis to inform identification of climate-related opportunities | True / False | B | IFRS S2.25(b) |
| **Metrics and targets** | | | |
| Description of how metric is defined[65] | | TB | IFRS S1.50(a) |
| Metric derived by adjusting metric taken from source other than IFRS Sustainability Disclosure Standards[65] | True / False | B | IFRS S1.50(a) |
| Whether metric is validated by third party, and if so, which third party[65] | | TB | IFRS S1.50(c) |
| Metric is validated by third party[65] | True / False | B | IFRS S1.50(c) |
| Changes to measurement approach, inputs and assumptions used to measure GHG emissions and reasons for changes | | TB | IFRS S2.29(a)(iii)(3) |
| Changes made to measurement approach, inputs and assumptions used to measure GHG emissions | True / False | B | IFRS S2.29(a)(iii)(3) |
| Explanation of whether and how carbon price is applied in decision-making | | TB | IFRS S2.29(f)(i) |
| Entity applies carbon price in decision-making | True / False | B | IFRS S2.29(f)(i) |
| Whether and how related performance metrics are included in remuneration policies | | TB | IFRS S1.27(a)(v), IFRS S2.6(a)(v), IFRS S2.29(g)(i) |
| Climate-related performance metrics are included in remuneration policies | True / False | B | IFRS S2.6(a)(v), IFRS S2.29(g)(i) |
| Approach to setting and reviewing target, and monitoring progress[66] | | TB | IFRS S2.34 |
| Climate-related target and methodology validated by third party[66] | True / False | B | IFRS S2.34(a) |
| Revisions to target[66] | | TB | IFRS S1.51(g), IFRS S2.34(d) |
| Target has been revised[66] | True / False | B | IFRS S1.51(g), IFRS S2.34(d) |
| GHG emission target details[66] | | TB | IFRS S2.36(a), IFRS S2.36(b), IFRS S2.36(c), IFRS S2.36(d) |

*continued...*

65 Associated with the axis allowing, if necessary, repetition by an entity-specific 'Metric'.

66 Associated with the axis allowing, if necessary, repetition by an entity-specific climate-related target.

*...continued*

| Element label[62] | List | ET[63] | Reference |
|---|---|---|---|
| Climate-related target was derived using sectoral decarbonisation approach[66] | True / False | B | IFRS S2.36(d) |
| **General requirements** | | | |
| Fact that amounts disclosed in sustainability-related financial disclosures are not entirely comparable due to the change in length of reporting period | | T | IFRS S1.66(c) |
| Amounts disclosed in sustainability-related financial disclosures are not entirely comparable due to change in length of reporting period | True / False | B | IFRS S1.66(c) |
| Statement of compliance with IFRS Sustainability Disclosure Standards | | T | IFRS S1.72 |
| Entity made explicit and unreserved statement of compliance | True / False | B | IFRS S1.72 |
| Fact that exemption taken permitting entity to omit commercially sensitive information about opportunity | | TB | IFRS S1.B36(a) |
| Exemption taken permitting entity to omit commercially sensitive information about opportunity[64] | True / False | B | IFRS S1.B36(a) |
| Impracticable to revise comparative amount for preceding period[65] | | TB | IFRS S1.B54 |
| Revision of comparative amount of metric for preceding period is impracticable[65] | True / False | B | IFRS S1.B54 |
| New or amended IFRS Sustainability Disclosure Standard is applied early[67] | True / False | B | IFRS S1.E1, IFRS S2.C1 |
| Transition relief taken permitting disclosure on only climate-related risks and opportunities | | TB | IFRS S1.E5 |
| Transition relief used permitting disclosure on only climate-related risks and opportunities | True / False | B | IFRS S1.E5 |

## Extensible enumeration elements

H5 The ISSB also created extensible enumeration elements, which represent lists with defined answers. There are two variants of extensible enumeration elements:

(a) elements that allow a single answer to be chosen from the list of options as one response (Table H2); and

(b) elements that allow more than one answer to be chosen from the list of options to be provided as one response (Table H3). For example, if an entity tags information about which emission scopes are covered by the target, the entity could provide more than one answer (more than one scope) from the available options on the list, which are 'Scope 1 (GHG emissions)', 'Scope 2 (GHG emissions)', 'Scope 3 (GHG emissions)' per target.

H6 For some extensible enumeration elements, an entity is expected to create entity-specific options, if needed. An entity can create an option based on its reporting needs and application of the Standards. For example, it is likely that an entity-specific option may be needed for the element 'Source from which metric was drawn', but unlikely that such an option would be needed for the element 'Climate-related target is absolute target or intensity target'.

67 Associated with an axis allowing repetition by Standard. This element will allow an indication of the early application of IFRS S1 or IFRS S2 and of any future IFRS Sustainability Disclosure Standard.

**Table H2—List of extensible enumeration elements, single answer allowed from the list as one response**

| Element label | List | ET[68] | Reference |
|---|---|---|---|
| **Metrics and targets** | | | |
| Source from which metric was drawn[69] | | TB | IFRS S1.49, IFRS S1.50(a) |
| Source from which metric was drawn[69] | SASB Standards [IFRS S1 58a] / CDSB Framework Application Guidance [IFRS S1 58b] / Global Reporting Initiative Standards [IFRS S1 C2a] / European Sustainability Reporting Standards [IFRS S1 C2b][70] | EE-S | IFRS S1.49, IFRS S1.50(a) |
| Metric measure type[69] | Absolute measure / Measure expressed in relation to another metric / Qualitative measure | EE-S | IFRS S1.50(b) |
| Metric used to set target and to monitor progress[71] | | TB | IFRS S1.51(a), IFRS S2.33(a) |
| Metric used to set target[71] | *{metric code, metric code, …}*[72] | EE-S | IFRS S1.51(a), IFRS S2.33(a) |
| Sources of guidance applied in preparing sustainability-related financial disclosures | | TB | IFRS S1.59(a) |
| Sources of guidance applied in preparing sustainability-related financial disclosures | SASB Standards [IFRS S1 58a] / CDSB Framework Application Guidance [IFRS S1 58b] / Global Reporting Initiative Standards [IFRS S1 C2a] / European Sustainability Reporting Standards [IFRS S1 C2b][70] | EE-S | IFRS S1.59(a) |
| Climate-related target is absolute target or intensity target[73] | Absolute target / Intensity target | EE-S | IFRS S2.33(g) |
| GHG emission target details[73] | | TB | IFRS S2.36(a), IFRS S2.36(b), IFRS S2.36(c), IFRS S2.36(d) |
| Gross or net GHG target[73] | Gross greenhouse gas emissions / Net greenhouse gas emissions | EE-S | IFRS S2.36(c) |
| Approach used to measure GHG emissions | | TB | IFRS S2.29(a)(iii) |

*continued...*

68 'ET' refers to 'element type'. Element type 'TB' refers to 'text block', 'EE-S' refers to 'extensible enumeration–single choice' and 'EE-M' refers to 'extensible enumeration–multiple choice'.

69 Associated with the axis allowing, if necessary, repetition by an entity-specific 'Metrics'.

70 Entities are expected to create entity-specific answers, if needed.

71 Associated with the axis allowing, if necessary, repetition by an entity-specific 'Targets'.

72 An entity should use options for this element that are consistent with the element name of the sustainability-related metrics tagged by that entity to help users of general purpose financial reports understand the connection between information tagged using this element and sustainability-related metrics in the digital report (paragraphs 70–71). To help entities achieve this outcome, this element includes the guidance label 'Values reported using this element should be a space separated list of expanded names of elements available in the taxonomies used, including any extension taxonomy. An example of how a reported value would appear at the technical level is: "ifrs-im#GHGEmissionsAssociatedWithPowerDeliveries ifrs-sds#AbsoluteGrossScope3GHGEmissions". The IFRS Sustainability Disclosure Taxonomy provides a list of values listed under an associated domain member. If additional options are required, the extensibility features of XBRL should be used to add additional options. Note that members used under the MetricsAxis to represent entity specific metrics should also be used here when appropriate.'.

73 Associated with the axis allowing, if necessary, repetition by an entity-specific climate-related target.

*...continued*

| Element label | List | ET[68] | Reference |
|---|---|---|---|
| Measurement approach used in calculating GHG emissions if measured in accordance with GHG Protocol | Equity share approach / Control approach[74] | EE-S | IFRS S2.29(a)(iii)(1), IFRS S2.B27(a) |
| Type of carbon credit[75] | | TB | IFRS S2.36 e(iii) |
| Carbon credit underlying offset will be nature-based or based on technological carbon removals[75] | Nature-based carbon removals / Technology-based carbon removals | EE-S | IFRS S2.36(e)(iii) |
| Carbon credit underlying offset is through carbon reduction or removal[75] | Carbon reduction / Carbon removal | EE-S | IFRS S2.36(e)(iii) |

**Table H3—List of extensible enumeration elements, more than one answer allowed from the list as one response**

| Element label | List | ET[68] | Reference |
|---|---|---|---|
| **Governance** | | | |
| Topic(s) covered by integrated governance disclosure | Climate topic[70] | EE-M | IFRS S2.7 |
| **Strategy** | | | |
| Description of risk or opportunity[76] | | TB | IFRS S1.30(a), IFRS S2.10(a) |
| Topic(s) of risk or opportunity[76] | Climate topic[70] | EE-M | IFRS S1.30(a), IFRS S2.10(a) |
| Category of climate-related risk[77] | Physical risk<br>Transition risk | EE-M | IFRS S2.10(b) |
| Time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur[76] | | TB | IFRS S1.30(b), IFRS S2.10(c) |
| Time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur[76] | Short term<br>Medium term<br>Long term | EE-M | IFRS S1.30(b), IFRS S2.10(c) |
| How and when climate-related scenario analysis was carried out | | TB | IFRS S2.22(b) |
| Climate-related scenarios used are associated with climate-related transition risks or climate-related physical risks | Physical risk<br>Transition risk | EE-M | IFRS S2.22(b)(i)(3) |
| **Risk management** | | | |
| Topic(s) covered by integrated risk management disclosure | Climate topic[70] | EE-M | IFRS S2.26 |

*continued...*

74 The documentation label for this element is 'Control approach per GHG Protocol. Includes financial or operational control criteria'.

75 Associated with the axis allowing, if necessary, repetition by an entity-specific carbon credit and an entity-specific climate-related target.

76 Associated with the axis allowing, if necessary, repetition by (entity-specific, individual or groups of) 'Risks and opportunities'.

77 Associated with 'Risks and opportunities' axis allowing, if necessary, repetition by (entity-specific, individual or groups of) climate-related risk.

*...continued*

| Element label | List | ET[68] | Reference |
|---|---|---|---|
| **Metrics and targets** | | | |
| Metric(s) related to risks and opportunities[76] | *{metric code, metric code, …}*[72] | EE-M | IFRS S1.46, IFRS S2.27 |
| Metric used to set target and to monitor progress[78] | | TB | IFRS S1.51(a), IFRS S2.33(a) |
| Metric(s) used to monitor progress[78] | *{metric code, metric code, …}*[72] | EE-M | IFRS S1.51(a), IFRS S2.33(a) |
| Details of inclusion within Scope 3 GHG emissions | | TB | IFRS S2.29(a)(vi)(1) |
| Categories included within measure of Scope 3 GHG emissions | Category 1-Purchased goods and services<br>Category 2-Capital goods<br>Category 3-Fuel- and energy-related activities not included in Scope 1 or Scope 2<br>Category 4-Upstream transportation and distribution<br>Category 5-Waste generated in operations<br>Category 6-Business travel<br>Category 7-Employee commuting<br>Category 8-Upstream leased assets<br>Category 9-Downstream transportation and distribution<br>Category 10-Processing of sold products<br>Category 11-Use of sold products<br>Category 12-End-of-life treatment of sold products<br>Category 13-Downstream leased assets<br>Category 14-Franchises<br>Category 15-Investments | EE-M | IFRS S2.29(a)(vi)(1) |
| GHG emission target details[79] | | TB | IFRS S2.36(a), IFRS S2.36(b), IFRS S2.36(c), IFRS S2.36(d) |
| Greenhouse gases covered by target[79] | Carbon dioxide ($CO_2$)<br>Methane ($CH_4$)<br>Nitrous oxide ($N_2O$)<br>Hydrofluorocarbons (HFCs)<br>Perfluorocarbons (PFCs)<br>Sulphur hexafluoride ($SF_6$)<br>Nitrogen trifluoride ($NF_3$) | EE-M | IFRS S2.36(a) |
| Emissions scopes covered by target[79] | Scope 1 (GHG emissions)<br>Scope 2 (GHG emissions)<br>Scope 3 (GHG emissions) | EE-M | IFRS S2.36(b) |

78 Associated with the axis allowing, if necessary, repetition by an entity-specific 'Targets'.

79 Associated with the axis allowing, if necessary, repetition by an entity-specific climate-related target.

## Appendix I—Other features of the IFRS Sustainability Disclosure Taxonomy—Illustration of dimensional structure with entity-specific elements

I1 As discussed in paragraphs 83–88, the IFRS Sustainability Disclosure Taxonomy uses a dimensional structure to reflect disaggregation by entity-specific information for:

(a) disclosures related to core content about sustainability-related risks and opportunities (paragraphs I2–I6);

(b) disclosures that explain sustainability-related metrics used by the entity to measure and monitor its sustainability-related risks and opportunities (paragraphs I7–I11); and

(c) disclosures that explain sustainability-related targets the entity has set and sustainability-related targets the entity is required to meet by law or regulation (paragraphs I12–I16).

### Sustainability-related risks and opportunities

I2 As discussed in paragraph I1, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* both require an entity to provide information related to core content about sustainability-related risks and opportunities. This requirement is reflected in the IFRS Sustainability Disclosure Taxonomy using an axis in a dimensional structure.[80]

I3 Conceptually, an entity would tag the information about sustainability-related risks and opportunities in a dimensional structure as if it was disclosed in a table. The names of the individual risks and opportunities (tagged using entity-specific elements) would be organised in columns and the information disclosed to meet the requirements related to core content required by IFRS S1 and IFRS S2 (tagged using taxonomy elements) would be organised in rows.

I4 Table I1 illustrates a logical model of information about sustainability-related risks and opportunities applied in the IFRS Sustainability Disclosure Taxonomy. As discussed in paragraph 87, a dimensional structure in the taxonomy does not prescribe how the information should be disclosed in a general purpose financial report, and the information need not be presented in a table.

80 See also paragraph 86.

**Table I1—Logical model of information about sustainability-related risks and opportunities for disclosure requirements related to strategy**

| | | | | |
|---|---|---|---|---|
| | | Risks and opportunities[81] [axis] | | |
| | | Risks and opportunities [domain] *representing 'overall'* [82] | | |
| | | *Entity-specific elements identifying each risk and opportunity, for example:* | | |
| **Element label and reference**[83] | **ET**[84] | 'Risk and opportunity X' | 'Risk and opportunity Y' | … |
| Description of risk or opportunity (IFRS S1.30(a), IFRS S2.10(a)) | TB | | | |
| Topic(s) of risk or opportunity (IFRS S1.30, IFRS S2.10) | EE-M | □ Climate topic | □ Climate topic | |
| Category of climate-related risk (IFRS S2.10(b)) | EE-S | □ Physical risk<br>□ Transition risk | □ Physical risk<br>□ Transition risk | |
| Time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur (IFRS S1.30(b), IFRS S2.10(c)) | TB | | | |
| Time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur (IFRS S1.30(b), IFRS S2.10(c)) | EE-M | □ Short term<br>□ Medium term<br>□ Long term | □ Short term<br>□ Medium term<br>□ Long term | |

I5 Using such a dimensional structure, an entity would tag information in the report using the taxonomy elements for the required disclosures with an additional identifier concept (member), associated with a dimension (axis), to specify the risk and opportunity to which the information relates.[85] Those identifier concepts are created by each entity, reflecting the entity-specific nature of the metrics. In this way, providing a dimensional structure in the IFRS Sustainability Disclosure Taxonomy will help users of general purpose financial reports to identify entity-specific metrics and their related information by linking them via a common dimension (axis). As discussed in paragraph 88, to help an entity to implement the IFRS Sustainability Disclosure Taxonomy, the ISSB added a guidance label to the element 'Risks and opportunities [axis]' stating: 'The taxonomy provides no members for this axis, because the items in this axis will be entity-specific. Entities are expected to create specific members for their needs.'.

I6 As discussed in paragraph 79, a dimensional structure is often used in the IFRS Sustainability Disclosure Taxonomy to reflect the disaggregation of required information, especially by entity-specific information. A dimensional structure is commonly used because it allows the structured reflection of logical relationships between pieces of information, which:

(a) helps to reflect disaggregation of information. A dimensional structure allows an entity to reuse the taxonomy elements reflecting disclosure requirements when tagging information by each entity-specific risk and opportunity. For example, an entity could use the taxonomy element 'Description of risk or opportunity' to tag information related to 'Risk and opportunity X' and information related to 'Risk and opportunity Y' by using entity-specific identifiers. Alternatively, if the entity did not use a dimensional structure, the entity would need to create separate entity-specific elements for each risk and opportunity —for example, 'Description of risk or opportunity X' and 'Description of risk or opportunity Y'.

81 See also paragraphs 56–59.

82 Each axis has an associated domain member that conceptually applies whenever an entity does not combine a concept with a specific member for the axis to tag the value of a disclosure, representing 'not applicable', 'all', 'overall' or 'total' when used in this way. Use of domain members simplifies tagging for an entity because it does not need to specify members for all axes, only those needed to reflect information in its report appropriately and when different from the domain.

83 Indents are used to show a parent–child relationship between elements in a taxonomy hierarchical structure.

84 'ET' refers to 'element type'. Element type 'TB' refers to 'text block', 'B' refers to 'Boolean', 'EE-S' refers to 'extensible enumeration–single choice' and 'EE-M' refers to 'extensible enumeration–multiple choice', 'T' refers to 'text', 'DEC' refers to 'decimal' and 'P' refers to 'percentage'. Boolean and extensible enumeration element types allow an entity to choose a single value or multiple values from the list of answers. Please refer to Appendix H for more information and a list of categorical elements, including Boolean and extensible enumeration element types.

85 The identifier concept used would be a member representing the risk and opportunity identified by an entity.

(b) helps users of general purpose financial reports identify and understand the meaning of entity-specific elements. A dimensional structure provides an XBRL structure in which these entity-specific elements are provided under a common axis. That axis is linked with elements reflecting the disclosures related to core content.

## Sustainability-related metrics

I7 As discussed in paragraph I1, the ISSB uses a dimensional structure for disclosures that explain sustainability-related metrics used by the entity to measure and monitor its sustainability-related risks and opportunities.

I8 Conceptually, an entity would tag the information about sustainability-related metrics as if it were disclosed in a table in which the names of the individual metrics (tagged by entity-specific elements) are in columns and pieces of information that address the disclosure requirements in paragraphs 49–50 of IFRS S1 to explain those metrics (tagged using taxonomy elements) are in rows.

I9 Table I2 illustrates a logical model of information about sustainability-related metrics tagged using the IFRS Sustainability Disclosure Taxonomy. As discussed in paragraph 87, a dimensional structure does not prescribe how the information should be disclosed in a general purpose financial report, and the information need not be presented in a table.

**Table I2—Logical model of information about entity-defined sustainability-related metrics used in the IFRS Sustainability Disclosure Taxonomy**

| | | Metrics [axis] | | |
|---|---|---|---|---|
| | | Metrics [domain] *representing 'overall'* | | |
| | | *Entity-specific elements identifying each metric, for example:* | | |
| **Element label and reference** | **ET** | 'Metric X' | 'Metric Y' | … |
| Description of how metric is defined (IFRS S1.50(a)) | TB | | | |
| Metric derived by adjusting metric taken from source other than IFRS Sustainability Disclosure Standards (IFRS S1.50(a)) | B | □ True<br>□ False | □ True<br>□ False | |
| Source from which metric was drawn (IFRS S1.50(a), IFRS S1.49) | TB | | | |
| Source from which metric was drawn (IFRS S1.50(a), IFRS S1.49) | EE-S | □ SASB Standards [IFRS S1 58a]<br>□ CDSB Framework Application Guidance [IFRS S1 58b]<br>□ Global Reporting Initiative Standards [IFRS S1 C2a]<br>□ European Sustainability Reporting Standards [IFRS S1 C2b] | □ SASB Standards [IFRS S1 58a]<br>□ CDSB Framework Application Guidance [IFRS S1 58b]<br>□ Global Reporting Initiative Standards [IFRS S1 C2a]<br>□ European Sustainability Reporting Standards [IFRS S1 C2b] | |
| Metric measure type (IFRS S1.50(b)) | EE-S | □ Absolute measure<br>□ Measure expressed in relation to another metric<br>□ Qualitative measure | □ Absolute measure<br>□ Measure expressed in relation to another metric<br>□ Qualitative measure | |
| Whether metric is validated by third party, and if so, which third party (IFRS S1.50(c)) | TB | | | |

*continued...*

*...continued*

| | | | | |
|---|---|---|---|---|
| Metric is validated by third party (IFRS S1.50(c)) | B | □ True<br>□ False | □ True<br>□ False | |
| Method used to calculate metric and inputs to calculation including limitations of method used and assumptions made (IFRS S1.50(d)) | TB | | | |
| ... | | | | |
| Metric value, text (IFRS S1.46) | T | | | |
| Metric value, numeric (IFRS S1.46) | DEC | | | |
| Metric value, percentage (IFRS S1.46) | P | | | |

I10 As discussed in paragraph 88, to help an entity to implement the IFRS Sustainability Disclosure Taxonomy, the ISSB added a guidance label to the elements which are:

(a) 'Metrics [axis]' stating: 'The taxonomy provides no members for this axis, because the items in this axis will be entity specific. Entities are expected to create specific members for their needs.'; and

(b) 'Metrics [domain]' stating: 'Entities are expected to include the (entity-specific) concept elements (line items) used to report their metrics, tying the metric to the descriptive disclosures about that metric.'.

I11 The ISSB provided elements that allow an entity to tag metric values in various formats, namely:

(a) narrative disclosures using the text element type;

(b) numerical disclosures using the decimal element type, which allows information to be tagged using various units, for example, currency units or by length, volume or ratio; and

(c) numerical disclosures in a percentage format using the percentage element type (to avoid common 'scale' issues with incorrect usage of the decimal element for tagging percentages).

## Sustainability-related targets

I12 As discussed in paragraph I1, the ISSB uses a dimensional structure for disclosures that explain sustainability-related targets an entity has set and sustainability-related targets the entity is required to meet by law or regulation.

I13 Conceptually, an entity would tag the information about sustainability-related targets as if it were disclosed in a table in which the names of the individual targets are in columns and the information paragraph 51 of IFRS S1 and paragraphs 33–35 of IFRS S2 require an entity to disclose to explain those targets is in rows.

I14 Table I3 illustrates a logical model of information about entity-defined sustainability-related targets tagged using the IFRS Sustainability Disclosure Taxonomy. As discussed in paragraph 87, a dimensional structure does not prescribe how an entity discloses the information in a general purpose financial report, and the information need not be presented in a table.

**Table I3—Logical model of information about sustainability-related targets**

| | | Targets [axis] | | |
|---|---|---|---|---|
| | | Targets [domain] *representing 'overall'* | | |
| | | *Entity-specific elements identifying each target, for example:* | | |
| **Element label and reference** | **ET** | 'Target X' | 'Target Y' | … |
| Metric used to set target and to monitor progress (IFRS S1.51(a), IFRS S2.33(a)) | TB | | | |
| Metric used to set target (IFRS S1.51(a), IFRS S2.33(a)) | EE-S | *{metric code, metric code, …}*[86] | *{metric code, metric code, …}*[86] | |
| Metric(s) used to monitor progress (IFRS S1.51(a), IFRS S2.34(c)) | EE-M | *{metric code, metric code, …}*[86] | *{metric code, metric code, …}*[86] | |
| Description of specific quantitative or qualitative target set or required to meet (IFRS S1.30(b), IFRS S2.10(c)) | TB | | | |
| Target value, text (IFRS S1.51(b), IFRS S2.33) | T | | | |
| Target value, numeric (IFRS S1.51(b), IFRS S2.33) | M | | | |
| Target value, percentage (IFRS S1.51(b), IFRS S2.33) | P | | | |
| Period over which target applies (IFRS S1.51(c), IFRS S2.33(d)) | T | | | |
| Base period from which progress for target is measured (IFRS S1.51(d), IFRS S2.33(e)) | Year | | | |
| Milestones and interim targets (IFRS S1.51(e), IFRS S2.33(f)) | TB | | | |
| Performance against target and analysis of trends or changes in performance (IFRS S1.51(f), IFRS S2.35) | TB | | | |
| Revisions to target (IFRS S1.51(g), IFRS S2.34(d)) | TB | | | |
| Target has been revised (IFRS S1.51(g), IFRS S2.34(d)) | B | □ True<br>□ False | □ True<br>□ False | |

I15 As discussed in paragraph 88, to help an entity to implement the IFRS Sustainability Disclosure Taxonomy, the ISSB added a guidance label to the element 'Targets [axis]' stating: 'The taxonomy provides no members for this axis, because the items in this axis will be entity-specific. Entities are expected to create specific members for their needs'.

I16 The ISSB provided elements that allow an entity to tag target values in various formats, namely:

(a) narrative disclosures using the text element type;

(b) numerical disclosures using the decimal element type, which allows information to be tagged using various units, for example, currency units, or by length, volume or ratio; and

(c) numerical disclosures in a percentage format using the percentage element type (to avoid common 'scale' issues with incorrect usage of the decimal element for tagging percentages).

86 An entity should use options for this element that are consistent with the element name of the sustainability-related metrics tagged by that entity to help users of general purpose financial reports understand the connection between information tagged using this element and sustainability-related metrics in the digital report (paragraphs 70–71). To help entities achieve this outcome, this element includes the guidance label 'Values reported using this element should be a space separated list of expanded names of elements available in the taxonomies used, including any extension taxonomy. An example of how a reported value would appear at the technical level is: "ifrs-im#GHGEmissionsAssociatedWithPowerDeliveries ifrs-sds#AbsoluteGrossScope3GHGEmissions". The IFRS Sustainability Disclosure Taxonomy provides a list of values listed under an associated domain member. If additional options are required the extensibility features of XBRL should be used to add additional options. Note that members used under the MetricsAxis to represent entity specific metrics should also be used here when appropriate.'.

# Appendix J—How the ISSB responded to feedback on the Proposed IFRS Sustainability Disclosure Taxonomy

J1 The IFRS Sustainability Disclosure Taxonomy has undergone a transparent due process designed to capture, understand and respond to feedback from a wide range of stakeholders around the world. Stakeholder feedback is essential for developing a taxonomy designed for tagging sustainability-related financial disclosures prepared applying IFRS Sustainability Disclosure Standards.

J2 The public consultation on the Proposed IFRS Sustainability Disclosure Taxonomy included these steps:

(a) in July 2023, the ISSB published the Proposed IFRS Sustainability Disclosure Taxonomy for digital reporting, which reflected the disclosure requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* issued by the ISSB in June 2023. The document exposed the ISSB's proposals for public consultation, with the deadline for comments on 26 September 2023.

(b) in November 2023, the ISSB discussed the feedback at its monthly meeting.

(c) in December 2023, the ISSB discussed its response to the feedback at its monthly meeting.

J3 This appendix includes:

(a) an analysis of the respondents to the consultation on the Proposed IFRS Sustainability Disclosure Taxonomy; and

(b) a summary of the proposals of the IFRS Sustainability Disclosure Taxonomy, the feedback on the proposals and the ISSB's response.

## Analysis of respondents to the consultation

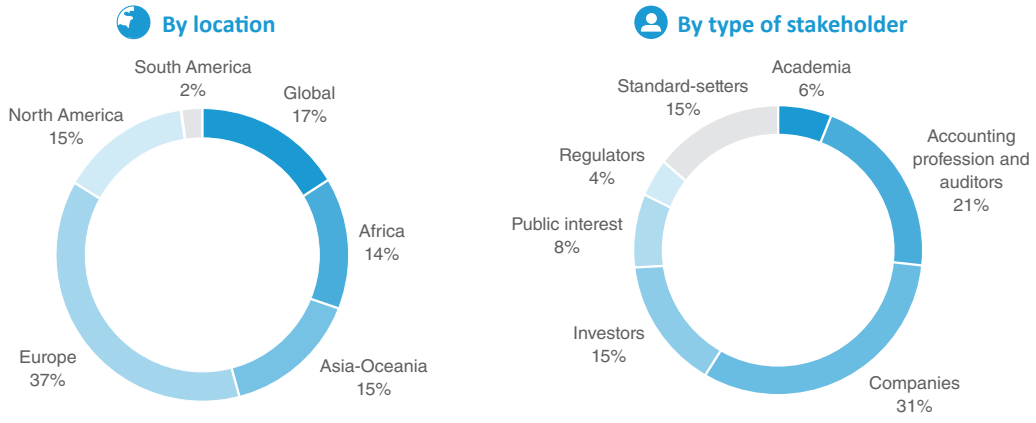
J4 The ISSB published the Proposed IFRS Sustainability Disclosure Taxonomy for public comment to solicit feedback from stakeholders on the proposals. Stakeholder responses came from all regions, providing a global perspective. Feedback included:

(a) 48 respondents, including 27 survey responses and 21 comment letters in PDF format. Because reviewing taxonomy proposals requires specialist knowledge, this consultation had a relatively high response rate. Figure J1 illustrates the analysis of the responses by location and type of stakeholder.

(b) discussions with the ITCG in July 2023 and October 2023 and with the SSAF in October 2023.

(c) targeted outreach with digital taxonomy experts—21 investors (including 13 data aggregators), 12 regulators and six standard-setters (including accounting and sustainability standard-setters).

**Figure J1—Responses by location and type of stakeholder**



## Summary of how the ISSB responded to feedback

J5 In the feedback:

(a) almost all respondents agreed the Proposed IFRS Sustainability Disclosure Taxonomy appropriately reflected the requirements in IFRS S1 and IFRS S2 and would appropriately support entities, users of general purpose financial reports and regulators in enabling the digital reporting of sustainability-related financial disclosures; and

(b) most stakeholders supported the proposals, although some provided suggestions to help with its successful global implementation and consistent application, as described in Table J1.

J6 Table J1 summarises the main proposals in the Proposed IFRS Sustainability Disclosure Taxonomy, the feedback on the proposals and the ISSB's response to that feedback. Not all proposals or decisions are listed in full detail. Stakeholders provided feedback and the ISSB responded on six main areas, which were:

(a) narrative disclosures;

(b) reflecting the relationship between IFRS S1 and IFRS S2;

(c) metrics and targets;

(d) other features;

(e) interoperability with jurisdictional requirements and other sustainability-related disclosure standards; and

(f) implementation support.

**Table J1— Summary of the feedback on the proposals and the ISSB's response**

| Proposed IFRS Sustainability Disclosure Taxonomy | Feedback | ISSB's response |
|---|---|---|
| **Narrative disclosures** | | |
| • Narrative information often requires more context than numerical data to be understood and useful. The ISSB proposed creating a taxonomy structure designed to:<br>  • provide users of general purpose financial reports with blocks of narrative information that are useful for analysis (and which also support the use of artificial intelligence tools such as large language models);<br>  • minimise the need for an entity to multiple tag the same information; and<br>  • support global implementation and consistent application of the IFRS Sustainability Disclosure Taxonomy by limiting the extent of hierarchical structure because it could result in inconsistency in tagging practice among entities or jurisdictions.<br>• The ISSB proposed principles for creating taxonomy elements (elements) for narrative information expected to be both separately understandable and useful to users of general purpose financial reports and readily identifiable for tagging.<br>• The ISSB proposed these principles to ensure its elements would strike the right balance between the information tagged being too broad (information processing will be difficult) or too narrow (information context will be lost). Applying these principles, the ISSB proposed approximately 100 elements to tag blocks of narrative information. | • Generally, stakeholders supported the aim of creating a taxonomy designed to tag all information usefully and to minimise the need for multiple tagging of the same information. Such a taxonomy would support the global implementation and consistent application of the IFRS Sustainability Disclosure Taxonomy.<br>• Some respondents thought the proposals struck the right balance between providing useful information for users of general purpose financial reports and limiting the burden on entities. Some stakeholders supported the ISSB's intention to review emerging reporting practice and later refine and enhance the IFRS Sustainability Disclosure Taxonomy, if necessary—for example, more detailed elements could be introduced later.<br>• Stakeholder feedback shared several common themes. For example:<br>  • some stakeholders (including a few respondents and some ITCG members) emphasised the importance of considering interoperability with other sustainability-related disclosure taxonomies in determining the appropriate level of granularity useful for users of general purpose financial reports to compare information with other sustainability-related disclosure standards (including the taxonomy being developed by the EFRAG to reflect the ESRS); and | • The ISSB aims to facilitate users of general purpose financial reports' digital consumption of sustainability-related financial information without causing undue cost for entities. Consequently, the ISSB confirmed the principles for creating elements for narrative information at the most granular level(s) of granularity expected to be both separately understandable to users of general purpose financial reports and readily identifiable for tagging.<br>• In response to the feedback, the ISSB made targeted amendments. These amendments refined and enhanced elements designed for tagging narrative information. The amendments also facilitate the interoperability of the IFRS Sustainability Disclosure Taxonomy with the forthcoming ESRS XBRL Taxonomy by minimising the gap in the aligned requirements in IFRS S2 and ESRS E1 *Climate change*, specifically by adding a limited number of elements reflecting more detailed aspects of disclosure requirements in IFRS S2.[87] Such information was considered useful for users of general purpose financial reports, especially because it might also help them make appropriate digital comparisons of information provided applying requirements that are aligned in IFRS S2 and ESRS E1. In those instances, the benefit of providing useful information for users of general purpose financial reports was assessed as justifying the additional complexity for other stakeholders, including tagging information using more than one element (paragraph 30). |

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| Proposed IFRS Sustainability Disclosure Taxonomy | Feedback | ISSB's response |
|---|---|---|
| • The ISSB proposed creating elements reflecting a single level of disclosure requirements to the extent possible, limiting the extent of hierarchical structure in the IFRS Sustainability Disclosure Taxonomy. For example, if an element is created to reflect a requirement in the subparagraph in the IFRS Sustainability Disclosure Standards, the ISSB generally did not propose creating elements reflecting a requirement in a level lower (or higher) than subparagraphs.<br>• The ISSB considered but rejected an alternative approach of creating elements at the highest (paragraph) level only (no hierarchical structure) (Approach 1).<br>• If the ISSB applied this approach, elements would represent aspects of core content or paragraph-level requirements only. Using those elements, an entity would tag, for example, the whole risk management disclosure using one element and would not be required to tag individually any smaller parts of that disclosure that reflect disclosure requirements from the subparagraph level. The entity would, therefore, tag the narrative section of the sustainability-related financial disclosures in its general purpose financial reports using a few elements reflecting the four core content areas (governance, strategy, risk management, and metrics and targets) and a few other paragraph-level requirements—for example, related to the 'Strategy and decision-making' subsection in the 'Strategy' section of IFRS S2.<br>• The ISSB rejected this approach because the ISSB anticipates that users of general purpose financial reports will want to efficiently extract more detailed information about specific aspects of the disclosure reflecting, for example, paragraph 44(a) or paragraph 44(c) of IFRS S1 from the more general disclosure in paragraph 43 of IFRS S1 (paragraph C5). | • some data aggregators and regulators thought providing elements reflecting various levels of requirements in the IFRS Sustainability Disclosure Standards (other than subparagraphs) could provide more data for users of general purpose financial reports to group and analyse in various ways. | • After the ISSB made these amendments, the IFRS Sustainability Disclosure Taxonomy now includes approximately 100 elements to tag narrative information related to core content. |

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| Proposed IFRS Sustainability Disclosure Taxonomy | Feedback | ISSB's response |
|---|---|---|
| • Furthermore, using this approach would not help users of general purpose financial reports make appropriate comparisons of digital information provided in accordance with IFRS Sustainability Disclosure Standards with digital information provided in accordance with other sustainability-related disclosure standards. Some of the requirements in other sustainability-related disclosure standards might be comparable only at a more detailed level—for example, the specific disclosure requirements in paragraph 44(a)(i) of IFRS S1 for disclosure of inputs and parameters used in the processes and related policies to identify, prioritise and monitor risks (paragraph C5(d)).<br>• The ISSB considered but rejected an alternative approach of creating elements for all levels of requirements in the IFRS Sustainability Disclosure Standards (provided in a hierarchical structure) (Approach 2).<br>• If the ISSB applied this approach, the ISSB would create elements to reflect all levels of requirements related to narrative information. Elements would be provided in a hierarchical structure, often reflecting paragraphs, subparagraphs and possibly several lower levels of subparagraphs of the IFRS Sustainability Disclosure Standard.<br>• Using this approach might help users of general purpose financial reports make appropriate comparisons of digital information provided in accordance with IFRS Sustainability Disclosure Standards with digital information provided in accordance with other sustainability-related disclosure standards. As discussed in Approach 1, elements reflecting requirements at the more detailed level might be most comparable between taxonomies reflecting various sustainability-related disclosure standards. | | |

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| Proposed IFRS Sustainability Disclosure Taxonomy | Feedback | ISSB's response |
|---|---|---|
| • The ISSB rejected this approach because a hierarchical structure increases the complexity of tagging for an entity using more than one element, especially for information that might be structured in various ways to provide useful information. A hierarchical structure also might not provide consistent information in a digital format because regulators might require an entity to use various levels of elements for tagging information and an entity might not use all elements from the hierarchy appropriately (paragraph 29).<br>• Furthermore, elements at paragraph level were often assessed as not providing enough detail to be useful and elements at lower levels than subparagraphs were often expected not to provide enough context to be useful because the resulting tagged information might be fragmented and, therefore, less likely to be understandable in isolation (paragraph 17).<br>• Some tagging systems might be able to help an entity navigate the complexity of tagging information by organising elements in a hierarchical structure—for example, by automatically applying an element reflecting a paragraph each time the entity uses elements reflecting related subparagraphs. However, these systems are relatively new and might require testing before they are used more widely and they will be unlikely to eliminate all excess effort. The ISSB will monitor developments in this area and consider possible amendments to the IFRS Sustainability Disclosure Taxonomy (including higher-level elements) as tagging systems develop (paragraph 33). | | |

| Proposed IFRS Sustainability Disclosure Taxonomy | Feedback | ISSB's response |
|---|---|---|
| **Reflecting the relationship between IFRS S1 and IFRS S2** | | |
| • For the purposes of this discussion, 'corresponding requirements' are disclosure requirements that appear in both IFRS S1 and IFRS S2 because they are relevant to climate-related risks and opportunities. These disclosure requirements relate to the core content of governance, strategy, risk management, and metrics and targets.<br>• The ISSB proposed a single set of elements in the Proposed IFRS Sustainability Disclosure Taxonomy to reflect corresponding requirements in IFRS S1 and IFRS S2. This proposal:<br>  • reflects that those requirements might result in, or be addressed by, common items of information; and<br>  • avoids the complexity of tagging the same information twice.<br>• Information reflecting corresponding requirements might be provided by each risk and opportunity. A dimensional structure is proposed:<br>  • to allow users of general purpose financial reports to extract information separately for each risk and opportunity; and<br>  • to help users of general purpose financial reports understand entity-specific elements used to identify sustainability-related risks and opportunities. | • Almost all respondents supported the proposals designed to tag all information once, with additional details provided by risks and opportunities identified by an entity, as applicable.<br>• However, some stakeholders (including some investors) were concerned about:<br>  • comparability between the risks and opportunities each entity identifies; and<br>  • not being able to readily separate information related to climate from other information.<br>• Some stakeholders suggested the IFRS Sustainability Disclosure Taxonomy should facilitate identification of information related to climate separately from other information.<br>• Stakeholders said that identifying entity-specific risks and opportunities as being climate-related might help them compare information about entities' climate-related risks and opportunities provided in accordance with IFRS Sustainability Disclosure Standards. In addition, they said that it might also help them compare information about entities' climate-related risks and opportunities that meets those requirements of the IFRS Sustainability Disclosure Standards and other sustainability-related disclosure standards that are aligned with IFRS Sustainability Disclosure Standards. They suggested the separate identification might facilitate easier comparison of information grouped as climate-related. | • The ISSB confirmed the proposals:<br>  • to create a single set of elements to reflect the corresponding requirements; and<br>  • to use a dimensional structure to reflect disaggregation by risks and opportunities—for example, an entity might provide information about its sustainability-related risks and opportunities by each risk and opportunity or on an integrated basis.<br>• In response to the feedback, the ISSB introduced a mechanism in the IFRS Sustainability Disclosure Taxonomy that allows an entity to identify which sustainability-related risks and opportunities relate to climate and other sustainability topics. Specifically, the ISSB added the categorical element, an extensible enumeration that includes 'Climate' as one defined topic on the list of sustainability-related topics to reflect the content of IFRS S2 (paragraph 64). This element helps users of general purpose financial reports (paragraph E9):<br>  • to better understand sustainability-related risks and opportunities an entity identifies—for example, flooding risk, tagged using entity-specific elements. An entity can assist by providing explicit information in a digital format about which topics the risks and opportunities relate to.<br>  • to identify which disclosures are related to climate and other sustainability-related topics. |

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| Proposed IFRS Sustainability Disclosure Taxonomy | Feedback | ISSB's response |
|---|---|---|
| • The ISSB considered but rejected proposing an alternative to modelling the corresponding requirements as two separate sets of elements (which, in principle, could help with the identification of risks and opportunities that are climate-related). The ISSB rejected this alternative because of the expected burden to entities and the unclear benefit to users of general purpose financial reports. For example:<br>  • the IFRS Sustainability Disclosure Standards require an entity to avoid unnecessary duplication if disclosing information that applies to more than one risk or opportunity. In such a case, applying the alternative approach would probably result in inconsistent use of the IFRS Sustainability Disclosure Taxonomy—for example, some entities might use IFRS S1-only elements, some entities might use IFRS S2-only elements and some entities might use both. This inconsistency would make it difficult for users of general purpose financial reports to find relevant information.<br>  • the approach might also increase the risk of errors and inconsistent tagging because corresponding requirements are likely to be reflected by similar elements that might be difficult to distinguish. This difficulty could result in errors because the element labels would be similar, perhaps differing only by elements related to IFRS S1 referring to 'risks and opportunities', and elements related to IFRS S2 referring to 'climate-related risks and opportunities'. | | • to compare sustainability-related risks and opportunities between entities by providing sustainability-related topics as a common basis for such comparisons. This could also help users of general purpose financial reports to compare information disclosed about entities' climate-related risks and opportunities that meets those requirements of the IFRS Sustainability Disclosure Standards and other sustainability-related disclosure standards that are aligned with IFRS Sustainability Disclosure Standards.<br>• Using categorical elements for tagging climate-related information does not require tagging the same information using more than one element. Instead, an entity will identify once which risks and opportunities relate to climate (Appendix E).<br>• The ISSB intends to monitor the use of this mechanism and will consider adding other topics to the list of sustainability-related topics in future to reflect new IFRS Sustainability Disclosure Standards or lists of sustainability-related topics (paragraph 66).<br>• The ISSB considered but rejected an alternative approach of using a dimensional structure for the information about sustainability topics. The ISSB rejected this approach because a dimensional structure would:<br>  • make it more difficult for an entity to relate a piece of information to more than one sustainability topic; and<br>  • result in more complex data for users of general purpose financial reports, especially in combination with the dimensional structure already used for tagging sustainability-related risks and opportunities. |

| Proposed IFRS Sustainability Disclosure Taxonomy | Feedback | ISSB's response |
|---|---|---|
| **Metrics and targets** | | |
| • IFRS S2 specifies some metrics, such as the climate-related cross-industry metrics and industry-based metrics. An entity is expected to tag these metrics using the appropriate elements provided in the IFRS Sustainability Disclosure Taxonomy. In addition, the ISSB proposed using the SASB Standards Taxonomy as a basis for the climate-related industry-specific metrics from *Industry-based Guidance on implementing IFRS S2* Climate-related Disclosures because the metrics were derived from the SASB Standards.<br>• Some metrics, such as non-climate-related industry-based metrics, are not specified by the IFRS Sustainability Disclosure Standards. However, IFRS S1 requires an entity to refer to and consider the SASB Standards for industry-based metrics not related to climate in the same way entities are encouraged to use the SASB Standards Taxonomy to tag those metrics (paragraph 6).<br>• Metrics and targets developed by an entity are not specified by either IFRS S1 or IFRS S2. The Proposed IFRS Sustainability Disclosure Taxonomy proposed an entity creates entity-defined elements (extensions) to represent entity-defined aspects of disclosures, including metrics and targets. | • A few regulators said they were concerned an entity might not use extensions appropriately, which would decrease the quality of digital reporting. Some of these regulators said that the ISSB should limit the use of extensions, while others said the ISSB should encourage consistent use.<br>• A few stakeholders suggested other ways of modelling information related to entity-defined metrics and targets to encourage consistent tagging. These methods included:<br>  • adding elements that could be used to tag the values of metrics and targets instead of relying on an entity to create elements (which are more difficult to use for analysis); and<br>  • using extensible enumerations to tag information about the link between metrics and targets.<br>• Stakeholders also asked for guidance on tagging metrics —for example, how to use the SASB Standards Taxonomy together with the IFRS Sustainability Disclosure Taxonomy. | • In response to the feedback, the ISSB added elements to the IFRS Sustainability Disclosure Taxonomy to allow an entity to tag the values of entity-defined metrics and targets, namely:<br>  • a 'text' type element for tagging textual values;<br>  • a 'decimal' type element for tagging numerical values —for example, currency, length, volume, ratio; and<br>  • a 'percentage' type element for tagging percentage values (to avoid 'scaling' issues due to incorrect usage of the decimal element for tagging percentages).<br>• The ISSB also changed the data type of the element created for tagging the link between metrics and targets from a narrative element to extensible enumeration. This change will make it easier for users of general purpose financial reports to identify the connection between metrics and targets in a digital format. |

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| Proposed IFRS Sustainability Disclosure Taxonomy | Feedback | ISSB's response |
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| • The ISSB proposed reflecting disclosure requirements related to entity-defined metrics and targets using a dimensional approach to help users of general purpose financial reports analyse information about metrics or targets tagged using entity-defined elements. | | • The ISSB decided to create text block elements to reflect some cross-industry metric categories in IFRS S2, including the climate-related transition risks, climate-related physical risks and climate-related opportunities metric categories. The ISSB discussed but rejected the option of using 'monetary' or 'percentage' element types in creating elements for these cross-industry metric categories. Paragraph BC77 of the *Basis for Conclusions on IFRS S2* Climate-related Disclosures explains that the descriptions of the cross-industry metric categories in IFRS S2 are, in most cases, intentionally non-specific to enable an entity to identify appropriate metrics. The ISSB took this approach to allow for the likelihood that measurement methodologies and the availability and quality of underlying data might evolve over time. In a similar way, the ISSB decided to be intentionally non-specific in creating the elements reflecting these metrics. The ISSB intends to monitor the use of these elements and will consider refining and enhancing the IFRS Sustainability Disclosure Taxonomy.<br>• The ISSB encourages entities to use the SASB Standards Taxonomy to tag metrics disclosed using SASB Standards and observed that applying the SASB Standards Taxonomy together with the IFRS Sustainability Disclosure Taxonomy should be relatively straightforward because they share similar layouts and structures for industry-based metrics.<br>• The ISSB will consider developing any other supporting materials after the IFRS Sustainability Disclosure Taxonomy has been issued (see 'Facilitating digital reporting of sustainability-related financial disclosures globally—Implementation support' section of this table). |

| Proposed IFRS Sustainability Disclosure Taxonomy | Feedback | ISSB's response |
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| **Other IFRS Sustainability Disclosure Taxonomy features** | | |
| **Categorical element types**<br>• The ISSB proposed approximately 30 categorical elements to help users of general purpose financial reports to analyse narrative information. Additionally, the ISSB proposed creating a narrative element related to each categorical element to help users of general purpose financial reports to access disclosed text that could provide more context for the narrative information.<br>• The ISSB acknowledged categorical elements might create additional costs for some stakeholders because these element types have not been used in the IFRS Accounting Taxonomy prior to the development of the IFRS Sustainability Disclosure Taxonomy. For example, tagging software might require updates to enable the use of these element types. On the other hand, the ISSB observed these element types are recognised in XBRL specifications and are already used in some jurisdictions—for example, the GAAP Financial Reporting Taxonomy issued by the FASB in the United States. Therefore, stakeholders might already be familiar with categorical element types. The ISSB decided to introduce categorical elements because these element types are expected to be useful for the IFRS Sustainability Disclosure Taxonomy, particularly because of the narrative nature of the sustainability-related financial information the IFRS Sustainability Disclosure Standards require an entity to disclose. Similarly, the IASB has determined that these element types are useful and introduced them in the IFRS Accounting Taxonomy 2024, making the architecture of both Taxonomies consistent. | **Categorical element types**<br>• Almost all stakeholders (including almost all investors and data aggregators) strongly supported the proposed categorical elements and related narrative elements.<br>• A few stakeholders provided feedback on the specific proposed categorical elements.<br>• A few stakeholders asked for clarification on whether an entity is expected to use the categorical elements for tagging only disclosed information—for example, that an entity is not expected to use a Boolean element to specify a 'false' response if no disclosure is provided.<br>**Element labels**<br>• A few stakeholders said the standard labels are too verbose and might not be fully displayed in some software. Verbose element labels would also make it more difficult for an entity to identify the appropriate element to use for tagging. | **Categorical element types**<br>• In response to the feedback, the ISSB refined the proposed list of categorical elements, mainly by adding some categorical elements stakeholders suggested would provide useful information (totalling nearly 50 elements). The ISSB also clarified when an entity is expected to use categorical elements for tagging (paragraph 47).[88]<br>**Element labels**<br>• The ISSB made targeted editorial changes to shorten verbose standard labels (labels with more than 250 characters) to improve the functionality of the labels in the IFRS Sustainability Disclosure Taxonomy. |

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| Proposed IFRS Sustainability Disclosure Taxonomy | Feedback | ISSB's response |
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| **Element labels**<br><br>• The ISSB used element labels in the Proposed IFRS Sustainability Disclosure Taxonomy that reflected the words used in the IFRS Sustainability Disclosure Standards almost verbatim. The standard labels represent an abbreviated form—for example, the articles 'the', 'an' and 'a' are not used. The documentation labels provide a full definition of each element, including the long form of the words in the IFRS Sustainability Disclosure Standards.<br><br>**Explicit dimensions versus rejected typed dimensions**<br><br>• The ISSB proposed including explicit dimensions to reflect the disaggregation of information by entity-specific elements, consistent with the IFRS Accounting Taxonomy. The ISSB considered but rejected an alternative approach to use the 'typed dimensions' XBRL feature to reflect those disclosures. The ISSB considered the alternative approach because it is used for digital reporting of financial reporting in some jurisdictions. The alternative approach might make digital reporting easier by simplifying the preparation of XBRL reports containing entity-specific information. The ISSB discussed the alternative approach with the ITCG, and consequently the ISSB rejected this approach because of the lack of clear demand for it and because this approach would lead to inconsistencies between the architectures of the IFRS Accounting Taxonomy and the IFRS Sustainability Disclosure Taxonomy. An explicit dimension also potentially provides more flexibility than typed dimensions because an explicit dimension allows an entity to add elements reflecting common reporting practice in a simpler manner, which could improve comparability by reducing the use of entity-specific elements. | | |

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| Proposed IFRS Sustainability Disclosure Taxonomy | Feedback | ISSB's response |
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| **Facilitating digital reporting of sustainability-related financial disclosures globally—Interoperability with jurisdictional requirements and other sustainability-related disclosure standards** | | |
| The ISSB aims to deliver a global baseline of sustainability-related financial disclosures that are interoperable with jurisdictional initiatives and other sustainability-related reporting frameworks to meet the needs of capital markets, including through:<br>• ISSB decisions to advance interoperability—during its October 2022 meeting, the ISSB discussed several matters that are important to achieving greater interoperability between the global baseline and jurisdictional requirements;<br>• dialogue with jurisdictions, taking the form of:<br>  • meetings of the Jurisdictional Working Group—in April 2022 the ISSB announced the formation of a working group of jurisdictional representatives to discuss enhanced compatibility between the ISSB's exposure drafts and jurisdictional initiatives on sustainability disclosures;<br>  • meetings of the Sustainability Standards Advisory Forum (SSAF)—the IFRS Foundation established the SSAF as a mechanism for formal engagement on standard-setting between the ISSB and jurisdictional representatives, including those from emerging markets; and<br>  • bilateral engagement with the European Union—the ISSB has engaged in detailed bilateral discussions with the European Commission and EFRAG as standard-setting has advanced; and | • Some respondents supported the ISSB's collaboration with jurisdictions and other sustainability standard-setters to facilitate interoperability between sustainability-related disclosure standards as a starting point for interoperability between the related taxonomies.<br>• Many stakeholders emphasised the importance of interoperability with other taxonomies. Many entities, investors, regulators and standard-setters reiterated the importance of interoperability with the forthcoming ESRS XBRL Taxonomy. | • The ISSB is committed to continuing to collaborate with stakeholders to understand how digital reporting can be used to support the interoperability of the IFRS Sustainability Disclosure Standards with jurisdictional requirements and other sustainability-related disclosure standards.<br>• The ISSB observes that the interoperability between sustainability-related disclosure taxonomies relies on the respective sustainability-related disclosure standards being interoperable and an understanding of the interoperability between the sustainability-related disclosure standards.<br>• The IFRS Sustainability Disclosure Taxonomy is designed to help users of general purpose financial reports make appropriate digital comparisons of sustainability-related financial information prepared in accordance with IFRS Sustainability Disclosure Standards and in accordance with other sustainability-related disclosure standards that are aligned with IFRS Sustainability Disclosure Standards. Consequently, the ISSB added:<br>  • elements that reflect aligned requirements related to narrative information (see 'Narrative disclosures' section of this table);<br>  • element types that reflect cross-industry metrics in IFRS S2 (see 'Metrics and targets' section of this table); and |

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| Proposed IFRS Sustainability Disclosure Taxonomy | Feedback | ISSB's response |
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| • the Memorandum of Understanding with the Global Reporting Initiative.<br><br>The ISSB's primary intention is to develop the IFRS Sustainability Disclosure Taxonomy to reflect disclosure requirements in IFRS S1 and IFRS S2 to facilitate digital reporting of that information. However, the ISSB continues to engage with stakeholders to understand how digital reporting can be used to enhance the interoperability of the IFRS Sustainability Disclosure Standards with jurisdictional requirements and other sustainability-related disclosure standards. To that end, the ISSB has started to engage with jurisdictions and other sustainability standard-setters that have developed or plan to develop their own taxonomy—for example, EFRAG is developing the ESRS XBRL Taxonomy. The ISSB expects to explore ways the IFRS Sustainability Disclosure Taxonomy could be used to enhance interoperability with the digital taxonomies applicable to other sustainability-related disclosure standards. For example, mapping between taxonomies could be considered once the relevant taxonomies are finalised. | | • a mechanism that would help users of general purpose financial reports to identify which disclosures are related to climate and other sustainability-related topics (see 'Reflecting the relationship between IFRS S1 and IFRS S2' section of this table). |
| **Facilitating digital reporting of sustainability-related financial disclosures globally—Implementation support** | | |
| • The ISSB proposed adding guidance labels for specific elements to explain how an entity can use these elements correctly—for example, proposed guidance labels were designed to help an entity to find the correct element related to the corresponding requirement in IFRS S1 and IFRS S2, to tag information for climate-related risks and opportunities if the element names relate to risks and opportunities (paragraph 76). | • Some stakeholders suggested the ISSB should provide implementation support (focusing on guidance) to facilitate consistent application of the IFRS Sustainability Disclosure Taxonomy to ensure the quality of digital information. Stakeholders requested guidance for: | • In response to the feedback, the ISSB added further guidance labels.<br>• The ISSB noted the supporting materials that are available, including:<br>  • examples of tagging using IFRS Sustainability Disclosure Taxonomy elements, which can be found in: |

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| Proposed IFRS Sustainability Disclosure Taxonomy | Feedback | ISSB's response |
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| | • entities, on how to connect information in various documents or tag information using various taxonomies; and<br>• regulators, on the optimal taxonomy architecture or how to implement the IFRS Sustainability Disclosure Taxonomy in emerging economies.<br>• Stakeholders also requested specific consideration for smaller entities or jurisdictions that have not used digital reporting previously. | • Appendix C—Granularity of narrative disclosures—Illustration of taxonomy elements and their effect on digital reporting;<br>• Appendix D—Reflecting the relationship between IFRS S1 and IFRS S2—Illustration of taxonomy elements; and<br>• Appendix E—Reflecting the relationship between IFRS S1 and IFRS S2—Illustration of digital reporting of information about sustainability-related risks and opportunities and identification of the climate-related topic; and<br>• educational materials, including the *Using the IFRS Taxonomy—A preparer's guide* and the *Using the IFRS Taxonomy—A regulator's guide*[89], located on the IFRS Foundation website.<br>• The ISSB will consider developing any other supporting materials after the IFRS Sustainability Disclosure Taxonomy has been issued. |

87 In considering how to best support stakeholders, the ISSB has been working with the European Financial Reporting Advisory Group (EFRAG) on how to minimise the gap in how aligned requirements in IFRS S2 and European Sustainability Reporting Standards (ESRS) E1 are reflected in the IFRS Sustainability Disclosure Taxonomy and the forthcoming ESRS XBRL Taxonomy. The ISSB will continue working with EFRAG to consider interoperability of the IFRS Sustainability Disclosure Taxonomy with the forthcoming ESRS XBRL Taxonomy.

88 The staff also analysed other sources, including the working draft ESRS XBRL Taxonomy and the CDP Questionnaire, to identify any additional categorical elements that should be added to the IFRS Sustainability Disclosure Taxonomy.

89 The IFRS Foundation plans to update *Using the IFRS Taxonomy—A regulator's guide* to reflect recent developments in the digital reporting ecosystem.