Introducing the IFRS Sustainability Disclosure Taxonomy

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Digital financial reporting can enhance capital market efficiency and transparency

**Investors** benefit from:
- Automated data collection and reduced search costs
- Expanded population of possible investment targets

**Companies** benefit from:
- Increased investor coverage and access to capital, including foreign investment

**Regulators** benefit from:
- Technology-driven monitoring and enforcement reviews
- Improved data sharing between regulators and government agencies

see [Digital financial reporting—Facilitating digital comparability and analysis of financial reports](#) for more benefit of digital financial reporting
# How sustainability-related financial disclosures are digitalised

<table>
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<tr>
<th>Who</th>
<th>ISSB</th>
<th>Companies</th>
<th>Investors</th>
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<td>What</td>
<td>Develop ISSB Standards</td>
<td>Develop ISSB Taxonomy</td>
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Regulators set requirements to report in accordance with the Standards and in a digital format.
Supporting investors’ use of ISSB disclosures in a digital format

The ISSB Taxonomy provides the common elements (or ‘tags’) needed to make sustainability-related financial disclosures computer-readable.

The ISSB Taxonomy reflects the requirements and accompanying materials of the ISSB Standards. It does not introduce any new requirement.
Supporting the global baseline through tagging

- Like the ISSB Standards, the ISSB Taxonomy is designed to be used as a global baseline and enable jurisdictions to build on that global baseline—facilitating digital comparability

- The ISSB Taxonomy:
  - Can be **directly used** by a jurisdiction that adopts the ISSB Standards
  - Can be **built on** to accommodate additional jurisdictional requirements by a jurisdiction that builds on the ISSB Standards
  - If necessary, can **support the interoperability** of the ISSB Standards with other sustainability standards—enabling common information to be identified so that investors can clearly identify the global baseline
Supporting holistic digital financial reporting

• The Taxonomy can be used together with other taxonomies used for tagging companies’ financial statements
  • Consistent taxonomy design in the IFRS Sustainability Disclosure Taxonomy and the IFRS Accounting Taxonomy
  • Can also be used effectively with other taxonomies reflecting other GAAP
• Enables investors to efficiently search, extract and compare both accounting and sustainability-related financial disclosures
Key features of the ISSB Taxonomy

Narrative disclosures

• **Granularity of narrative disclosures** – blocks of narrative information that are useful for analysis

• **Categorical elements** – True / False (Boolean) and dropdown options (enumeration) to enable efficient analysis

Reflection of relationship of IFRS S1 and IFRS S2

• **Corresponding requirements in IFRS S1 and IFRS S2** – a single set of tags for corresponding requirements for efficient tagging and analysis

• **Climate topic** – identify risk or opportunity that is climate-related when such information is provided

Metrics and targets

• **Climate-related metrics in IFRS S2** – separately identify each metric in IFRS S2, including the metrics in IFRS S2 Industry-based Guidance

• **Metrics from other sources** – ISSB encourages the use of other available taxonomy (eg SASB Standards Taxonomy)
IASB–ISSB connectivity on digital financial reporting

- Digital financial reporting is a common strategic priority of both the IASB and the ISSB
- Maximising synergy by sharing common:
  - **Taxonomy design** that is consistently applied in the digital taxonomies of both the IASB and the ISSB
  - **Taxonomy team** that supports both the IASB and the ISSB
  - **Advisory group** (the IFRS Taxonomy Consultative Group) that is co-chaired by an IASB Member and an ISSB Member
  - **Educational materials** that supports the use of the digital taxonomies of both the IASB and the ISSB
Materials for supporting digital financial reporting

Visit [ifrs.org](http://ifrs.org) for resources to aid understanding and support use of the IFRS digital taxonomies, including **introductory materials on digital financial reporting**

Watch out for an **updated regulators’ guide to help with implementing the IFRS digital taxonomies** later this year
Next steps
Visit ifrs.org to find out more

- Access the Standards and supporting materials
- Listen to the monthly podcast
- Respond to live consultations
- Sign up for news alerts
- Learn about digital financial reporting resources
- Observe ISSB meetings
- Join the team