



**IFRS<sup>®</sup>**  
Sustainability

July 2023

# **Proposed IFRS<sup>®</sup> Taxonomy**

IFRS<sup>®</sup> Sustainability Disclosure Taxonomy

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## ***IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures***

Comments to be received by 26 September 2023

# **IFRS<sup>®</sup> Sustainability Disclosure Taxonomy**

## **Proposed Taxonomy**

*Comments to be received by 26 September 2023*

IFRS® Sustainability Disclosure Taxonomy – Proposed Taxonomy is published by the International Sustainability Standards Board (ISSB) for comment only. Comments need to be received by **26 September 2023** and should be submitted by email to [commentletters@ifrs.org](mailto:commentletters@ifrs.org) or online at <https://www.ifrs.org/projects/open-for-comment/>.

All comments will be on the public record and posted on our website at [www.ifrs.org](http://www.ifrs.org) unless the respondent requests confidentiality. Such requests will not normally be granted unless supported by a good reason, for example, commercial confidence. Please see our website for details on this policy and on how we use your personal data.

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## Introduction

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### Why is the ISSB proposing to create an IFRS® Sustainability Disclosure Taxonomy?

- IN1 The International Sustainability Standards Board (ISSB) proposes creating an IFRS Sustainability Disclosure Taxonomy to reflect disclosure requirements arising from:
- (a) IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, issued in June 2023; and
  - (b) IFRS S2 *Climate-related Disclosures*, issued in June 2023.<sup>1</sup>
- 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 Proposed IFRS Sustainability Disclosure Taxonomy includes elements to tag 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 easily. Therefore, the IFRS Sustainability Disclosure Taxonomy facilitates consumption of sustainability-related financial information in a digital format.
- IN4 The Proposed IFRS Sustainability Disclosure Taxonomy is primarily designed to serve as a global baseline for tagging sustainability-related financial disclosures. It will provide jurisdictions that adopt IFRS Sustainability Disclosure Standards with a taxonomy that facilitates tagging sustainability-related financial information without undue cost and supports comparable digital reporting of that information.
- IN5 The Proposed IFRS Sustainability Disclosure Taxonomy may also enhance the interoperability of the IFRS Sustainability Disclosure Standards with jurisdictional requirements and other sustainability-related standards, for example by helping users of general purpose financial reports identify common sustainability-related financial information disclosed to meet requirements of other sustainability-related standards. Interoperability between taxonomies relies in the first instance on interoperability of the underlying disclosure requirements and an understanding of that interoperability to enable preparers to tag sustainability-related financial disclosures appropriately and consistently.
- IN6 The Proposed IFRS Sustainability Disclosure Taxonomy is a digital taxonomy that entities can use to classify and structure sustainability-related financial information. It plays the same role as the IFRS Accounting Taxonomy does in relation to IFRS Accounting Standards.<sup>2</sup> 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.<sup>3</sup>

### 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 the users of general purpose financial reports in making decisions relating to providing resources to the entity.
- IN8 Information about sustainability-related risks and opportunities is useful to users of general purpose financial reports because an entity's ability to generate cash flows over the short, medium and long term is inextricably linked to the interactions between the entity and its stakeholders, society, the economy and the natural environment throughout the entity's value chain. 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

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1 See <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/>.

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

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

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 and reflects how entities oversee and manage sustainability-related risks and opportunities, including those related to climate change.

### **Overview of the Proposed Taxonomy**

- IN12 The Proposed IFRS Sustainability Disclosure Taxonomy reflects the ISSB's intention to facilitate digital consumption of sustainability-related financial disclosures from day one. This aim was supported by the feedback on the Exposure Drafts IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, and led the ISSB to develop this Proposed Taxonomy alongside the IFRS Sustainability Disclosure Standards. In May 2022, IFRS Foundation staff published a request for feedback focused on fundamental matters necessary to consider at an early stage to enable the ISSB to publish the IFRS Sustainability Disclosure Taxonomy soon after the ISSB issues IFRS S1 and IFRS S2.<sup>4</sup>
- IN13 The Proposed IFRS Sustainability Disclosure Taxonomy is designed to facilitate users of general purpose financial reports to consume sustainability-related financial information digitally, regulators to require the digital reporting of sustainability-related financial information, and preparers to implement digital reporting of sustainability-related financial information, enabling tagging without undue cost. In developing the Proposed IFRS Sustainability Disclosure Taxonomy, the ISSB considered feedback staff received on fundamental matters discussed in the request for feedback, including comments from external groups of experts, including the IFRS Taxonomy Consultative Group (ITCG).
- IN14 As stated in paragraph IN6, the Proposed IFRS Sustainability Disclosure Taxonomy plays the same role as the IFRS Accounting Taxonomy does in relation to IFRS Accounting Standards. Following best XBRL modelling practice in developing the IFRS Accounting Taxonomy and the IFRS Sustainability Disclosure Taxonomy allows both taxonomies to work well with each other and maximise the likelihood they can be used effectively with other taxonomies.<sup>5</sup> This approach reflects the fact that IFRS Sustainability Disclosure Standards may be applied with IFRS Accounting Standards or other generally accepted accounting principles or practices (GAAP) (paragraphs 2–8). One similarity to the IFRS Accounting Taxonomy is the proposal to group taxonomy elements in the same order as the requirements in IFRS Accounting Standards (paragraphs 13–16). Another similarity is that both taxonomies use a dimensional model to reflect disaggregation of information (related to, for example, metrics and targets, for the IFRS Sustainability Disclosure Taxonomy), which allows users of general purpose financial reports to identify and understand entity-specific elements used to tag this information more easily (paragraphs 29–38).
- IN15 IFRS S1 and IFRS S2 require entities to provide mainly narrative information on the core content areas relating to governance, strategy and risk management. While the IFRS Sustainability Disclosure Standards require more quantitative disclosures than has been typical in much of the sustainability-related reporting to date, narrative information is expected to play a larger role in sustainability-related financial disclosures than it does in financial statements. Consequently, tagging narrative information in a way that is useful to users of general purpose financial reports is a relatively new task. Most stakeholder feedback (see paragraph IN12) related, therefore, to the staff recommendations on narrative disclosures.<sup>6</sup> Stakeholder concerns pertained mainly to the complexity involved in tagging narrative information, which is perceived as more subjective than tagging numerical information. Stakeholders requested a simple approach to tagging narrative information (including avoiding tagging the same information multiple times) and additional guidance on how to use the taxonomy elements.

4 See <https://www.ifrs.org/content/dam/ifrs/project/ifrs-sustainability-disclosure-taxonomy/staff-request-for-feedback-ifrs-sustainability-disclosure-taxonomy.pdf>.

5 XBRL refers to the eXtensible Business Reporting Language.

6 See <https://www.ifrs.org/content/dam/ifrs/meetings/2022/november/issb/ap7a-summary-of-feedback-on-the-staff-draft-of-the-ifrs-sustainability-disclosure-taxonomy.pdf>.

- IN16 The ISSB proposes creating distinct taxonomy elements for narrative disclosures that are separately understandable to users of general purpose financial reports, and within a simple structure to reflect mainly first-level subparagraphs (for example, paragraph 30(a) or 30(c) of IFRS S1). The ISSB proposes limiting the creation of elements in a hierarchical structure, for example, requirements related to subparagraphs and paragraphs, because it may result in tagging the same information using more than one element. Information disclosed to meet a granular requirement—for example, a requirement in paragraph 30(a) of IFRS S1—will also meet the related broader requirement—in this example, in paragraph 30 of IFRS S1—hence, the ISSB does not propose creating an element for paragraph 30 of IFRS S1 (see paragraphs 42–80). The ISSB also proposes introducing two types of categorical elements (Boolean elements and extensible enumerations), not used in the IFRS Accounting Taxonomy to allow users to efficiently extract and analyse narrative information capable of being provided in a structured format (paragraphs 21–28).
- IN17 IFRS S2 requires an entity to refer to and consider the applicability of the industry-based disclosure topics and metrics included in the *Industry-based Guidance on implementing Climate-related Disclosures* (Industry-based Guidance). The ISSB proposes creating in the Proposed IFRS Sustainability Disclosure Taxonomy elements reflecting industry-based metrics, referenced as examples, to enable preparers to tag any of those metrics entities disclose. The ISSB further proposes creating taxonomy entry points that allow access to elements reflecting IFRS S1 and IFRS S2, with or without the elements reflecting those industry-based metrics, to allow preparers to access the appropriate elements for tagging their sustainability-related financial disclosures.<sup>7</sup> The Industry-based Guidance was derived from the SASB Standards and, in a similar way, the relevant part of the Proposed IFRS Sustainability Disclosure Taxonomy has been derived from the SASB Taxonomy (paragraphs 17–20).<sup>8</sup>
- IN18 Stakeholders who responded to the staff request for feedback suggested other ways the ISSB could facilitate the digital reporting of sustainability-related financial disclosures. They suggested that the ISSB work with various stakeholder groups to ensure efficient adoption and implementation, and to facilitate interoperability with taxonomies for jurisdictional requirements and other sustainability-related standards. They also suggested that the ISSB provide additional guidance to ensure the IFRS Sustainability Disclosure Taxonomy will be used appropriately. The ISSB is working on both areas to facilitate digital reporting of sustainability-related financial disclosures globally (paragraphs 81–89).

### Proposed IFRS Sustainability Disclosure Taxonomy files

- IN19 The Proposed IFRS Sustainability Disclosure Taxonomy, which this document accompanies, is provided as taxonomy files using XBRL.<sup>9</sup> The taxonomy files provide:
- (a) a complete list of taxonomy 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.
- IN20 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.<sup>10</sup> The ISSB provides a document, the *IFRS Taxonomy Illustrated*, in Microsoft Excel format, that presents the Proposed IFRS Sustainability Disclosure Taxonomy in a simplified, visual format to facilitate understanding of the Taxonomy and its structure without the use of specialised software.<sup>11</sup>
- IN21 Please refer to Appendix B for further information on terms used in the Proposed IFRS Sustainability Disclosure Taxonomy.

<sup>7</sup> A taxonomy entry point identifies a subset (or ‘view’) of a taxonomy. Taxonomies will often provide multiple views for different, related reporting purposes. For example, a taxonomy may cater for different industries reporting under the same accounting standard.

<sup>8</sup> SASB refers to the Sustainability Accounting Standards Board (now part of the IFRS Foundation).

<sup>9</sup> For more information about XBRL, please refer to [www.xbrl.org](http://www.xbrl.org).

<sup>10</sup> See, for example, <https://www.xbrl.org/the-standard/how/tools-and-services/>. References to software and tools do not constitute their endorsement or recommendation by the IFRS Foundation.

<sup>11</sup> The Taxonomy files and their visual representation can be found at <https://www.ifrs.org/projects/work-plan/ifrs-sustainability-disclosure-taxonomy/>.



## Due process and next steps

- IN22 This Proposed IFRS Sustainability Disclosure Taxonomy has been published for public consultation in accordance with the IFRS Foundation *Due Process Handbook*, using the same process as for the IFRS Accounting Taxonomy. This reflects the IFRS Foundation Trustees' Due Process Oversight Committee's decision in March 2022 that the ISSB should apply the due process specified in the *Due Process Handbook* for corresponding technical activities of the IASB.<sup>12</sup>
- IN23 The ISSB will consider feedback on this Proposed IFRS Sustainability Disclosure Taxonomy and the need for further changes before publishing the IFRS Sustainability Disclosure Taxonomy. Thereafter, the IFRS Sustainability Disclosure Taxonomy will be updated after public consultations to reflect any amendments to IFRS Sustainability Disclosure Standards, common reporting practice and emerging reporting issues.

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<sup>12</sup> The decision in March 2022 was based on the agenda paper that can be found at <https://www.ifrs.org/content/dam/ifrs/meetings/2022/march/dpoc/trustees-and-dpoc-report-march-2022.pdf>.

## Invitation to comment

- IN24 The ISSB invites comments on the Proposed IFRS Sustainability Disclosure Taxonomy, particularly on the questions in this section. Comments are most helpful if they:
- (a) respond to the questions as stated;
  - (b) specify the paragraph(s) in this document and the taxonomy element or group of elements to which they relate (see the Proposed IFRS Sustainability Disclosure Taxonomy files or its visual representation in *IFRS Taxonomy Illustrated*), if relevant;
  - (c) contain a clear rationale; and
  - (d) include any alternative(s) the ISSB should consider, if applicable.

## Questions for respondents

### General features of the Proposed IFRS Sustainability Disclosure Taxonomy

- IN25 The Proposed IFRS Sustainability Disclosure Taxonomy is designed:
- (a) to reflect the disclosure requirements in IFRS S1 and IFRS S2 in the form of taxonomy elements with properties including references to related sections of the IFRS Sustainability Disclosure Standards or documentation labels that describe the meaning of each element; and
  - (b) to facilitate users of general purpose financial reports to consume sustainability-related financial information digitally, regulators to require the digital reporting of sustainability-related financial information, and preparers to implement digital reporting of sustainability-related financial information, enabling tagging without undue cost.
- IN26 The Proposed IFRS Sustainability Disclosure Taxonomy plays the same role as the IFRS Accounting Taxonomy does in relation to IFRS Accounting Standards. Following best XBRL modelling practice in developing the IFRS Accounting Taxonomy and the IFRS Sustainability Disclosure Taxonomy allows both taxonomies to work well with each other and maximise the likelihood they can be used effectively with other taxonomies.

<b>Question 1—Appropriate reflection of disclosure requirements in IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i> and IFRS S2 <i>Climate-related Disclosures</i></b>
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Do you agree that the Proposed IFRS Sustainability Disclosure Taxonomy appropriately reflect the disclosure requirements in:
--

- |   |
|---|
| <ul style="list-style-type: none"><li>(a) IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i>; and</li><li>(b) IFRS S2 <i>Climate-related Disclosures</i>?</li></ul> |
|---|

Why or why not? If not, please specify what changes you suggest and why.
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<b>Question 2—Usability of the IFRS Sustainability Disclosure Taxonomy</b>
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Do you agree that the Proposed IFRS Sustainability Disclosure Taxonomy will facilitate:
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- |   |
|---|
| <ul style="list-style-type: none"><li>(a) users of general purpose financial reports to consume sustainability-related financial information digitally;</li><li>(b) regulators to require the digital reporting of sustainability-related financial information; and</li><li>(c) preparers to implement digital reporting of sustainability-related financial information, enabling tagging without undue cost?</li></ul> |
|---|

Why or why not? If not, please specify what changes you suggest and why.
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**Question 3—Other comments on the general features of the Proposed IFRS Sustainability Disclosure Taxonomy**

Do you have any other comments on:

- (a) the general features of the Proposed IFRS Sustainability Disclosure Taxonomy (paragraphs 1–41)?
  - (i) In particular, do you agree with the specific proposed categorical elements and their properties? (See Appendix F—General features of the Proposed IFRS Sustainability Disclosure Taxonomy—List of categorical elements).
  - (ii) Why or why not? If not, please suggest changes to the elements or their properties.
- (b) specific IFRS Sustainability Disclosure Taxonomy elements or the groups of elements to which they relate (see the Proposed IFRS Sustainability Disclosure Taxonomy files or its visual representation in *IFRS Taxonomy Illustrated*)?

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

IN27 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.

IN28 The ISSB proposes creating a single set of elements to reflect the corresponding disclosure requirements in IFRS S1 and IFRS S2. This set of elements includes reference to requirements in both IFRS S1 and IFRS S2 to reflect their intended interaction and explain their correct use. The proposed approach:

- (a) reflects that the corresponding requirements in IFRS S1 and IFRS S2 might result in the disclosure of common items of information; and
- (b) avoids the perceived complexity involved in using two sets of elements to tag information about climate-related risks and opportunities (referred to as ‘double tagging’).

**Question 4—Reflecting the relationship between IFRS S1 and IFRS S2**

Do you agree with the ISSB’s proposal to create a single set of elements to reflect the corresponding disclosure requirements relating to the core content in IFRS S1 and IFRS S2 (paragraphs 42–55)?

Why or why not? If not, please specify what changes you suggest and why.

**Granularity of narrative disclosures**

IN29 The ISSB proposes creating distinct elements for narrative disclosures that are both separately understandable to users of general purpose financial reports and readily identifiable for tagging in general purpose financial reports. The elements the ISSB created applying that principle largely correspond to the first-level subparagraphs of IFRS S1 and IFRS S2 (for example, paragraph 30(a) or 30(c) of IFRS S1).

IN30 Creating elements mainly for first-level subparagraphs reduces the number of elements in the Proposed IFRS Sustainability Disclosure Taxonomy for tagging and minimises the risk of incorrect tagging due to many elements with similar labels. The ISSB proposes limiting the creation of elements in a hierarchical structure, for example, requirements related to subparagraphs and paragraphs, because it may result in tagging the same information using two (or more) elements. Information disclosed to meet a granular requirement—for example, a requirement in paragraph 30(a) of IFRS S1—will also meet the related broader requirement—in this example, in paragraph 30 of IFRS S1—hence, the ISSB does not propose creating an element for paragraph 30 of IFRS S1.

IN31 The proposed approach aims to provide users of general purpose financial reports with useful information without causing undue cost and complexity for other stakeholders. This approach also reflects that tagging narrative information is not as developed as tagging numerical information. The ISSB will consider enhancing the IFRS Sustainability Disclosure Taxonomy to reflect reporting practice as it develops, for example by considering adding elements to the Taxonomy.

**Question 5—Granularity of narrative disclosures**

- (a) Do you agree with the ISSB’s proposal that, as a principle, distinct taxonomy elements should be created for narrative information that is expected to be both separately understandable to users of general purpose financial reports and readily identifiable for tagging (paragraph 65)? Why or why not? If not, what principle would be more appropriate?
- (b) Do you agree that creating elements that represent the first-level subparagraphs of IFRS S1 and IFRS S2 (for example, paragraph 30(a) or 30(c) of IFRS S1 (see paragraph 67)) would generally be consistent with this principle? Why or why not?
- If not:
- (i) should taxonomy elements generally represent narrative data sets that are more detailed or less detailed than the first-level subparagraphs. Why?
- (ii) should the elements suggested in response to (i) be provided in addition to the proposed elements (creating a hierarchical structure) or as an alternative to the proposed elements? Why?
- (c) In which, if any, cases do you think elements representing another level of disclosure requirement instead of the first-level subparagraphs in IFRS S1 and IFRS S2 would be more appropriate? Why?

**Facilitating digital reporting of sustainability-related financial disclosures globally**

IN32 The ISSB aims to facilitate digital reporting of sustainability-related financial disclosures globally by:

- (a) proposing a Taxonomy with the appropriate design (see paragraph 82(a)).
- (b) cooperating with stakeholder groups in various jurisdictions to help facilitate:
- (i) efficient implementation of the IFRS Sustainability Disclosure Taxonomy; and
- (ii) interoperability between the IFRS Sustainability Disclosure Standards with jurisdictional requirements and other sustainability-related standards using digital reporting (paragraph 82(b)).
- (c) proposing guidance labels and considering providing guides for preparers and regulators, and other supporting materials and resources to support those using the IFRS Sustainability Disclosure Taxonomy. The supporting materials and resources could include materials and resources, for example, to help stakeholders in developing and emerging economies to introduce and further understand matters relating to the IFRS Sustainability Disclosure Taxonomy to facilitate adoption of the Taxonomy in their jurisdictions (paragraph 82(c)).

**Question 6—Facilitating digital reporting of sustainability-related financial disclosures globally**

- (a) Are there any aspects of the proposals related to the Proposed IFRS Sustainability Disclosure Taxonomy that should be changed to enhance the IFRS Sustainability Disclosure Taxonomy’s ability to facilitate digital reporting of sustainability-related financial disclosures globally? If so, please specify what changes you suggest and why.
- (b) What implementation guidance and supporting materials and other resources, if any, would be useful to those using the IFRS Sustainability Disclosure Taxonomy, what issues do you think they should focus on and why?

**Question 7—Other comments**

Do you have any other comments or suggestions on the Proposed IFRS Sustainability Disclosure Taxonomy?

## Deadline

The ISSB will consider all written comments received by **26 September 2023**.

## How to comment

The ISSB encourages you to submit your comments electronically using the online survey:

Survey <https://www.ifrs.org/projects/open-for-comment/>

Alternatively, the ISSB will accept comment letters submitted electronically:

Online <https://www.ifrs.org/projects/open-for-comment/>

Email [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

Your comments will be on the public record and posted on our website unless you request confidentiality and we grant your request. We do not normally grant such requests unless they are supported by a good reason, for example, commercial confidence. Please see our website for details on this policy and on how we use your personal data. If you would like to request confidentiality, please contact us at [commentletters@ifrs.org](mailto:commentletters@ifrs.org) before submitting your letter.

## General features of the Proposed IFRS Sustainability Disclosure Taxonomy

- 1 This section covers the ISSB’s proposals relating to general features of the Proposed IFRS Sustainability Disclosure Taxonomy:
- (a) taxonomy architecture (paragraphs 2–8);
  - (b) connections between disclosures and cross-referencing (paragraphs 9–12);
  - (c) element grouping in the Taxonomy (paragraphs 13–16);
  - (d) industry-based metrics included in the Industry-based Guidance (paragraphs 17–20);
  - (e) categorical elements (paragraphs 21–28); and
  - (f) dimensional model to reflect disaggregation of information, including entity-specific elements (paragraphs 29–41).<sup>13</sup>

### Taxonomy architecture

- 2 The ISSB aims to facilitate digital reporting of sustainability-related financial disclosures globally by proposing a taxonomy architecture that enables entities to use the IFRS Sustainability Disclosure Taxonomy with other taxonomies, for example to tag:
- (a) related general purpose financial statements prepared in accordance with IFRS Accounting Standards or other GAAP (paragraphs 3–7); and
  - (b) the information disclosed, applying the sources of guidance an entity is required and permitted to consider using IFRS S1—for example, SASB Standards (paragraph 8).
- 3 The Proposed IFRS Sustainability Disclosure Taxonomy plays the same role as the IFRS Accounting Taxonomy does in relation to IFRS Accounting Standards. Following best XBRL modelling practice in developing the IFRS Accounting Taxonomy and the IFRS Sustainability Disclosure Taxonomy allows both taxonomies to work well with each other and maximise the likelihood they can be used effectively with other taxonomies.<sup>14</sup>
- 4 Paragraph 8 of IFRS S1 states that an entity is permitted to apply IFRS Sustainability Disclosure Standards irrespective of whether the entity’s related general purpose 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 preparers—those that apply IFRS Sustainability Disclosure Standards together with other GAAP, and those that apply both IFRS Sustainability Disclosure Standards and IFRS Accounting Standards.
- 5 The ISSB proposes using similar elements in the Proposed IFRS Sustainability Disclosure Taxonomy to those used in the IFRS Accounting Taxonomy when similar disclosure requirements are included in the respective IFRS Accounting Standards and IFRS Sustainability Disclosure Standards. Appendix C includes a list of elements that reflect similar disclosure requirements in IFRS Accounting Standards and IFRS Sustainability Disclosure Standards.
- 6 The ISSB proposes creating additional element types to those used in the IFRS Accounting Taxonomy, specifically categorical elements. The ISSB proposes using these element types to improve the usability and comparability of narrative information (see paragraphs 21–28). Because these element types have not yet been used in the IFRS Accounting Taxonomy, introducing them might create additional costs for some stakeholders. For example, tagging software might require updates to enable these element types to be used. On the other hand, 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 Financial Accounting Standards Board in the United States); therefore, stakeholders might already be familiar with them. The ISSB expects that these element types will be useful for the IFRS Sustainability Disclosure Taxonomy, particularly given the narrative nature of many of the required reporting disclosures of sustainability-related financial information. Similarly, the IASB might consider these element types to be useful and introduce them in the IFRS Accounting Taxonomy, making the architecture of both taxonomies consistent.

<sup>13</sup> Please refer to Appendix A and Appendix B for further information on the terms used in the Proposed IFRS Sustainability Disclosure Taxonomy and this document.

<sup>14</sup> 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). The ISSB decisions about how best to reflect disclosure requirements are reviewed by external groups of experts—the ITCG and the SASB XBRL Taxonomy Review Committee.

- 7 The ISSB proposes using explicit dimensions with entity-specific members to reflect the disaggregation of information by entity-specific elements (for example, information about each sustainability-related risk or opportunity (see paragraphs 33–38)). The proposed approach is consistent with the approach used in the IFRS Accounting Taxonomy. The ISSB considered, but on balance rejected, an alternative approach to use the ‘typed dimensions’ XBRL feature to reflect those disclosures. The alternative approach was considered because it is used for digital reporting of financial reporting in some jurisdictions and might make digital reporting easier by simplifying the preparation of XBRL reports containing entity-specific information. The alternative approach was discussed with the members of the ITCG, and consequently the ISSB rejected this approach because there was no clear demand for it, and because this approach would lead to inconsistencies between the architecture of the IFRS Accounting Taxonomy and that of the IFRS Sustainability Disclosure Taxonomy. An explicit dimension also potentially provides more flexibility than typed dimensions because it allows elements reflecting common reporting practice to be easily added, which could improve comparability by reducing the use of entity-specific elements.<sup>15</sup>
- 8 IFRS S1 refers to the sources of guidance an entity is required and permitted to consider in preparing its sustainability-related financial disclosures. Preparers that use a source of guidance described in IFRS S1 may use the related taxonomy to tag information disclosed applying that source of guidance. For example, paragraphs 54–55(a) of IFRS S1 require 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. Preparers who apply SASB Standards in the absence of a specific IFRS Sustainability Disclosure Standard (following paragraphs 55(a) and 58(a) of IFRS S1), may use the SASB Taxonomy to tag disclosures prepared using SASB Standards.<sup>16</sup> Applying the SASB Taxonomy alongside the IFRS Sustainability Disclosure Taxonomy should be comparatively simple because they share similar layouts and structures for industry-based metrics, as discussed in paragraph 18.

## Connection between disclosures and cross-referencing

### Connection between disclosures

- 9 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, both within its sustainability-related financial disclosures and between its sustainability-related financial disclosures and other general purpose financial reports published by the entity.
- 10 Information about such connections can be tagged using the narrative taxonomy elements for a specific disclosure requirement, in a manner akin to the way such information is reflected on paper or in a PDF (for example, ‘please see paragraphs 3–6 of Section X for related disclosures about Y’). Consequently, the ISSB does not propose specific technical mechanisms in the Proposed IFRS Sustainability Disclosure Taxonomy to reflect connections between related disclosures.

### Cross-referencing

- 11 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:
- (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.
- 12 Requirements related to cross-referencing are not explicitly modelled in the Proposed IFRS Sustainability Disclosure Taxonomy. This means that:

<sup>15</sup> A similar approach is possible using a combination of typed and explicit dimension, but is more complex.

<sup>16</sup> Following the consolidation of the Value Reporting Foundation with the IFRS Foundation, the ISSB is responsible for the maintenance and enhancement of the SASB Standards. The ISSB has developed an exposure draft that explains the focused methodology for updating references to jurisdiction-specific laws and regulations in the SASB Standards to ensure the standards are internationally applicable for entities applying IFRS S1.

- (a) text about referenced information can be tagged using the narrative taxonomy elements for a specific disclosure requirement, in a manner akin to the way such information is reflected on paper or in a PDF (for example, ‘please refer to Notes 3–6 of the financial statements’).
- (b) entities should tag information provided by cross-reference to other reports in the same way as they would tag it if that information were part of the main report. This approach is necessary because the information included by cross-reference becomes part of the complete set of sustainability-related financial disclosures. The ISSB will consider providing guidance for preparers and regulators to the effect that information incorporated by cross-reference should be tagged, regardless of the report or document in which such information is disclosed (see paragraph 88(a)).

## Element grouping in the Proposed IFRS Sustainability Disclosure Taxonomy

- 13 Elements within the Proposed IFRS Sustainability Disclosure Taxonomy are organised (grouped) in a way that facilitates navigation, understanding and use of the Taxonomy by preparers and users of general purpose financial reports.<sup>17</sup> This grouping is intended to help preparers find the elements they need, which, in turn, should facilitate consistent tagging and the digital consumption of financial reports. For the avoidance of doubt, preparers are neither required nor expected to organise their human-readable reports according to element groupings in the Proposed 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.
- 14 The ISSB proposes grouping taxonomy elements representing disclosure requirements based on the IFRS Sustainability Disclosure Standard from which these requirements are derived. For example, elements reflecting requirements in IFRS S1 will be organised in the order of the requirements in that Standard (with minor exceptions driven, for example, by XBRL technical requirements) and under an ‘IFRS S1’ heading. The elements reflecting requirements in IFRS S2 will be organised in a similar way, under an ‘IFRS S2’ heading. Such an arrangement makes locating elements easier for preparers 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 digital taxonomies in various jurisdictions.
- 15 The ISSB proposes grouping elements reflecting industry-based information separately, by industry, which reflects the structure of the Industry-based Guidance. The Industry-based Guidance 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.<sup>18</sup> The guidance also specifies metrics designed to provide useful information regarding performance on a specific disclosure topic. Paragraph 17 discusses more features specific to this section of the Proposed IFRS Sustainability Disclosure Taxonomy.
- 16 Appendix D illustrates the high-level grouping of Taxonomy elements and paragraph 88(b) provides examples of guidance the ISSB could consider providing, explaining that element grouping may be particularly helpful in finding the correct element for some areas of the Proposed IFRS Sustainability Disclosure Taxonomy.

## Industry-based metrics included in the Industry-based Guidance

- 17 Paragraph 32 of IFRS S2 requires an entity to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the Industry-based Guidance. Paragraph BC137 accompanying IFRS S2 further explains that while IFRS S2 requires an entity to disclose industry-based metrics, it also notes that the entity is not required to apply the particular metrics included in the guidance. The ISSB proposes:
- (a) creating elements reflecting the industry-based metrics in the Proposed IFRS Sustainability Disclosure Taxonomy to enable preparers to tag any of those industry-based metrics entities disclosed (see paragraph 18, on how the elements were created);
  - (b) including elements in a separate grouping after elements reflecting IFRS S1 and IFRS S2 (see paragraph 15 and Appendix D), with references that reflect that industry-based metrics are included in separate guidance that accompanies IFRS S2; and
  - (c) creating taxonomy entry points that allow access to elements reflecting IFRS S1 and IFRS S2, with or without elements reflecting industry-based metrics, to enable preparers to access the appropriate elements for tagging the report.

<sup>17</sup> Technically, elements are grouped in the presentation linkbase of the Taxonomy files.

<sup>18</sup> See paragraph IB1 of the *Industry-based Guidance on implementing Climate-related Disclosures*.



- 18 Paragraph BC135 accompanying IFRS S2 states that the industry-based metrics in the Industry-based Guidance were derived from the SASB Standards with targeted amendments, including enhancements to the international applicability of a subset of requirements in the SASB Standards.<sup>19</sup> Consequently, the ISSB proposes:
- (a) creating elements in the IFRS Sustainability Disclosure Taxonomy equivalent to those in the 2022 SASB Taxonomy but updated to reflect targeted amendments in IFRS S2. This approach means that elements might have the same human-readable labels (allowing stakeholders to identify the equivalent elements between the SASB Taxonomy and the IFRS Sustainability Disclosure Taxonomy) but can be differentiated by computers using their XBRL technical metadata.<sup>20</sup>
  - (b) following the SASB Taxonomy grouping structure (see paragraph 15) and modelling for some requirements (see paragraph 41), 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 in the SASB Taxonomy presentation structure. In addition, sub-metric codes are included in the Proposed IFRS Sustainability Disclosure Taxonomy, primarily aiding software vendors that are integrating the taxonomy elements into the financial reporting processes.
- 19 To help preparers apply the IFRS Sustainability Disclosure Taxonomy and SASB Taxonomy to tag sustainability-related financial information when providing industry-based information for areas outside the scope of IFRS S2, the ISSB could consider providing:
- (a) an additional entry point indicating the IFRS Sustainability Disclosure Taxonomy and the relevant additional parts of the SASB Taxonomy (see paragraph 87(b)).
  - (b) guidance explaining how to identify the correct element for tagging using element references and the element grouping in the Taxonomy in addition to the standard element label (see paragraph 88(b)(ii)).
- 20 The Proposed IFRS Sustainability Disclosure Taxonomy contains approximately 530 elements to reflect industry-based metrics included in the Industry-based Guidance.

### Categorical elements

- 21 Extracting and analysing narrative information digitally is more difficult and time consuming than doing so with 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 such data were provided 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.
- 22 The ISSB has introduced categorical elements to the Proposed IFRS Sustainability Disclosure Taxonomy to reflect specific narrative disclosure requirements. The categorical elements are:
- (a) Boolean elements, which allow an entity to choose only 'true or false' answers, such as whether or not the entity applied an IFRS Sustainability Disclosure Standard earlier than required; and
  - (b) extensible enumerations, which allow an entity to choose specified answers from a list (and create entity-specific answers in some limited cases), such as whether the climate-related scenarios the entity has used are associated with climate-related transition risks or climate-related physical risks or both.
- 23 Applying the principle for creating distinct taxonomy elements to tag narrative information stated in paragraph 65, the ISSB proposes creating categorical elements if it is expected that:
- (a) representing the narrative information in this form would be useful to users of general purpose financial reports. For example, if the ISSB expects users would search for, or use, the information separately from other information to compare information between periods or to identify changes that might affect trend analysis.
  - (b) the information would often be disclosed separately (and be easily identifiable) from other information. If the information were not separately identifiable, preparers might have problems with the appropriate tagging.

19 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 for IFRS S2, *Climate-related Disclosures*.

20 Specifically, the *namespace* of the elements, which will clearly distinguish elements from the IFRS Sustainability Disclosure Taxonomy from elements from the SASB Taxonomy.

- 24 Categorical data is most useful for comparative purposes if the possible options can be standardised (based on the requirements and examples in the Standards) and entities are able to use these responses to reflect narrative information in the report. The usefulness of categorical representation of narrative information decreases if various responses are possible—for example, if the disclosures entities provide frequently range beyond the examples provided in an IFRS Sustainability Disclosure Standard.
- 25 The list of proposed categorical elements is provided in Appendix F.
- 26 Disclosures for which the ISSB proposes creating categorical elements are usually linked to additional explanations for which the ISSB proposes creating textual elements. For example, paragraph 44(a)(ii) of IFRS S1 requires the disclosure of information about ‘whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks’. To reflect this requirement in the Proposed IFRS Sustainability Disclosure Taxonomy, the ISSB proposes creating a categorical element, ‘Entity uses scenario analysis to inform its identification of sustainability-related risks’, that would allow a preparer to select either the answer ‘True’ or the answer ‘False’. The ISSB also proposes creating an accompanying textual element: ‘Disclosure of whether and how entity uses scenario analysis to inform its identification of sustainability-related risks’. The ISSB proposes creating such textual elements because users of general purpose financial reports are expected to search for, analyse and use such information separately from other information in order to understand the context of the categorical element.
- 27 The ISSB notes that:
- (a) categorical elements are expected to be used to tag information that is disclosed. For example, an entity might not disclose that it has *not* ‘changed the processes it uses to identify, assess, prioritise and monitor sustainability-related risks compared to the prior reporting period’. In this example, the entity would not be expected to choose ‘False’ for the related element in its digital report. Therefore, for many Boolean elements the reporting of an explicit ‘False’ value is unlikely.
  - (b) for some Boolean type elements, the answer may be true for some but not all facts. Consequently, the ISSB proposes clarifying labels to explain that. For example, adding “at least one” to the element label, as follows: ‘Revision of comparative amount of at least one metric for preceding period is impracticable’ to clarify its intended usage.
- 28 Appendix H illustrates how to tag narrative information using elements in the Proposed IFRS Sustainability Disclosure Taxonomy, including categorical and related textual elements.

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

- 29 A dimensional model is often used in the IFRS Accounting Taxonomy and other taxonomies to reflect the disaggregation of information. Some preparers and users of general purpose financial reports consider a dimensional model complex to use, but this model allows the structured reflection of logical relationships between pieces of information and entity-specific elements used to tag this information, which is helpful:
- (a) to reflect the disaggregation of information. Emphasising relationships between the disaggregated pieces of information allows a reduction in the number of elements in the Taxonomy.
  - (b) for users to identify and understand the meaning of entity-specific elements.<sup>21</sup> A dimensional model provides an XBRL structure in which those entity-specific elements are arranged using a common, defined dimension, which helps users understand these elements.
- 30 The ISSB proposes using a dimensional model to reflect disaggregation by:
- (a) entity-specific elements (paragraphs 33–38); and
  - (b) elements defined in the Taxonomy (paragraphs 39–41).
- 31 Appendix E explains the dimensional model and provides an illustration of its application for entity-specific elements.

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21 An entity-specific element (extension) is created by a preparer 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 no common reporting practice was identified. Entity-specific elements are often more difficult for users to understand and analyse than the elements in a base taxonomy.

32 IFRS S1 and IFRS S2 include only a few examples in which a disclosed total amount is disaggregated into components. The ISSB does not propose creating mathematical summation (calculation) relationships in the Taxonomy to reflect those few cases because, on balance, the benefits of providing those calculations in the IFRS Sustainability Disclosure Taxonomy do not justify any additional complexity.<sup>22</sup>

### **Disaggregation using entity-specific elements**

33 IFRS S1 and IFRS S2 require an entity to disclose information to help users of general purpose financial reports understand concepts not specifically defined by the IFRS Sustainability Disclosure Standards:

- (a) sustainability-related metrics and targets (paragraph 34); and
- (b) sustainability-related risks and opportunities (paragraph 35).

34 IFRS S1 and IFRS S2 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). Targets are set by an entity to monitor progress towards achieving the strategic goals and targets it is required to meet by law or regulation (paragraph 46(b)(ii) of IFRS S1). To help users of general purpose financial reports understand:

- (a) metrics, taken from sources other than IFRS Sustainability Disclosure Standards, the entity is required to explain these metrics by applying paragraph 50 of IFRS S1; and
- (b) targets, the entity is required to explain its targets by applying paragraph 51 of IFRS S1 and paragraph 33 of IFRS S2.

35 IFRS S1 and IFRS S2 require an entity to provide information about its sustainability-related risks and opportunities that is built around the consideration of the requirements related to core content. An entity may provide some, or all, of this information as integrated disclosures.<sup>23</sup> Paragraphs 54–55 of IFRS S1 and paragraphs 11–12 of IFRS S2 provide requirements for preparers to apply in identifying risks and opportunities.

36 Entities might need to create entity-specific elements (extensions) to tag disaggregation by concepts not specifically defined by IFRS S1 and IFRS S2. As stated in paragraph 30, the ISSB proposes using a dimensional model to reflect such disaggregation to help users of general purpose financial reports understand entity-specific elements. In a dimensional model this disaggregation is provided using an axis element type. If an entity prepares disclosure on an integrated basis and does not provide separate information for each concept not specifically defined by the IFRS Sustainability Disclosure Standards, for example sustainability-related risk and opportunity, the entity is not expected to use an axis in a dimensional model.

37 Conceptually, the information in a dimensional model could be considered as if it were a table, in which:<sup>24</sup>

- (a) the disaggregation by entity-specific elements would be provided in a column using an axis element type. The ISSB proposes creating the axes ‘Risks and opportunities’, ‘Metrics’ and ‘Targets’.<sup>25</sup> The names of entity-specific elements, for example specific targets set by an entity, would be created by an entity as a member element type.
- (b) the elements reflecting disclosure requirements related, for example, to explaining the targets required by paragraph 51 of IFRS S1 would be provided in rows.

38 Entities might need guidance on how to use axes for which they need to create entity-specific elements and how those axes help provide connections to the required disclosures (see paragraph 86(b)). To help entities implement the Proposed IFRS Sustainability Disclosure Taxonomy, the ISSB proposes to add guidance labels:

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22 An IFRS Sustainability Disclosure Taxonomy calculation linkbase could explain how elements relate mathematically to each other. For example, indicating that elements would sum to a total or subtotal. For more information about Taxonomy linkbases, refer to Appendix B.

23 Paragraph 7 of IFRS S2 refers to ‘integrated basis’, stating that: ‘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’.

24 Dimensional modelling does not prescribe how the information should be disclosed in a general purpose financial report, and it need not be presented in a table. The same taxonomy elements can be used regardless of how the information is laid out in a report.

25 Paragraphs 42–55 discuss corresponding requirements in IFRS S1 and IFRS S2 and the ISSB’s proposal to reflect those requirements using one set of elements related to sustainability-related risks and opportunities. Similarly, the ISSB proposes using 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.

- (a) to elements: ‘Risks and opportunities [axis]’, ‘Metrics [axis]’ and ‘Targets [axis]’, explaining that entities are expected to create entity-specific elements for these axes, as follows: ‘The taxonomy provides no members for this axis, as the items in this axis will be entity-specific’. Entities are expected to create specific members for their needs.<sup>26,27</sup>
- (b) to element ‘Metrics [domain]’, explaining it is necessary to tag required information about metrics for each entity-specific metric using a dimensional approach to connect the metric with the required disclosure, as follows: ‘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’.

### Disaggregation using defined taxonomy elements

- 39 The ISSB proposes using a dimensional model for disclosures that require disaggregation by concepts provided in IFRS Sustainability Disclosure Standards, for example, to tag:
- (a) information provided by Scope 3 greenhouse gas emission categories or by constituent greenhouse gases, as illustrated in Examples 2 and 3 in the *Accompanying Guidance on Climate-related Disclosures*; or
  - (b) financed emissions by asset class as provided in paragraph B62(a)(ii) and B63(a)(ii) of IFRS S2.
- 40 Paragraphs B62(a)(ii) and 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 model, the ISSB proposes creating 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, as follows: ‘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 emission for loans.
- 41 The dimensional model is also used in the Proposed IFRS Sustainability Disclosure Taxonomy to reflect many requirements related to industry-based metrics that were derived from the SASB Standards if dimensional modelling was used in the related SASB Taxonomy (paragraph 18).

**Question 1—Appropriate reflection of disclosure requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures***

Do you agree that the Proposed IFRS Sustainability Disclosure Taxonomy appropriately reflect the disclosure requirements in:

- (a) IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*; and
- (b) IFRS S2 *Climate-related Disclosures*?

Why or why not? If not, please specify what changes you suggest and why.

**Question 2—Usability of the IFRS Sustainability Disclosure Taxonomy**

Do you agree that the Proposed IFRS Sustainability Disclosure Taxonomy will facilitate:

- (a) users of general purpose financial reports to consume sustainability-related financial information digitally;
- (b) regulators to require the digital reporting of sustainability-related financial information; and
- (c) preparers to implement digital reporting of sustainability-related financial information, enabling tagging without undue cost?

Why or why not? If not, please specify what changes you suggest and why.

<sup>26</sup> The guidance also explains that entity-specific elements will be created under the domain member. Use of domain members simplifies tagging for preparers 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 E for an illustration of the domain member within a dimensional model.

<sup>27</sup> The ISSB also proposes creating ‘Carbon credit [axis]’ for which an entity is expected to create entity-specific elements and add the same guidance label.

**Question 3—Other comments on the general features of the Proposed IFRS Sustainability Disclosure Taxonomy**

Do you have any other comments on:

- (a) the general features of the Proposed IFRS Sustainability Disclosure Taxonomy (paragraphs 1–41)?
  - (i) In particular, do you agree with the specific proposed categorical elements and their properties? (See Appendix F—General features of the Proposed IFRS Sustainability Disclosure Taxonomy—List of categorical elements).
  - (ii) Why or why not? If not, please suggest changes to the elements or their properties.
- (b) specific IFRS Sustainability Disclosure Taxonomy elements or the groups of elements to which they relate (see the Proposed IFRS Sustainability Disclosure Taxonomy files or its visual representation in *IFRS Taxonomy Illustrated*)?

## Reflecting the relationship between IFRS S1 and IFRS S2

### Background

- 42 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.
- 43 IFRS S1 and IFRS S2 also require an entity to provide information about its sustainability-related risks and opportunities that is built around consideration of the core content specified in IFRS S1 and IFRS S2. This requirement is reflected in the Proposed IFRS Sustainability Disclosure Taxonomy by using an axis in a dimensional model (see paragraphs 33–38 and Appendix E):
- (a) for the corresponding requirements in IFRS S1 and IFRS S2, an entity is required to provide information by 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 by climate-related risks and opportunities.<sup>28</sup>

### *Corresponding requirements*

- 44 The 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 (see paragraphs BC32 and BC71 of IFRS S2).
- 45 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 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 risks and opportunities in its strategy and decision-making, including ... .
- 46 The corresponding requirements could be reflected in the Proposed IFRS Sustainability Disclosure Taxonomy as a single or separate set of elements.

<sup>28</sup> An entity may provide some, or all, of this information as integrated disclosures. If an entity prepares disclosure 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 model.

## Proposed approach

### *Corresponding requirements between IFRS S1 and IFRS S2*

47 The ISSB proposes creating a single set of elements to reflect the corresponding disclosure requirements in IFRS S1 and IFRS S2. These elements:

- (a) often have standard labels that refer to risks and opportunities;<sup>29,30</sup>
- (b) include references to requirements in both IFRS S1 and IFRS S2 to reflect their intended interaction; and
- (c) are shown twice in the Proposed IFRS Sustainability Disclosure Taxonomy under headings that indicate the specific IFRS Sustainability Disclosure Standard (see paragraph 14).

48 For example, the disclosure requirements described in paragraph 45 would be reflected by the element ‘Disclosure of how entity has responded to, and plans to respond to risks and opportunities’, with references to paragraph 33(a) of IFRS S1 and paragraph 14(a) of IFRS S2.

49 The proposed approach to reflecting corresponding requirements in the Proposed IFRS Sustainability Disclosure Taxonomy:

- (a) reflects that the corresponding requirements in IFRS S1 and IFRS S2 might result in the disclosure of common items of information; and
- (b) avoids the perceived complexity involved in using two sets of elements to tag information about climate-related risks and opportunities (referred to as ‘double tagging’).

### *Specific requirements in IFRS S2*

50 As stated in paragraph 42, 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 only references to IFRS S2; and
- (c) are shown in the Proposed IFRS Sustainability Disclosure Taxonomy only under headings that indicate IFRS S2.

51 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 ‘Disclosure of how entity is resourcing, and plans to resource, activities disclosed in relation to entity’s response to climate-related risks and opportunities in strategy and decision-making’, referenced in paragraph 14(b) of IFRS S2 and shown in the Proposed IFRS Sustainability Disclosure Taxonomy, together with other elements related to IFRS S2.

### *Additional guidance for the corresponding requirements*

52 As discussed in paragraph 47(a), the proposed approach means that elements reflecting sustainability-related disclosure requirements in IFRS S2 (that also correspond to a disclosure requirement in IFRS S1) will have standard labels that refer to risks and opportunities. The ISSB also:

- (a) proposes providing 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 ‘Disclosure of how entity has responded to, and plans to respond to risks and opportunities’, the documentation label is as follows: ‘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) proposes adding guidance labels to elements that reflect corresponding requirements in IFRS S1 and IFRS S2 explaining how to identify these elements correctly for tagging, as follows: ‘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’ (see paragraph 86 (a)); and

29 Standard labels are used for searching elements within the list of elements. Hence, short labels help with finding the correct element; however, the brevity should not be confusing, to avoid risk for preparers and users choosing inappropriate elements.

30 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 Proposed IFRS Sustainability Disclosure Taxonomy only under headings that indicate IFRS S1.

- (c) will consider providing guidance to help preparers understand how to find the correct element by relying on element references and the presentation of elements in the Taxonomy in addition to the standard label (see paragraph 88(b)).

53 Appendix G provides:

- (a) an example of disclosure requirements in IFRS S1 and IFRS S2 related to strategy and the resulting elements in the Proposed IFRS Sustainability Disclosure Taxonomy; and
- (b) illustration of tagging using elements in the Proposed IFRS Sustainability Disclosure Taxonomy and the resulting tagged data.

### The alternative rejected and why

54 The ISSB considered and rejected an approach to reflecting the corresponding disclosure requirements related to core content as a separate list of specific elements for requirements in IFRS S1 and for requirements in IFRS S2. Applying this approach, an entity would double tag information that meets both corresponding requirements in IFRS S1 and IFRS S2. This double tagging would be in addition to tagging using the dimensional approach (paragraph 43).

55 This approach is more complex to apply than the proposed approach and might also increase the risk of errors and inconsistent tagging because:

- (a) entities might use only one element to tag information instead of using both elements, especially for integrated disclosures, which would result in inconsistently available information in the digital format;
- (b) corresponding requirements are likely to be reflected by similar elements that might be difficult to distinguish, which could result in errors (the element labels would be similar, with elements related to IFRS S1 referring to risks and opportunities, and elements related to IFRS S2 referring to climate-related risks and opportunities); and
- (c) entities would have a longer list of elements to consider in finding the appropriate elements.

#### Question 4—Reflecting the relationship between IFRS S1 and IFRS S2

Do you agree with the ISSB's proposal to create a single set of elements to reflect the corresponding disclosure requirements relating to the core content in IFRS S1 and IFRS S2 (paragraphs 42–55)?

Why or why not? If not, please specify what changes you suggest and why.

## Granularity of narrative disclosures

### Background

56 Users of general purpose financial reports use (unstructured) narrative information and (structured) numerical information differently.<sup>31</sup> 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 the narrative information often depends on the context and can be less directly comparable than numerical information.

57 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 alone. In contrast, narrative information often requires more context to be understood and useful. In other words, larger blocks of text covering wider subjects in a coherent way might be more useful than smaller extracts. For example, information about the inputs and parameters an entity uses to identify, assess, prioritise and monitor sustainability-related risks disclosed in accordance with paragraph 44(a)(i) of IFRS S1 might be hard to understand on its own without related information providing a broader context about the entity's processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks disclosed in accordance with paragraph 44(a) of IFRS S1.

<sup>31</sup> 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 about its progress against plans the entity has disclosed in previous reporting periods, including quantitative and qualitative information, without specifying the content, structure or format of any quantitative 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).

- 58 The ISSB considered two factors in determining the proposed level of granularity to be represented by narrative-information elements in the IFRS Sustainability Disclosure Taxonomy, namely:
- (a) how the narrative information would be consumed by users of general purpose financial reports; and
  - (b) how easy it would be for preparers to tag such information.
- 59 To determine the appropriate approach, the ISSB considered the objectives of tagging narrative disclosures. These objectives are to help users of general purpose financial reports identify:
- (a) directly comparable information (see paragraphs 21–28); and
  - (b) groups of information useful for analysis, or to which techniques such as machine learning, natural language processing and sentiment analysis could be applied to extract and summarise details.
- 60 Detailed tagging of narrative disclosures would be unlikely to meet these objectives because such information in a digital format would have limited use for direct analysis or for making comparisons. In addition, overly detailed tagging could confuse preparers and affect the quality of information in digital format. Preparers might be confused by having to tag many small, possibly overlapping pieces of information separately, for example if one sentence or short section could meet two separate, detailed requirements.
- 61 From a preparer’s perspective:
- (a) a large number of elements would increase the size of the IFRS Sustainability Disclosure Taxonomy and the complexity of tagging because an entity would need to search for the appropriate element among many elements.
  - (b) 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.
  - (c) a hierarchical structure of taxonomy elements would increase complexity because it might result in an entity tagging the same or overlapping information using two (or more) elements. Information disclosed to meet a granular requirement—for example, a requirement in paragraph 30(a) of IFRS S1—will also meet the related broader requirement—in this example, in paragraph 30 of IFRS S1.
- 62 A hierarchical structure could also result in inconsistency in tagging practice among preparers or jurisdictions, for example:
- (a) preparers might not use all elements from the hierarchy appropriately; or
  - (b) regulators might require entities to tag information using only the highest-level element that applies, instead of using all applicable elements.
- 63 If a taxonomy includes only elements at a highly aggregated level, the resultant information in a digital format might be less useful compared with more granular information. This is because using some detail might be more useful to users of general purpose financial reports for efficient analysis.
- 64 The ISSB notes that tagging narrative information is not as developed as tagging numerical information, and that the use of narrative information in a digital format is less extensive than the use of numerical information in that format. The ISSB’s aim is to provide users of general purpose financial reports with useful information without causing undue cost and complexity for other stakeholders.

### **Proposed approach**

- 65 Considering the factors described in paragraph 58, the ISSB proposes, in principle, to provide distinct elements only for discrete blocks of narrative information the ISSB expects to be:
- (a) separately understandable to users of general purpose financial reports; and
  - (b) readily identifiable for tagging in general purpose financial reports, thus facilitating implementation for preparers.
- 66 The elements that the ISSB proposes applying the principle stated in paragraph 65 largely correspond to the first-level subparagraphs of IFRS S1 and IFRS S2 (for example, paragraph 30(a) or 30(c) of IFRS S1). The elements largely correspond to the first-level subparagraphs because:



- (a) these subparagraphs typically relate to requirements expected to result in relatively distinct and coherent disclosures that are easily identifiable for tagging and are understandable as discrete pieces of information by users of general purpose financial reports. These requirements are readily identifiable as they are described in enough detail and the resulting disclosures are sufficiently independent of other information.
- (b) the requirements in these subparagraphs reflect information expected to be important for most entities, in the context of the entity's sustainability-related financial disclosures. The ISSB also proposes adding elements in each section of core content to reflect 'other information' that meets the disclosure objective, but that is not captured by requirements in subparagraphs. These additional elements are provided to ensure that elements are available to tag all information that may be provided.

67 In general, the most useful information that could be separately tagged reflects the requirements in first-level subparagraphs. However, in some cases, lower-level subparagraphs meet the principle described in paragraph 65. For example, the ISSB determined that information about carbon credits would form a discrete, separately understandable disclosure, which is expected to be important for most entities in the context of the entity's sustainability-related financial disclosures. Therefore, the ISSB proposes creating an element to reflect the requirement in paragraph 36(e)(i) of IFRS S2 for disclosure of the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits.

68 The proposed approach aims to provide users of general purpose financial reports with useful information without causing undue cost and complexity for other stakeholders (see paragraph 64). The initial objective is to create a relatively simple taxonomy structure for tagging narrative reporting and to consider enhancing the IFRS Sustainability Disclosure Taxonomy to reflect reporting practice as it develops—for example, by adding more elements, including those that lead to a hierarchical structure. Simplicity is especially important in facilitating digital reporting of sustainability-related financial information globally because it allows preparers to tag reports that vary in structure and in the jurisdictional requirements they comply with. In addition, using only one level of elements provides a common basis for taxonomy adoption by regulators in various jurisdictions.

69 The Proposed IFRS Sustainability Disclosure Taxonomy includes approximately 130 narrative elements for the core content area, which reflects the proposals in paragraphs 65–68 ('Granularity of narrative disclosures'), 42–53 ('Reflecting the relationship between IFRS S1 and IFRS S2') and paragraphs 21–28 ('Categorical elements').

70 Appendix H provides:

- (a) an example of disclosure requirements in IFRS S1 related to risk management and the resulting proposed (and rejected) taxonomy elements, including categorical elements.
- (b) an illustration of tagging of a climate-related disclosure using elements in the Proposed 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 double tagging the ISSB intends to limit using the proposed approach.

### **The alternatives rejected and why**

71 The ISSB considered, and rejected, three alternative approaches that do not meet the principle in paragraph 65.

#### *Approach 1—Creating elements at the paragraph level only*

72 Applying this approach, taxonomy elements would represent aspects of core content or paragraph-level requirements only. Using those elements, an entity would tag the whole risk management disclosure using one element and would not be required to tag individually any smaller parts of that disclosure that reflect requirements in subparagraphs. The narrative section of the sustainability-related financial disclosures in the entity's general purpose financial reports would therefore be tagged 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.

73 Using this approach might not help users of general purpose financial reports compare digital information provided in accordance with IFRS Sustainability Disclosure Standards with digital information provided in accordance with other sustainability-related standards. Some of the requirements in other sustainability-related standards might only be comparable at the most detailed level (for example, the specific disclosure requirements in paragraph 22(b)(i)(1)–(7) of IFRS S2, relating to how and when an entity carried out climate-related scenario analysis). Elements reflecting these detailed requirements will be comparable between taxonomies.

74 The ISSB rejected this approach because users of general purpose financial reports are likely to want to extract more information about specific aspects of the disclosure from the more general disclosure. For example, users might want to extract and analyse information about the processes and related policies an entity uses to identify, assess, prioritise and monitor sustainability-related risks (as required by paragraph 44(a) of IFRS S1) separately from information about the processes the entity uses to identify, assess, prioritise and monitor sustainability-related opportunities (as required by paragraph 44(b) of IFRS S1).

*Approach 2—Creating elements at both the paragraph and subparagraph levels*

75 The ISSB rejected this approach because it would create a hierarchical structure and require an entity to double tag all information using an element reflecting a paragraph each time the entity used elements reflecting related subparagraphs.

76 For example, the ISSB decided against proposing an element to reflect paragraph 43 of IFRS S1, which is a general requirement for the disclosure of the processes an entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities. The ISSB decided against proposing such an element because the general disclosure requirement in paragraph 43 of IFRS S1 is covered by the elements relating to paragraph 44(a)–(c) of IFRS S1, which requires detailed disclosure of the processes an entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities.

77 Some tagging systems might help an entity to tag information with 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 may require testing before they are used on a wider scale. 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.

*Approach 3—Creating elements at a level lower than the subparagraph level*

78 Applying this approach, the ISSB would consistently create elements reflecting requirements at a more detailed level than subparagraphs, for example the requirements in paragraph 44(a)(i) of IFRS S1 or those at an even lower level. Using this approach, the ISSB would, for example, create separate elements to reflect disclosures about the inputs and parameters an entity uses (paragraph 44(a)(i) of IFRS S1) and how the entity assesses the nature, likelihood and magnitude of the effects of those risks (paragraph 44(a)(iii) of IFRS S1).

79 Using this approach might help users of general purpose reports compare digital information provided in accordance with IFRS Sustainability Disclosure Standards with digital information provided in accordance with other sustainability-related standards. As noted in paragraph 73, elements reflecting requirements at the most granular level may be most comparable between taxonomies.

80 The ISSB rejected this approach because the resulting tagged information may be fragmented and therefore less likely to be understandable in isolation. Users of general purpose financial reports would probably consider the information disclosed in accordance with those requirements in the context of a wider set of disclosures, and preparers sometimes might be unable to tag such specific information.

<b>Question 5—Granularity of narrative disclosures</b>	
(a)	Do you agree with the ISSB’s proposal that, as a principle, distinct taxonomy elements should be created for narrative information that is expected to be both separately understandable to users of general purpose financial reports and readily identifiable for tagging (paragraph 65)? Why or why not? If not, what principle would be more appropriate?
(b)	Do you agree that creating elements that represent the first-level subparagraphs of IFRS S1 and IFRS S2 (for example, paragraph 30(a) or 30(c) of IFRS S1 (see paragraph 67)) would generally be consistent with this principle? Why or why not?  If not:  (i) should taxonomy elements generally represent narrative data sets that are more detailed or less detailed than the first-level subparagraphs. Why?  (ii) should the elements suggested in response to (i) be provided in addition to the proposed elements (creating a hierarchical structure) or as an alternative to the proposed elements? Why?
(c)	In which, if any, cases do you think elements representing another level of disclosure requirement instead of the first-level subparagraphs in IFRS S1 and IFRS S2 would be more appropriate? Why?

## Facilitating digital reporting of sustainability-related financial disclosures globally

- 81 The IFRS Sustainability Disclosure Taxonomy is intended to meet the needs of the users of general purpose financial reports to enable them to use digital information efficiently. Meeting these needs is facilitated by requirements set by others, including regulators and similar bodies in individual jurisdictions or regions to provide sustainability-related financial information and require that information to be provided in a digital format. The ISSB intends that jurisdictional requirements for sustainability-related disclosures could build on the comprehensive global baseline established by the IFRS Sustainability Disclosure Standards and that digital reporting similarly build on the IFRS Sustainability Disclosure Taxonomy.
- 82 The ISSB aims to facilitate digital reporting of sustainability-related financial disclosures globally by:
- (a) proposing a Taxonomy, for entities applying IFRS Sustainability Disclosure Standards in a digital format, with the appropriate design, which includes:
    - (i) proposing Taxonomy architecture that reflects best XBRL practice, which enables entities to use the IFRS Sustainability Disclosure Taxonomy with other taxonomies (paragraphs 2–8);
    - (ii) proposing a simple structure for the elements designed to tag narrative disclosures, which provides users of general purpose financial reports with appropriately detailed information that complies with the reporting practices and tagging requirements of various jurisdictions (paragraphs 65–68);
  - (b) cooperating with stakeholder groups in various jurisdictions to facilitate implementation and interoperability using the IFRS Sustainability Disclosure Taxonomy (paragraphs 83–85); and
  - (c) proposing guidance labels and considering providing guides for preparers and regulators, and other supporting materials and resources to support those using the IFRS Sustainability Disclosure Taxonomy (paragraphs 86–89).

### Interoperability with jurisdictional requirements and other sustainability-related standards

- 83 Stakeholders have expressed widespread support for IFRS Sustainability Disclosure Standards becoming the comprehensive global baseline for sustainability-related financial disclosures. They have said that interoperability with jurisdictional initiatives and other sustainability reporting frameworks (such as the Global Reporting Initiative (GRI) Standards) is an essential component in establishing a comprehensive global baseline that can be built upon. The ISSB has noted that interoperability improves the efficiency and effectiveness of reporting on sustainability-related risks and opportunities for entities that are required, or choose, to apply IFRS Sustainability Disclosure Standards with other sustainability-related reporting standards or frameworks.
- 84 The ISSB is working to deliver a global baseline of sustainability-related financial disclosures that are interoperable with jurisdictional initiatives and other sustainability reporting frameworks to meet the needs of capital markets, including through:
- (a) ISSB decisions to advance interoperability—during its October 2022 meeting, the ISSB discussed several matters in relation to IFRS S1 and IFRS S2 that are important to achieving greater interoperability between the global baseline and jurisdictional requirements;
  - (b) dialogue with jurisdictions; and
  - (c) the Memorandum of Understanding with the GRI.
- 85 The dialogue with jurisdictions includes various activities, such as:
- (a) meetings of the Jurisdictional Working Group (JWG)<sup>32</sup>—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. The JWG comprises jurisdictional representatives from China, the European Union, Japan, the United Kingdom and the United States, with the International Organization of Securities Commissions as observers. The JWG is an important resource for ensuring that the ISSB’s global baseline meets users’ needs and working towards interoperability with jurisdictional initiatives.

32 See <https://www.ifrs.org/groups/jurisdictional-working-group>.

- (b) meeting of the Sustainability Standards Advisory Forum (SSAF)<sup>33</sup>—the IFRS Foundation has established the SSAF as a mechanism for formal engagement on standard-setting between the ISSB and jurisdictional representatives, including those from emerging markets. In December 2022, the inaugural membership of the SSAF was announced. The membership comprises representatives from Brazil, Canada, China, India, Japan, Mexico, Saudi Arabia, South Korea, Switzerland and the UK, together with individuals from bodies representing Africa, the EU and Latin America.
- (c) bilateral engagement with the EU—the ISSB has engaged in detailed bilateral discussions with the European Commission and the European Financial Reporting Advisory Group (EFRAG) as standard-setting has advanced. Following the publication of consultation papers by the EFRAG and the ISSB in 2022, bilateral engagement has focused on reducing the risk of duplication in reporting in accordance with IFRS Sustainability Disclosure Standards and European Sustainability Reporting Standards (ESRS), identifying common disclosures as well as disclosures in ESRS or IFRS S1 and IFRS S2 that are not addressed by the corresponding standards. In February 2023, the ISSB decided to permit an entity to refer to and consider the ESRS in IFRS S1 as a source of guidance, in the absence of a specific IFRS Sustainability Disclosure Standard, to determine whether disclosures meet the information needs of users of general purpose financial reports. The ISSB and the EFRAG are currently considering approaches to describe climate-related disclosure requirements that are consistent between ESRS and IFRS Sustainability Disclosure Standards to bring clarity to stakeholders as both sets of standards are finalised in 2023.
- (d) discussions on the Taxonomy—many responses to the ISSB’s exposure drafts said that digital reporting will be an important tool in helping users to identify alignment and interoperability through the consistent tagging of information aligned between the IFRS Sustainability Disclosure Standards and those from jurisdictional requirements and other sustainability-related standards. Although the ISSB’s primary intent is to develop the IFRS Sustainability Disclosure Taxonomy to reflect disclosure requirements arising from IFRS S1 and IFRS S2 to facilitate digital reporting of that information, 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 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, the ESRS XBRL Taxonomy is currently being developed by the EFRAG). The ISSB expects in future to explore ways that the IFRS Sustainability Disclosure Taxonomy could be used to enhance interoperability with the digital taxonomies applicable to other sustainability-related standards. For example, mapping between taxonomies could be considered once the underlying standards are finalised and relevant taxonomies are further advanced.

### **Guidance labels, guides for preparers and regulators, and other supporting materials and resources**

- 86 The ISSB proposes guidance labels for specific elements in the Proposed IFRS Sustainability Disclosure Taxonomy to explain how to use these elements correctly. The ISSB proposes guidance labels:
- (a) for elements that reflect corresponding requirements in IFRS S1 and IFRS S2. These guidance labels are designed to help preparers find the correct element to tag information for climate-related risks and opportunities if element names relate to risks and opportunities (see paragraph 52(a)).
  - (b) for elements in a dimensional approach, as follows:
    - (i) for specific axes, explaining that entities are expected to create entity-specific elements for these axes; and
    - (ii) for the member element on an axis related to metrics, explaining how tagging of the required information about metrics using axes would connect the required information with the related metrics (see paragraph 38).
  - (c) for ‘GICS-classified industries [axis]’ to explain how the elements should be created for this axis in a consistent manner, as follows: ‘The Global Industry Classification Standard (GICS) six-digit industry-level code should be used for classifying counterparties’.

33 See <https://www.ifrs.org/groups/ifrs-sustainability-standards-advisory-forum>.

- 87 The ISSB will consider publishing guides, and providing other supporting materials and resources, to support those using the IFRS Sustainability Disclosure Taxonomy. These materials could include:
- (a) further guidance labels (see paragraph 86);
  - (b) an additional entry point which allows access to the IFRS Sustainability Disclosure Taxonomy and SASB Taxonomy with grouping elements from both taxonomies to help preparers apply those taxonomies together (see paragraph 19(a));
  - (c) general guidance about how the ISSB intends stakeholders such as preparers or regulators to use the IFRS Sustainability Disclosure Taxonomy; and
  - (d) topical implementation guides for preparers that model particular disclosures within a section of the IFRS Sustainability Disclosure Taxonomy, including examples that illustrate how to use specific elements.
- 88 For example, the ISSB could develop guidance for:
- (a) preparers and regulators—explaining that information incorporated by cross-reference should be tagged using the IFRS Sustainability Disclosure Taxonomy, regardless of the report or document in which such information is disclosed (see paragraph 12(b)).
  - (b) preparers—explaining how to identify the correct element for tagging using element references and the element grouping in the Taxonomy in addition to the standard element label. For example, for:
    - (i) narrative disclosures for which the same set of elements reflects corresponding requirements in IFRS S1 and IFRS S2 (see paragraph 52(c)). This guidance might use the examples provided in Appendix G; or
    - (ii) similar elements between IFRS Sustainability Disclosure Taxonomy and SASB Taxonomy (see paragraph 19(b)) or IFRS Accounting Taxonomy (see paragraph C1) when those taxonomies are used together.
  - (c) regulators—assisting regulators in adopting the IFRS Sustainability Disclosure Taxonomy in their jurisdictions to enable decision-useful, high-quality, globally comparable and accessible digital financial reports.
- 89 The ISSB aims to finalise guidance labels for taxonomy elements and include them in the IFRS Sustainability Disclosure Taxonomy, and to finalise any other supporting materials after the IFRS Sustainability Disclosure Taxonomy has been published.

<b>Question 6—Facilitating digital reporting of sustainability-related financial disclosures globally</b>
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|---|
| <ul style="list-style-type: none"> <li>(a) Are there any aspects of the proposals related to the Proposed IFRS Sustainability Disclosure Taxonomy that should be changed to enhance the IFRS Sustainability Disclosure Taxonomy’s ability to facilitate digital reporting of sustainability-related financial disclosures globally? If so, please specify what changes you suggest and why.</li> <li>(b) What implementation guidance and supporting materials and other resources, if any, would be useful to those using the IFRS Sustainability Disclosure Taxonomy, what issues do you think they should focus on and why?</li> </ul> |
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<b>Question 7—Other comments</b>
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Do you have any other comments or suggestions on the Proposed IFRS Sustainability Disclosure Taxonomy?
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## **Approval by the ISSB of the Proposed IFRS Sustainability Disclosure Taxonomy in July 2023**

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The Proposed 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

<b>categorical element</b>	A <b>taxonomy element</b> representing data that can be one of a limited (typically fixed) number of possible values.
<b>entity-specific (extension) element</b>	A <b>taxonomy element</b> created by the <b>preparer</b> of an XBRL report to tag information for which there is no appropriate element in a taxonomy. Entity-specific elements are often more difficult for users to understand and use for analysis than the elements provided in a base taxonomy.
<b>general purpose financial reports</b>	<p>Reports that provide financial information about a <b>reporting entity</b> that is useful to <b>primary users</b> in making decisions relating to providing resources to the entity. Those decisions involve decisions about:</p> <ul style="list-style-type: none"> <li>(a) buying, selling or holding equity and debt instruments;</li> <li>(b) providing or selling loans and other forms of credit; or</li> <li>(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.</li> </ul> <p>General purpose financial reports include—but are not restricted to—an entity’s general purpose financial statements and sustainability-related financial disclosures.</p>
<b>IFRS Sustainability Disclosure Standards</b>	Standards of that name issued by the International Sustainability Standards Board.
<b>preparer</b>	An entity that is required, or chooses, to prepare general purpose financial statements.
<b>primary users of general purpose financial reports (primary users)</b>	Existing and potential investors, lenders and other creditors.
<b>reporting entity</b>	See <b>preparer</b> .
<b>sustainability-related financial disclosures</b>	A particular form of <b>general purpose financial reports</b> that provide information about the <b>reporting entity</b> ’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.
<b>tag</b>	A single <b>taxonomy element</b> 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.
<b>tagging</b>	The process of creating a digital report by selecting <b>taxonomy elements</b> (such as concepts and axes) and other information, and applying them to values in an entity’s report to create pieces of information in the digital report. Tagging is one possible approach to creating digital reports.
<b>taxonomy</b>	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 <a href="http://www.xbrl.org">www.xbrl.org</a> ), and usually stored in a set of files hosted on a website.
<b>taxonomy element</b>	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 <b>taxonomy</b> . For example, concepts such as ‘Disclosure of identity of governance body(s) or individual(s) responsible for oversight of risks and opportunities’ and ‘Gross scope 1 greenhouse emissions’, and members ‘Short’, ‘Medium’ or ‘Long’ on a ‘Time horizon’ axis.
<b>users of general purpose financial reports (users)</b>	See <b>primary users of general purpose financial reports (primary users)</b> . These definitions describe the same population.

## 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.

<b>Primary content—IFRS Sustainability Disclosure Taxonomy elements</b>	
<p>The IFRS Sustainability Disclosure Taxonomy contains elements that represent sustainability-related financial disclosures in general purpose financial reports prepared in accordance with IFRS Sustainability Disclosure Standards.</p> <p>These elements are described using:</p> <ul style="list-style-type: none"> <li>• <b>line items</b>—which represent the concepts being reported. They can be numerical or narrative, reflecting the figures and narrative reported; for example, ‘Disclosure of identity of governance body(s) or individual(s) responsible for oversight of risks and opportunities’ and ‘Gross scope 1 greenhouse emissions’.</li> <li>• <b>axes, domains and members</b> <ul style="list-style-type: none"> <li>• Axes represent the specific information category that concepts can be broken down into or reported by, for example ‘Time horizon’.</li> <li>• Members are concepts to qualify facts associated with a line item. For example, Short, Medium or Long on a ‘Time horizon’ axis.</li> <li>• Each axis is associated with a domain member which represents the set of possible members (categories) for an axis. Typically, this domain item is also the ‘default member’ for that axis, conceptually applying whenever a preparer 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’.</li> </ul> </li> <li>• <b>tables</b>—logical groupings of IFRS Sustainability Disclosure Taxonomy axes, members and line items.</li> </ul>	<p>These IFRS Sustainability Disclosure Taxonomy <b>elements</b> have:</p> <ul style="list-style-type: none"> <li>• <b>element names and element identifiers</b>—unique computer tags used to identify and mark up the data.</li> <li>• <b>element standard labels</b>—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.</li> <li>• <b>element types (ET)</b>—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). <ul style="list-style-type: none"> <li>• <b>Text element</b> types are used for simple narrative disclosures, for example a one-sentence explanation. They are also used if IFRS Standards do not specify the details of a disclosure requirement, but that disclosure requirement is expected to be expressed in a free-text format by a preparer.</li> <li>• <b>Text block element</b> types are used for a set of information, which might include, for example, numerical disclosures, narrative explanations and tables.</li> <li>• <b>Boolean</b> and <b>extensible enumeration</b> types are used to indicate a choice, for example between true or false (Boolean) or from a list of options a preparer can extend (enumeration).</li> </ul> </li> <li>• <b>element properties</b>, such as: <ul style="list-style-type: none"> <li>• the <b>period</b>—which indicates whether the element is expected to be reported for a period of time (duration) or at a particular point in time (instant).</li> </ul> </li> </ul>



<b>Supporting content—Documentation and references for IFRS Sustainability Disclosure Taxonomy elements</b>	
<p>The IFRS Sustainability Disclosure Taxonomy provides supporting content explaining the <b>meaning</b> of an element.</p>	<p>This content includes properties such as:</p> <ul style="list-style-type: none"> <li>• <b>references</b>—which link an element to the authoritative literature, for example IFRS S1.30(c).</li> <li>• <b>element reference types (ER)</b>—which define the source of an element, for example disclosure (D), example (E) and common practice (CP). Common practice elements are only developed once a requirement has been applied in practice.</li> <li>• <b>documentation labels</b>—which provide a textual definition of each element. The sources of these definitions are the IFRS Sustainability Disclosure Standards and their accompanying materials, if available.</li> <li>• <b>guidance labels</b>—which are implementation notes that help preparers to use IFRS Sustainability Disclosure Taxonomy elements correctly in a digital report.</li> </ul>
<b>Supporting content—Relationships between IFRS Sustainability Disclosure Taxonomy elements (linkbases)</b>	
<p>The IFRS Sustainability Disclosure Taxonomy uses the presentation linkbase to provide <b>presentation views</b> under which the line items, axes and members (or combinations of these as tables) have been <b>grouped</b>. Presentation views support <b>human-readable</b> viewing and navigation of the IFRS Sustainability Disclosure Taxonomy.</p>	<p>The IFRS Sustainability Disclosure Taxonomy has specific presentation elements:</p> <ul style="list-style-type: none"> <li>• <b>headings</b> (abstract elements); and</li> <li>• <b>presentation groups</b>.</li> </ul> <p>These elements are not used when tagging general purpose financial reports.</p> <p>Indents are used to show a presentation parent–child relationship between elements.</p>
<p>The IFRS Sustainability Disclosure Taxonomy uses the definition linkbase to provide <b>views</b> under which the combined line items, axes and members (<b>tables</b>) have been grouped. These views support <b>computer-readable</b> use of the IFRS Sustainability Disclosure Taxonomy.</p>	<p>For example, this content includes:</p> <ul style="list-style-type: none"> <li>• a <b>default member</b> for each axis (for example, ‘Time horizon [domain]’ as the default value for the ‘Time horizon’ axis); and</li> <li>• a <b>definition</b> for each table, laying out the axes and line items making up the table.</li> </ul>

## Appendix C—General features of the Proposed IFRS Sustainability Disclosure Taxonomy— List of elements that reflect similar disclosure requirements in IFRS Accounting Standards and IFRS Sustainability Disclosure Standards

C1 As discussed in paragraph 5, the ISSB proposes using similar elements in the Proposed IFRS Sustainability Disclosure Taxonomy to those used in the IFRS Accounting Taxonomy when similar disclosure requirements occur in the respective Standards. When both taxonomies are used to tag information in the general purpose financial reports, an entity can use the element grouping and element references in the Taxonomy to choose the appropriate elements for tagging sustainability-related financial information. For example, an entity should use the element ‘Description of reason for using reporting period longer or shorter than 12 months’ with reference to IFRS S1 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. The ISSB will consider providing guidance to help preparers understand how to find the correct element by relying on element references and the presentation of elements in the Taxonomy in addition to the standard label (see paragraph 88(b)).

**Table C1—Elements that reflect similar disclosures in the IFRS Accounting Standards and the IFRS Sustainability Disclosure Standards**

	IFRS Accounting Taxonomy	Proposed IFRS Sustainability Disclosure Taxonomy
<b>Element label</b>	Description of reason for using longer or shorter reporting period	Disclosure of reason for using reporting period longer or shorter than 12 months
<b>Element name</b>	ifrs-full: DescriptionOfReasonForUsingLonger-OrShorterReportingPeriod	ifrs-sds: DisclosureOfReasonForUsingReportingPeriodLongerOrShorterThan12MonthsExplanatory
<b>Reference</b>	IAS 1.36(a)	IFRS S1.66(b)
<b>Element type</b>	text	text block <sup>34</sup>
<b>Element label</b>	Description of fact that 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
<b>Element name</b>	ifrs-full: DescriptionOfReasonWhyFinancial-StatementsAreNotEntirelyComparable	ifrs-sds: AmountsDisclosedInSustainabilityRelatedFinancialDisclosuresAreNotEntirelyComparableDueToChangeInLengthOfReporting-Period
<b>Reference</b>	IAS 1.36(b)	IFRS S1.66(c)
<b>Element type</b>	text	Boolean
<b>Element label</b>	Description of nature of accounting errors in prior periods	Description of nature of errors in prior periods
<b>Element name</b>	ifrs-full: DescriptionOfNatureAmountAndCorrectionOfAccountingErrorsInPriorPeriodsEstimate	ifrs-sds: DescriptionOfNatureOfErrorsInPrior-PeriodsExplanatory
<b>Reference</b>	IAS 8.49(a)	IFRS S1.B58(a)
<b>Element type</b>	text block	text block

continued...

<sup>34</sup> In the Proposed IFRS Sustainability Taxonomy the ISSB proposes using text block type elements to reflect almost all narrative information because doing so allows more types of information to be tagged appropriately than if text type elements are used—for example, information provided in a table. A text block type element allows information about the format of the information in the paper-based report to be included in a digital format. If a table was tagged using text type elements, the table formatting could not be included in the digital format and therefore such table could only be shown as text. The ISSB proposes text type elements for a limited number of elements that reflect the expected simple textual explanation, for example element ‘Financial statements to which sustainability-related financial disclosures relate’.

...continued

<b>Element label</b>	Explanation of reason it is impracticable to determine amounts for correction related to prior period errors	Disclosure of 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
<b>Element name</b>	ifrs-full: ExplanationOfReasonWhyItIsImpracticableToDetermineAmountsForCorrectionRelatedToPriorPeriodErrors	ifrs-sds: DisclosureOfCircumstancesThatLedToExistenceOfPriorPeriodErrorsThatAreImpracticableToCorrectAndDescriptionOfHowAndFromWhenErrorsHaveBeenCorrectedExplanatory
<b>Reference</b>	IAS 8.49(d)	IFRS S1.B58(c)
<b>Element type</b>	text	text block
<b>Element label</b>	Statement of IFRS compliance	Entity has made explicit and unreserved statement of compliance
<b>Element name</b>	ifrs-full: StatementOfIFRSCompliance	ifrs-sds: EntityHasMadeExplicitAndUnreservedStatementOfCompliance
<b>Reference</b>	IAS 1.16	IFRS S1.72
<b>Element type</b>	text block	Boolean
<b>Element label</b>	Description of fact that new or amended IFRS Standard is applied early	New or amended IFRS Sustainability Disclosure Standard is applied early
<b>Element name</b>	ifrs-full: DescriptionOfFactThatNewOrAmendedIFRSStandardIsAppliedEarly	ifrs-sds: NewOrAmendedIFRSSustainabilityDisclosureStandardIsAppliedEarly
<b>Reference</b>	IAS 1.139U, IAS 16.81N, IAS 37.105, ...	IFRS S1.E1, IFRS S2.C1
<b>Element type</b>	text	Boolean
<b>With dimension</b>	Initially applied IFRSs [axis]	IFRS Sustainability Disclosure Standards [axis]
<b>Element label</b>	Retrospective application and retrospective restatement [axis]	Retrospective application and retrospective restatement [axis]
<b>Element name</b>	ifrs-full: RetrospectiveApplicationAndRetrospectiveRestatementAxis	ifrs-sds: RetrospectiveApplicationAndRetrospectiveRestatementAxis
<b>Reference</b>	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)
<b>Element type</b>	axis	axis
<b>Element label</b>	Range [axis]	Range [axis]
<b>Element name</b>	ifrs-full: RangeAxis	ifrs-sds: RangeAxis
<b>Reference</b>	IFRS 2.45(d), IFRS 14.33(b), IFRS 17.120, ...	IFRS S1.36, IFRS S1.41
<b>Element type</b>	axis	axis
<b>Element label</b>	Geographical areas [axis]	Geographical areas [axis]
<b>Element name</b>	ifrs-full: GeographicalAreasAxis	ifrs-sds: GeographicalAreasAxis
<b>Reference</b>	IFRS 8.33, IFRS 15.B89(b), IFRS 17.96(b), ...	IFRS S2IB IF-EU-420a.3, IFRS S2IB IF-GU-420a.2, IFRS S2IB TR-AU-410a.1, ...
<b>Element type</b>	axis	axis

## Appendix D—General features of the Proposed IFRS Sustainability Disclosure Taxonomy— Illustration of Taxonomy element grouping

- D1 As discussed in paragraphs 14–15, the ISSB proposes grouping taxonomy elements 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 D1—High-level element groupings in the Proposed IFRS Sustainability Disclosure Taxonomy**

	Element groupings and top-level headings <sup>35, 36</sup>
Standard-by-Standard layout of elements	<p><b>[200000] General requirements for disclosure of sustainability-related financial information</b></p> <ul style="list-style-type: none"> <li>Governance</li> <li>Strategy <ul style="list-style-type: none"> <li>Risks and opportunities</li> <li>Business model and value chain</li> <li>Strategy and decision-making</li> </ul> </li> <li>Financial position, financial performance and cash flows</li> <li>Resilience</li> <li>Risk management</li> <li>Metrics and targets</li> <li>General requirements</li> <li>Judgements, uncertainties and errors</li> <li>Application guidance</li> <li>Effective date and transition</li> </ul> <p><b>[210000] Climate-related disclosures</b></p> <ul style="list-style-type: none"> <li>Governance</li> <li>Strategy <ul style="list-style-type: none"> <li>Risks and opportunities</li> <li>Business model and value chain</li> <li>Strategy and decision-making</li> </ul> </li> <li>Financial position, financial performance and cash flows</li> <li>Resilience</li> <li>Risk management</li> <li>Metrics and targets</li> <li>Effective date and transition</li> </ul> <p><b>[211100] Climate-related disclosures - Financed emissions - Asset management</b></p> <p><b>[211200] Climate-related disclosures - Financed emissions - Commercial banks</b></p> <p><b>[211300] Climate-related disclosures - Financed emissions - Insurance</b></p> <p><b>[219000] Climate-related disclosures - Illustrative examples</b></p>
Industry-based metrics <sup>37</sup>	<p><b>[805100] Industry Metrics - Consumer Goods - Apparel, Accessories &amp; Footwear (CG-AA)</b></p> <p><b>[805200] Industry Metrics - Consumer Goods - Appliance Manufacturing (CG-AM)</b></p> <p>... 65 more Industries ...</p> <p><b>[855900] Industry Metrics - Transportation - Road Transportation (TR-RO)</b></p>

<sup>35</sup> Note that the numbers within square brackets, although included in the names of the groups in the proposed IFRS Sustainability Disclosure Taxonomy, have no particular meaning and are chosen to show an order in which the groups should be presented.

<sup>36</sup> The various elements used to tag disclosures will be shown beneath these top-level headings.

<sup>37</sup> Only 68 of the 77 Sustainable Industry Classification System (SICS) industries are included in the *Industry-based Guidance on implementing Climate-related Disclosures*, because only these industries require reference to climate-related metrics. In future, it is likely that more of the remaining SICS industries will be included in one or more thematic ISSB Standards.

**Appendix E—General features of the Proposed IFRS Sustainability Disclosure Taxonomy—  
Illustration of dimensional modelling with entity-specific elements**

- E1 As discussed in paragraphs 29–38, the ISSB proposes reflecting disaggregation by entity-specific information using a dimensional model, for example:
- (a) disclosures required to explain sustainability-related metrics developed by the entity (see paragraphs E2–E6); and
  - (b) information related to core content about climate-related risks and opportunities (see paragraphs E7–E9).

**Sustainability-related metrics**

- E2 Conceptually, the information about sustainability-related metrics, for example, would be tagged as if it were disclosed in a table in which the names of the individual metrics are in columns and the information required by paragraphs 49–50 of IFRS S1 to explain those metrics is in rows.
- E3 Table E1 illustrates a proposed logical model of information about sustainability-related metrics. As discussed in paragraph 37, dimensional modelling does not prescribe how the information should be disclosed in a general purpose financial report, and it need not be presented in a table.

**Table E1—Proposed logical model of information about sustainability-related metrics**

		Metrics <sup>38</sup> [axis]		
		Metrics [domain] <i>representing 'overall'</i> <sup>39</sup>		
		<i>Entity-specific elements identifying each metric, for example:</i>		
<b>Element label and reference<sup>40</sup></b>	<b>ET<sup>41</sup></b>	'Metric 1'	'Metric C'	...
Disclosure of how metric is defined (IFRS S1.50(a))	TB			
Derived by adjusting metric taken from source other than IFRS Sustainability Disclosure Standards (IFRS S1.50(a))	B	<input type="checkbox"/> True <input type="checkbox"/> False	<input type="checkbox"/> True <input type="checkbox"/> False	
Metric measure type (IFRS S1.50(b))	EN	<input type="checkbox"/> Absolute measure <input type="checkbox"/> Measure expressed in relation to another metric <input type="checkbox"/> Qualitative measure	<input type="checkbox"/> Absolute measure <input type="checkbox"/> Measure expressed in relation to another metric <input type="checkbox"/> Qualitative measure	
Disclosure of whether metric is validated by third party (IFRS S1.50(c))	TB			
Metric is validated by third party (IFRS S1.50(c))	B	<input type="checkbox"/> True <input type="checkbox"/> False	<input type="checkbox"/> True <input type="checkbox"/> False	
Disclosure of method used to calculate metric and inputs to calculation (IFRS S1.50(d))	TB			
Disclosure of sources from which metric was drawn (IFRS S1.49)	TB			

38 Standard element labels often do not include 'sustainability-related' as short labels help with finding the correct element. The brevity should not be confusing; hence, standard element labels include 'climate-related' when applicable. Documentation labels include longer descriptions that help identifying correct element for tagging (see paragraphs 47–52).

39 Each axis has an associated domain member which conceptually applies whenever a preparer 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 preparers 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.

40 Indents are used to show a presentation parent–child relationship between elements.

41 'ET' refers to 'element type'. Element type 'TB' refers to 'text block', 'B' refers to 'Boolean' and 'EN' refers to 'enumeration'. Boolean and enumeration element types allow preparers to choose a single or multiple value from the list of answers. Please refer to Appendix F for more information about categorical type elements, including Boolean and enumeration.

- E4 Using such a dimensional model, 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 metric to which the information relates.<sup>42</sup> Those identifier concepts are created by each entity, reflecting the entity-specific nature of the metrics. In this way, providing a dimensional model in the 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).
- E5 As discussed in paragraph 38, to help entities implement the Proposed IFRS Sustainability Disclosure Taxonomy, the ISSB proposes to add a guidance label to the element:
- (a) ‘Metrics [axis]’ as follows: ‘The taxonomy provides no members for this axis, as the items in this axis will be entity-specific. Entities are expected to create specific members for their needs’.
  - (b) ‘Metrics [domain]’ as follows: ‘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’.
- E6 As discussed in paragraph 29, a dimensional model is often used in the Taxonomy to reflect the disaggregation of required information, especially by entity-specific information. A dimensional model 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 model allows reuse of the taxonomy elements reflecting disclosure requirements if tagging information by each entity-specific metric; for example, the element ‘Disclosure of how sustainability-related metric is defined’ could be used to tag information related to ‘Metric 1’ and information related to ‘Metric 2’ by using entity-specific identifiers. Alternatively, if a dimensional model were not used, an entity would need to create separate entity-specific elements for each target, for example ‘Disclosure of how sustainability-related metric 1 is defined’ and ‘Disclosure of how sustainability-related metric 2 is defined’.
  - (b) helps users of general purpose financial reports identify and understand the meaning of entity-specific elements. A dimensional model provides an XBRL structure in which these entity-specific elements are provided under a common axis. That axis is linked with elements reflecting the related disclosures required by paragraph 48 of IFRS S1. In addition, a dimensional model allows an entity to create taxonomy elements for required disclosures and entity-specific elements for metrics, whereas with a non-dimensional model the entity would need to create elements, for example ‘Disclosure of how sustainability-related metric 1 is defined’ and ‘Disclosure of how sustainability-related metric 2 is defined’.

### **Climate-related risks and opportunities**

- E7 As discussed in paragraphs 33–38 and paragraph 43, IFRS S1 and IFRS S2 require an entity to provide information related to core content about sustainability-related risks and opportunities. This requirement is reflected in the Proposed IFRS Sustainability Disclosure Taxonomy using an axis in a dimensional model.
- E8 An entity may provide some, or all, of this information as integrated disclosures. If an entity prepares disclosure on an integrated basis and does not provide separate information for each concept not specifically defined by the IFRS Sustainability Disclosure Standards, for example sustainability-related risk and opportunity, the entity is not expected to use axes in a dimensional model (which means the domain member would be used by default).
- E9 Table E2 illustrates proposed logical model of information about climate-related risks and opportunities for disclosure requirements in IFRS S2 related to strategy. It includes elements reflecting ‘corresponding requirements’ in IFRS S1 and IFRS S2 and specific requirements in IFRS S2 (see paragraphs 42–53 and Appendix G).

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<sup>42</sup> The identifier concept used would be the taxonomy element created to tag the metric value, or a member representing the metric if the taxonomy element could not be used.

**Table E2—Proposed logical model of information about climate-related risks and opportunities for disclosure requirements in IFRS S2 related to strategy**

		Risks and opportunities [axis]		
		Risks and opportunities [domain] <i>representing 'overall'</i>		
		<i>Entity-specific elements identifying each risk and opportunity, for example:</i>		
<b>Element label and reference</b>	<b>ET</b>	'Risk and opportunity 1'	'Risk and opportunity C'	...
Disclosure of risk or opportunity (IFRS S1.30(a), IFRS S2.10(a))	TB			
Type of climate-related risk (IFRS S2.10(b))	EN	<input type="checkbox"/> Physical risk <input type="checkbox"/> Transition risk	<input type="checkbox"/> Physical risk <input type="checkbox"/> Transition risk	
Disclosure of 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))	EN	<input type="checkbox"/> Short term <input type="checkbox"/> Medium term <input type="checkbox"/> Long term	<input type="checkbox"/> Short term <input type="checkbox"/> Medium term <input type="checkbox"/> Long term	

## Appendix F—General features of the Proposed IFRS Sustainability Disclosure Taxonomy— List of categorical elements

- F1 As discussed in paragraph 22(a), the ISSB proposes creating the Boolean elements listed in Table F1, which represent ‘true or false’ answers.
- F2 All elements in the table have associated textual elements to tag related information required by the IFRS Sustainability Disclosure Standards.<sup>43</sup> Furthermore, several elements might be used to tag multiple items of information in a report if similar disclosures are required for each of a class of items—for example, per target, or per risk or opportunity. These features (associated textual elements or provision to tag multiple items of information) are identified in footnotes to the applicable element labels.
- F3 Appendix H 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.

**Table F1—List of Boolean elements**

Element label	List	Reference
Responsible body(s) or individual(s) considered trade-offs associated with risks and opportunities <sup>44</sup>	True / False	IFRS S1.27(a)(iv)
Performance metrics are included in remuneration policies <sup>44</sup>	True / False	IFRS S1.27(a)(v)
Management’s role in governance processes, controls and procedures used to monitor, manage and oversee risks and opportunities is delegated to specific management-level position or management-level committee <sup>44</sup>	True / False	IFRS S1.27(b)(i)
Management uses controls and procedures to support oversight of risks and opportunities <sup>44</sup>	True / False	IFRS S1.27(b)(ii)
Entity uses scenario analysis to inform its identification of risks	True / False	IFRS S1.44(a)(ii)
Entity changed processes it uses to identify, assess, prioritise and monitor risks compared with previous reporting period	True / False	IFRS S1.44(a)(vi)
Metric is validated by third party <sup>45</sup>	True / False	IFRS S1.50(c)
Derived by adjusting metric taken from source other than IFRS Sustainability Disclosure Standards <sup>45</sup>	True / False	IFRS S1.50(a)
Amounts disclosed in sustainability-related financial disclosures are not entirely comparable due to change in length of reporting period	True / False	IFRS S1.66(c)
Entity has made explicit and unreserved statement of compliance	True / False	IFRS S1.72
Exemption used permitting entities to omit information about opportunity when information is commercially sensitive	True / False	IFRS S1.B36(a)
Revision of comparative amount of at least one metric for preceding period is impracticable	True / False	IFRS S1.B54
New or amended IFRS Sustainability Disclosure Standard is applied early <sup>46</sup>	True / False	IFRS S1.E1, IFRS S2.C1
Transition relief used permitting disclosure on only climate-related risks and opportunities	True / False	IFRS S1.E5

*continued...*

<sup>43</sup> For example, ‘Performance metrics are included in remuneration policies’ is accompanied by the text block element ‘Disclosure of whether and how performance metrics are included in remuneration policies’.

<sup>44</sup> Associated with the axis allowing, if necessary, repetition by (entity-specific, individual or groups of) ‘Risks and opportunities’.

<sup>45</sup> Associated with the axis allowing, if necessary, repetition by an entity-specific ‘Metrics’.

<sup>46</sup> Associated with an axis allowing repetition by Standard, so as well as allowing indication of early application of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and/or IFRS S2 *Climate-related Disclosures*, this element will be used to indicate early application of any future IFRS Sustainability Disclosure Standard.



...continued

Element label	List	Reference
Responsible body(s) or individual(s) considered trade-offs associated with climate-related risks and opportunities <sup>44</sup>	True / False	IFRS S2.6(a)(iv)
Climate-related performance metrics are included in remuneration policies <sup>44</sup>	True / False	IFRS S2.6(a)(v)
Management's role in governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities is delegated to specific management-level position or management-level committee <sup>44</sup>	True / False	IFRS S2.6(b)(i)
Management uses controls and procedures to support oversight of climate-related risks and opportunities <sup>44</sup>	True / False	IFRS S2.6(b)(ii)
Climate-related scenario analysis included diverse range of climate-related scenarios	True / False	IFRS S2.22(b)(i)(2)
Climate-related scenario was used that is aligned with latest international agreement on climate change	True / False	IFRS S2.22(b)(i)(4)
Entity uses climate-related scenario analysis to inform its identification of climate-related risks	True / False	IFRS S2.25(a)(ii)
Entity changed processes it uses to identify, assess, prioritise and monitor risks compared with previous reporting period	True / False	IFRS S2.25(a)(vi)
Entity uses climate-related scenario analysis to inform its identification of climate-related opportunities	True / False	IFRS S2.25(b)
Entity applies carbon price in decision-making	True / False	IFRS S2.29(f)(i)
Climate-related target and methodology has been validated by third party <sup>47</sup>	True / False	IFRS S2.34(a)
Climate-related target was derived using sectoral decarbonisation approach <sup>47</sup>	True / False	IFRS S2.36(d)

F4 The ISSB also proposes creating the extensible enumeration elements, which represent lists with defined answers. There are two types of extensible enumeration elements:

- (a) elements in Table F2, which allow a single value to be chosen from the list of answers as one response.
- (b) elements in Table F3, which allow for multiple values to be chosen from the list to be provided as one response. For example, when tagging information about which emission scopes are covered by the target, an entity could provide multiple values (more than one scope) from the available options on the list 'Scope 1, Scope 2, Scope 3' per target.

**Table F2—List of extensible enumeration elements, single value allowed from the list as one response**

Element label	List	Reference
Metric measure type <sup>48</sup>	Absolute measure / Measure expressed in relation to another metric / Qualitative measure	IFRS S1.50(b)
Climate-related target is absolute target or intensity target <sup>47</sup>	Absolute target / Intensity target	IFRS S2.33(g)
Gross or net greenhouse gas emissions target <sup>47</sup>	Gross greenhouse gas emissions / Net greenhouse gas emissions	IFRS S2.36(c)

continued...

<sup>47</sup> Associated with the axis allowing, if necessary, repetition by an entity-specific climate-related target.

<sup>48</sup> Associated with the axis allowing, if necessary, repetition by an entity-specific 'Metrics'.

...continued

Element label	List	Reference
Carbon credit underlying offset will be nature-based or based on technological carbon removals <sup>49</sup>	Nature-based carbon removals / Technology-based carbon removals	IFRS S2.36(e)(iii)
Carbon credit underlying offset is through carbon reduction or removal <sup>49</sup>	Carbon reduction / Carbon removal	IFRS S2.36(e)(iii)
Measurement approach entity uses in calculating greenhouse gas emissions	Equity share approach / Control approach / Other approach	IFRS S2.B27(a)

**Table F3—List of extensible enumeration elements, multiple values allowed from the list as one response**

Element label	List	Reference
Type of climate-related risk <sup>50</sup>	Physical risk Transition risk	IFRS S2.10(b)
Time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur <sup>51</sup>	Short term Medium term Long term	IFRS S1.30(b), IFRS S2.10(c)
Climate-related scenarios used are associated with climate-related transition risks or climate-related physical risks	Physical risk Transition risk	IFRS S2.22(b)(i)(3)
Categories included within measure of scope 3 greenhouse gas emissions	Category 1-Purchased goods and services Category 2-Capital goods Category 3-Fuel- and energy-related activities not included in Scope 1 greenhouse gas emissions or Scope 2 greenhouse gas emissions Category 4-Upstream transportation and distribution Category 5-Waste generated in operations Category 6-Business travel Category 7-Employee commuting Category 8-Upstream leased assets Category 9-Downstream transportation and distribution Category 10-Processing of sold products Category 11-Use of sold products Category 12-End-of-life treatment of sold products Category 13-Downstream leased assets Category 14-Franchises Category 15-Investments Other scope 3 greenhouse gas emissions	IFRS S2.29(a)(vi)(1)

continued...

<sup>49</sup> Associated with the axis allowing, if necessary, repetition by an entity-specific carbon credit and an entity-specific climate-related target.

<sup>50</sup> Associated with 'Risks and opportunities' axis, allowing, if necessary, repetition by (entity-specific, individual or groups of) climate-related risk.

<sup>51</sup> Associated with the axis allowing, if necessary, repetition by (entity-specific, individual or groups of) 'Risks and opportunities'.

...continued

Element label	List	Reference
Greenhouse gases covered by target <sup>52</sup>	Carbon dioxide (CO <sub>2</sub> ) Methane (CH <sub>4</sub> ) Nitrous oxide (N <sub>2</sub> O) Hydrofluorocarbons (HFCs) Perfluorocarbons (PFCs) Sulphur hexafluoride (SF <sub>6</sub> ) Nitrogen trifluoride (NF <sub>3</sub> )	IFRS S2.36(a)
Emissions scopes covered by target <sup>52</sup>	Scope 1 (greenhouse gas emissions) Scope 2 (greenhouse gas emissions) Scope 3 (greenhouse gas emissions)	IFRS S2.36(b)

<sup>52</sup> Associated with the axis allowing, if necessary, repetition by an entity-specific climate-related target.

## Appendix G—Illustration of proposals reflecting the relationship between IFRS S1 and IFRS S2

- G1 As discussed in paragraph 42, 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.

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

- G2 Table G1 illustrates disclosure requirements related to strategy in paragraph 33 of IFRS S1 and in paragraph 14 of IFRS S2 that include corresponding requirements (highlighted by placing them next to each other and bolded) and specific disclosure requirements applicable to climate-related risks and opportunities.

**Table G1—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
<p>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:</p> <ul style="list-style-type: none"> <li>(a) how the entity has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making;</li> </ul>	<p>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:</p> <ul style="list-style-type: none"> <li>(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: <ul style="list-style-type: none"> <li>(i) ...</li> <li>(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</li> <li>(v) ...</li> </ul> </li> <li>(b) information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a).</li> </ul>

*continued...*

...continued

IFRS S1 Strategy / Strategy and decision-making	IFRS S2 Strategy / Strategy and decision-making
<p>(b) the progress against plans the entity has disclosed in previous reporting periods, including quantitative and qualitative information; and</p> <p>(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).</p>	<p>(c) quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).</p>

G3 As discussed in paragraph 47, the ISSB proposes creating 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 Standards; and
- (c) are shown twice in the Taxonomy under headings that indicate the relevant IFRS Sustainability Disclosure Standard.

G4 As discussed in paragraph 50, 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 only references to IFRS S2; and
- (c) are shown in the Taxonomy under headings that indicate IFRS S2.

G5 Tables G2 and G3 list the elements created to reflect the disclosure requirements in paragraph 33 of IFRS S1 and in paragraph 14 of IFRS S2 that are provided in Table G1.

**Table G2—Taxonomy elements related to strategy in the Taxonomy element grouping under the IFRS S1 heading<sup>53,54</sup>**

Element label	ET <sup>55</sup>	Reference
Disclosure of how entity has responded to, and plans to respond to risks and opportunities	TB	IFRS S1.33(a), IFRS S2.14(a)
Disclosure of progress against plans entity has disclosed in previous reporting periods	TB	IFRS S1.33(b), IFRS S2.14(c)
Disclosure of trade-offs between risks and opportunities that entity considered	TB	IFRS S1.33(c)

**Table G3—Taxonomy elements related to strategy in the Taxonomy element grouping under the IFRS S2 heading<sup>56</sup>**

Element label	ET	Reference
Disclosure of how entity has responded to, and plans to respond to risks and opportunities	TB	IFRS S1.33(a), IFRS S2.14(a)

continued...

<sup>53</sup> 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 D).

<sup>54</sup> Indents are used to show a presentation parent-child relationship between elements.

<sup>55</sup> 'ET' refers to 'element type'. Element type 'TB' refers to 'text block'.

<sup>56</sup> 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 D).

...continued

Element label	ET	Reference
Disclosure of climate-related transition plan	TB	IFRS S2.14(a)(iv)
Disclosure of how entity is resourcing, and plans to resource, activities disclosed in relation to entity's response to climate-related risks and opportunities in strategy and decision-making	TB	IFRS S2.14(b)
Disclosure of progress against plans entity has disclosed in previous reporting periods	TB	IFRS S1.33(b), IFRS S2.14(c)

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

- G6 As discussed in paragraph 52, applying the ISSB's proposals would mean that elements reflecting climate-related disclosure requirements in IFRS S2 that correspond to the disclosure requirement in IFRS S1 would refer to risks and opportunities. Stakeholders could find the correct element using element references and the presentation of elements in the Taxonomy in addition to standard labels.
- G7 To illustrate the point discussed in paragraph G6, consider this illustrative example of a section of a climate-related disclosure that might be produced by an entity (the text is provided only for illustration of tagging using Proposed IFRS Sustainability Disclosure Taxonomy).

Strategy for managing climate-related risks and opportunities
<p>We plan to achieve our net zero commitment by:</p> <ul style="list-style-type: none"> <li>• optimising our energy efficiency programmes; and</li> <li>• making the transition to fully renewable energy sources.</li> </ul> <p>To meet our net zero commitment, we will accelerate our move to using new technologies that reduce or eliminate greenhouse gas emissions. We have planned additional financing of 350 million currency units for energy-efficient technologies and 100 million currency units for renewable technologies over the period of 2021–2025.</p> <p>Our first ambition is to eliminate emissions from our own operations. Our focus is now to increase energy efficiency and meet our renewable energy target. We continue to make strong progress on upgrading our manufacturing sites with energy-efficient technologies and we used 75% renewable grid electricity in 2020.</p>

- G8 Consider the corresponding illustrative set of taxonomy elements in Table G4.

**Table G4—Illustrative taxonomy elements related to strategy in the element grouping under the IFRS S2 heading**

Element label	ET	Reference
Disclosure of how entity has responded to, and plans to respond to risks and opportunities	TB	IFRS S1.33(a), IFRS S2.14(a)
Disclosure of how entity is resourcing, and plans to resource, activities disclosed in relation to entity's response to climate-related risks and opportunities in strategy and decision-making	TB	IFRS S2.14(b)
Disclosure of progress against plans entity has disclosed in previous reporting periods	TB	IFRS S1.33(b), IFRS S2.14(c)

- G9 The intention is that a preparer would apply the elements in Table G4 to tag the report in Figure G1.

**Figure G1—Illustration showing how an entity might tag information in a report**

<b>Strategy for managing climate-related risks and opportunities</b>	
}	<p>We plan to achieve our net zero commitment by:</p> <ul style="list-style-type: none"> <li>• optimising our energy efficiency programmes; and</li> <li>• making the transition to fully renewable energy sources.</li> </ul>
}	<p>To meet our net zero commitment, we will accelerate our move to using new technologies that reduce or eliminate greenhouse gas emissions. We have planned additional financing of 350 million currency units for energy-efficient technologies and 100 million currency units for renewable technologies over the period of 2021–2025.</p>
}	<p>Our first ambition is to eliminate emissions from our own operations. Our focus is now to increase energy efficiency and meet our renewable energy target. We continue to make strong progress on upgrading our manufacturing sites with energy-efficient technologies and we used 75% renewable grid electricity in 2020.</p>

- G10 Preparers tag climate-related information using elements reflecting:
- requirements in IFRS S2 corresponding to requirements in IFRS S1 (with standard element labels that often refer to risks and opportunities); and
  - climate-specific disclosure requirements in IFRS S2 (with standard element labels that often refer to climate-related risks and opportunities).
- G11 Preparers would use documentation labels and guidance labels for elements that reflect the corresponding requirements in IFRS S1 and IFRS S2 clarifying that risks and opportunities are intended to mean sustainability-related risks and opportunities (including climate-related risks and opportunities). For example, for element ‘Disclosure of how entity has responded to, and plans to respond to risks and opportunities’:
- 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’.
  - the guidance label is ‘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.
- G12 Applying elements from Table G4 to the illustrative report would result in the data in Table G5.

**Table G5—Illustration of tagged climate-related information**

<b>Element</b>	<b>Value</b>
Disclosure of how entity has responded to, and plans to respond to risks and opportunities (IFRS S1.33(a), IFRS S2.14(a))	<p>We plan to achieve our net zero commitment by:</p> <ul style="list-style-type: none"> <li>• optimising our energy efficiency programmes; and</li> <li>• making the transition to fully renewable energy sources.</li> </ul>
Disclosure of how entity is resourcing, and plans to resource, activities disclosed in relation to entity’s response to climate-related risks and opportunities in strategy and decision-making (IFRS S2.14(b))	<p>To meet our net zero commitment, we will accelerate our move to using new technologies that reduce or eliminate greenhouse gas emissions. We have planned additional financing of 350 million currency units for energy-efficient technologies and 100 million currency units for renewable technologies over the period of 2021–2025.</p>
Disclosure of progress against plans entity has disclosed in previous reporting periods (IFRS S1.33(b), IFRS S2.14(c))	<p>Our first ambition is to eliminate emissions from our own operations. Our focus is now to increase energy efficiency and meet our renewable energy target. We continue to make strong progress on upgrading our manufacturing sites with energy-efficient technologies and we used 75% renewable grid electricity in 2020.</p>

## Appendix H—Illustration of proposals related to granularity of narrative disclosures

- H1 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.
- H2 This appendix contains examples of:
- (a) the disclosure requirements in IFRS S1 and the resulting proposed (and rejected) taxonomy elements to tag narrative information, including categorical elements (paragraphs H3–H7).
  - (b) a climate-related disclosure, how an entity would tag it using the proposed elements and the resulting tagged information users of general purpose financial reports would be able to extract. This example also illustrates the double tagging the ISSB intends to limit using the proposed approach (paragraphs H8–H17).

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

- H3 Table H1 illustrates disclosure requirements in the risk management section of IFRS S1 related to narrative information.

**Table H1—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:
	(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
	(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:
	(a) the processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks, including information about:
	(i) the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);
	(ii) whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks;
	(...)
	(b) the processes the entity uses to identify, assess, prioritise and monitor sustainability-related opportunities; and
	(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.

- H4 As discussed in paragraph 65, the ISSB proposes providing distinct elements only for discrete blocks of narrative information the ISSB expects to be:
- (a) separately understandable to users of general purpose financial reports; and
  - (b) easily identifiable for tagging in the general purpose financial reports, thus facilitating implementation for preparers.
- H5 The ISSB proposes creating:
- (a) distinct taxonomy elements to reflect the requirements in paragraph 44(a)–(c) of IFRS S1 and the proposals in paragraph 66. The ISSB anticipates that users of general purpose financial reports would be able to understand this information. The information would also be easily identifiable for tagging because it would typically be disclosed separately in the general purpose financial reports (for example, in separate sentences or tables).



- (b) an element ‘Other disclosures about risk management’ referenced in paragraph 43 of IFRS S1, to reflect the ISSB’s proposals in paragraph 66(b). This element would allow an entity to tag ‘other information’ that meets the disclosure objective and that is not already captured by requirements in the subparagraphs.
- (c) Boolean elements and related textual elements, for example reflecting the requirements in paragraph 44(a)(ii) of IFRS S1 on whether and how an entity uses scenario analysis to identify sustainability-related risks. As stated in paragraphs 23–26, the ISSB expects the information tagged using these elements to be useful to users of general purpose financial reports. Boolean elements also allow an entity a simple choice between a ‘true’ or ‘false’ response, which makes the analysis of the related text information more efficient.

H6 The ISSB aims to create a simple Taxonomy without a hierarchical structure in order to avoid an entity tagging the same information using multiple elements (see paragraph 68). Therefore, the ISSB decided against creating taxonomy elements to reflect:

- (a) the overall objective for risk management described in paragraph 43 of IFRS S1 (see paragraphs 72–77). The ISSB 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 might want to extract more detailed information from the more general disclosure. In addition, paragraph 43 of IFRS S1 (for which elements are proposed – see paragraph H5(a)) covers information required by paragraph 44 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 (see paragraphs H13–H17).
- (b) requirements at a more detailed level than subparagraphs (see paragraph 44(a)(i) of IFRS S1 and paragraphs 78–80). The ISSB determined that users of general purpose financial reports would probably consider the information disclosed in accordance with these requirements only in the context of a wider set of disclosures, and preparers might sometimes be unable to tag such specific information.

H7 The ISSB, therefore, proposes creating the taxonomy elements in Table H2 to reflect the disclosure requirements set out in Table H1.

**Table H2—Illustration of proposed granularity of narrative elements**

Element label <sup>57</sup>	ET <sup>58</sup>	Reference
Disclosure of processes and related policies entity uses to identify, assess, prioritise and monitor risks	TB	IFRS S1.44(a), IFRS S2.25(a) <sup>59</sup>
Disclosure of whether and how entity uses scenario analysis to inform its identification of risks	TB	IFRS S1.44(a)(ii), IFRS S2.25(a)(ii)
Entity uses scenario analysis to inform its identification of risks	B	IFRS S1.44(a)(ii)
...		
Disclosure of processes entity uses to identify, assess, prioritise and monitor opportunities	TB	IFRS S1.44(b), IFRS S2.25(b)
Disclosure of extent to which and how processes for identifying, assessing, prioritising and monitoring risks and opportunities are integrated into or inform entity’s 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 Proposed IFRS Sustainability Disclosure Taxonomy and the resulting tagged data**

H8 Consider this illustrative example of how an entity would tag a climate-related disclosure using the proposed elements and the resulting tagged information users of general purpose financial reports would be able to extract. The example emphasises that in accordance with the ISSB’s proposals:

- (a) information would not be tagged twice using elements reflecting requirements in subparagraphs and elements reflecting requirements in paragraphs (as discussed in paragraph H6); and

<sup>57</sup> Indents are used to show a presentation parent–child relationship between elements.

<sup>58</sup> ‘ET’ refers to ‘element type’. Element type ‘TB’ refers to ‘text block’, ‘B’ refers to ‘Boolean’ (true or false).

<sup>59</sup> The references to paragraphs in IFRS S2 reflect ‘corresponding’ requirements in IFRS S1 and IFRS S2. (see Appendix G).

(b) information that could be easily compared between entities and over time would be separately tagged using categorical element types (as discussed in paragraph H5(c)).

H9 To illustrate the points in paragraph H8, consider an example section of a climate-related disclosure that might be produced by an entity (the text is provided only for illustration of tagging using the Proposed IFRS Sustainability Disclosure Taxonomy).

**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 the impact and likelihood of each risk. The impact and likelihood assessments determine our responses and also help us to prioritise our 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 ... .

...

**Proposed approach**

H10 Consider the corresponding illustrative set of taxonomy elements in Table H3.

**Table H3—Illustrative taxonomy elements relating to risk management**

Element label and reference	ET <sup>60</sup>
Disclosure of processes and related policies entity uses to identify, assess, prioritise and monitor risks (IFRS S1.44(a), IFRS S2.25(a))	TB
Disclosure of whether and how entity uses scenario analysis to inform its identification of risks (IFRS S1.44(a)(ii), IFRS S2.25(a)(ii))	TB
Entity uses scenario analysis to inform its identification of risks (IFRS S1.44(a)(ii))	B
Other disclosures about risk management (IFRS S1.43, IFRS S2.24)	TB

H11 A preparer would apply the elements in Table H3 to tag the report in Figure H1.

**Figure H1—Illustration of tagging**

**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 the impact and likelihood of each risk. The impact and likelihood assessments determine our responses and also help us to prioritise our 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 ... .

...

60 ‘ET’ refers to ‘element type’. Element type ‘TB’ refers to ‘text block’, ‘B’ refers to ‘Boolean’ (true or false).

H12 Tagging Figure H1 using elements in Table H3 would result in the data in Table H4.

**Table H4—Illustration of tagged information**

Element	Value
Other disclosures about risk management (IFRS S1.43, IFRS S2.24)	<b>Risk Management</b> ...
Disclosure of processes and related policies entity uses to identify, assess, prioritise and monitor risks (IFRS S1.44(a), IFRS S2.25(a))	<b>Sustainability-related risks</b>  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 the impact and likelihood of each risk. The impact and likelihood assessments determine our responses and also help us to prioritise our 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 ... .  ...
Disclosure of whether and how entity uses scenario analysis 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 its identification of risks (IFRS S1.44(a)(ii))	True

**Illustration of double tagging using rejected Approach 2**

H13 The ISSB aims to create a simple Taxonomy without a hierarchical structure in order to avoid an entity tagging the same information using multiple elements (see paragraph 68).

H14 As discussed in paragraph 75, the ISSB considered, but rejected, creating elements reflecting requirements at the paragraph level in addition to those proposed to reflect requirements in subparagraphs. Including in the Proposed IFRS Sustainability Disclosure Taxonomy elements that reflect paragraph-level and subparagraph-level requirements would create a hierarchical structure, which would result in entities double tagging information using an element reflecting a paragraph and one of the elements reflecting related subparagraphs (see Table H5, Table H6 and Figure H2). See paragraphs 75–76 for a discussion of the ISSB’s rationale for rejecting this alternative approach, which is described in these paragraphs as Approach 2.

H15 The illustrative set of taxonomy elements in Table H5 reflects Approach 2.

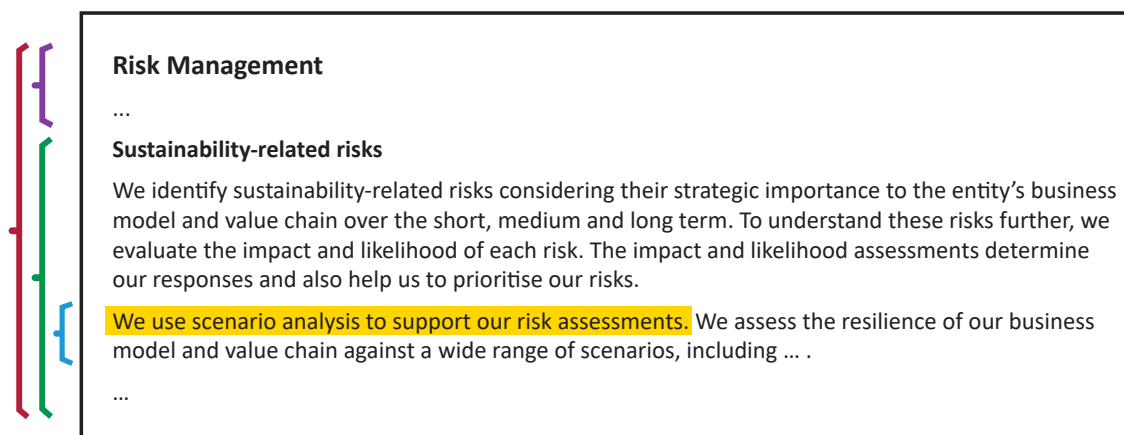
**Table H5—Illustrative taxonomy elements relating to risk management reflecting Approach 2**

Element label and reference	ET <sup>61</sup>
Disclosure of processes entity uses to identify, assess, prioritise and monitor risks and opportunities (IFRS S1.43)	TB
Disclosure of processes and related policies entity uses to identify, assess, prioritise and monitor risks (IFRS S1.44(a), IFRS S2.25(a))	TB
Disclosure of whether and how entity uses scenario analysis to inform its identification of risks (IFRS S1.44(a)(ii), IFRS S2.25(a)(ii))	TB
Entity uses scenario analysis to inform its identification of risks (IFRS S1.44(a)(ii))	B
Other disclosures about risk management (IFRS S1.43, IFRS S2.24)	TB

H16 A preparer would apply the elements in Table H5 to tag the report in Figure H2.

61 ‘ET’ refers to ‘element type’. Element type ‘TB’ refers to ‘text block’, ‘B’ refers to ‘Boolean’ (true or false).

Figure H2—Illustration of tagging



H17 Tagging Figure H2 using elements in Table H5 would result in the data in Table H6.

Table H6—Illustration of tagged information

Element	Value
Disclosure of processes entity uses to identify, assess, prioritise and monitor risks and opportunities (IFRS S1.43, S2.24)	<p><b>Risk management</b></p> <p>...</p> <p><b>Sustainability-related risks</b></p> <p>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 the impact and likelihood of each risk. The impact and likelihood assessments determine our responses and also help us to prioritise our risks.</p> <p>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 ... .</p> <p>...</p>
Other disclosures about risk management (IFRS S1.43, IFRS S2.24)	<p><b>Risk Management</b></p> <p>...</p>
Disclosure of processes and related policies entity uses to identify, assess, prioritise and monitor risks (IFRS S1.44(a), IFRS S2.25(a))	<p><b>Sustainability-related risks</b></p> <p>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 the impact and likelihood of each risk. The impact and likelihood assessments determine our responses and also help us to prioritise our risks.</p> <p>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 ... .</p> <p>...</p>
Disclosure of whether and how entity uses scenario analysis 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 its identification of risks (IFRS S1.44(a)(ii))	True



# IFRS<sup>®</sup>

Foundation

Columbus Building  
7 Westferry Circus  
Canary Wharf  
London E14 4HD, UK

Tel **+44 (0) 20 7246 6410**

Email **[sustainability\\_licensing@ifrs.org](mailto:sustainability_licensing@ifrs.org)**

**[ifrs.org](http://ifrs.org)**