Response to IFRS Sustainability Taxonomy Request for Comment
September 25, 2023

Please note below questions and XBRL US responses related to the IFRS Consultation on the proposed IFRS Sustainability Disclosure Taxonomy.

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.

XBRL US Response: Broadly agree. Digitally prepared sustainability information, generated using an XBRL taxonomy, will facilitate the preparation and use of the reported information. Establishing the taxonomy with concrete, agreed-upon definitions will facilitate the reporting process for companies preparing their sustainability data. Today, many companies must attempt to adhere to multiple ESG standards, and often to respond to surveys sent to them by investment groups or ESG rating companies.

Data produced in structured format is more consistent because preparers must follow an agreed-upon set of concepts with associated definitions and other parameters. Digitally prepared data is machine-readable which makes it easier to process and consume, reducing cost and making data access timelier.

The creation of a single agreed-upon set of standard reporting definitions will reduce duplication, confusion, and ultimately workload on the reporting entities.

Question 3—Other comments on the general features of the Proposed IFRS Sustainability Disclosure Taxonomy
a. Do you have any other comments on the general features of the Proposed IFRS Sustainability Disclosure Taxonomy (paragraphs 1–41 of the Proposed IFRS Sustainability Disclosures Taxonomy: consultation document)? 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.

Do you have any other comments on 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)?

XBRL US Response: Broadly agree. We agree with the approach taken to follow XBRL best practice modeling including the use of text block tags to capture narrative disclosures, and categorical elements like enumerations and Boolean elements to make narrative data easier to consume. The IFRS may wish to consider providing further information related to certain Boolean elements which could clarify their meaning. For example, "Metric is validated by third party" and "Climate-related target and methodology has been validated by third party" could be associated with corresponding elements for "Third Party Validating Metric".

We support the use of dimensions to capture disaggregation of reported data for ease of tagging. We noted that the taxonomy includes some axes that have optional characteristics, for example the Risks and Opportunities [Axis], but that have only one member option. Under the current structure, preparers will create their own list of risks and opportunities and associate all of them with the "Risk and Opportunities" axis/member. A higher level of granularity in data reported could be achieved by providing separate member concepts to allow preparers to explicitly disaggregate their reported data. When an axis like this example is used, it would be more useful to give preparers the ability to associate either a "Risk [Member]" or an "Opportunity [Member]" with the fact which would further disaggregate the data into the appropriate risk or opportunity member.

We agree with the use of multiple entry points in the taxonomy and the logical grouping of elements to improve the efficiency of report preparation.

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 of the Proposed IFRS Sustainability Disclosure Taxonomy: consultation document)? Why or why not? If not, please specify what changes you suggest and why.

XBRL US Response: We agree with the plan to create a single set of consolidated elements that can be used to report both S1 and S2 data. This approach will guard against duplication and ensure consistency and comparability of data generated. Establishing the same elements which can be used with dimensional qualifiers is an efficient approach to building the taxonomy. This methodology will also result in a more compact taxonomy with fewer elements that preparers need to consider.

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 of the Proposed IFRS Sustainability Disclosure Taxonomy: consultation document)? Why or why not? If not, what principle would be more appropriate?

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Page 2 of 3

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 of the Proposed IFRS Sustainability Disclosure Taxonomy: consultation document)) would generally be consistent with this principle? Why or why not?

XBRL US Response: Tagging narrative disclosures is an effective approach, particularly with sustainability and climate-related data which is often conveyed as text. Developing concepts for first-level subparagraph facts would be consistent with the IFRS standard.

Should taxonomy elements generally represent narrative data sets that are more detailed or less detailed than the first-level subparagraphs. Why?

The IFRS may also wish to consider providing common use elements that represent facts that may be commonly included within the first-level subparagraphs which companies can optionally choose to tag in addition to the first level subparagraphs. This could provide more granular detail for users of the data but would not add to the reporting burden given the optional nature of the detailed tagging within the text block.

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?

XBRL US Response: We encourage the IFRS to provide numerous examples of sample digitized reports representing different use cases to assist preparers. We also support the recommendations made by the XBRL International Taxonomy Design Working Group described in their response submitted to this Request for Comment which could improve efficiencies in the reporting of sustainability data on a global basis. To be most effective, sustainability standards must be global to reduce workload on preparers and to generate usable comparable data.

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Page 3 of 3