

Name of the organization: MSCI ESG Research LLC

Type of stakeholder: Users

Country: America

Q1:

Yes, we believe the XBRL taxonomy is aligned closely with the ESRS disclosure requirements and is comprehensive in covering all aspects of Set 1 ESRS disclosure requirements. The taxonomy is clear and user-friendly that could allow preparers and users to report and use the sustainability information accurately and efficiently respectively.

Q2:

Yes, in principle, we agree that the current design meets user needs, as it reflects a clear understanding of reporting requirements, and its detailed approach suggests it will support thorough analysis of ESRS disclosures. However, to improve, it is essential to offer user-friendly guidance, training, and support materials to help users better navigate and use the taxonomy. Additionally, clear instructions on how to effectively use narrative tagging in ESRS would be needed to make qualitative data as analyzable and comparable as quantitative data. As reporting standards (both global and national/regional) evolve, ensuring smooth interoperability with other standards and frameworks would be critical to enable integrated analysis and lessen the reporting burden on preparers, while maintaining a user-friendly taxonomy structure.

Q3:

Yes, the provided hierarchy seems to be well-organized and logical, accurately mirroring the stratified character of sustainability reporting that spans from general statements to detailed, entity-specific data. The strategy of reusing XBRL elements is also acceptable, as it simplifies and enhances user experience, avoiding the potential confusion that could result from having an excessive number of similar elements. However, there is potential for enhancement in offering more direct instructions and guidelines on the best practices for employing the various levels of narrative textblock tags. These could include comprehensive examples and case studies would aid in achieving uniformity in reporting and facilitate comparison between different entities.

Q4:

Yes, we believe EFRAG's approach to reusing XBRL elements in the Draft ESRS XBRL Taxonomy is beneficial, aiming to prevent redundant tagging and facilitating a more streamlined and efficient reporting workflow essential for both preparers and users. This strategy could maintain the taxonomy's consistency and user-friendliness, enhancing the comparability and reliability of data across various entities' reports.

Q5a:

Yes, we believe that the implementation of semi-narrative elements, such as yes/no Booleans and drop-down enumerations, enriches the narrative disclosures and is particularly relevant for users. These elements streamline the process of extracting and interpreting key information from the narrative disclosures by converting them into a standardized, binary format. This not only simplifies

data analysis but also enhances the consistency and comparability of information across different reports, making it easier for users to assess and compare the sustainability practices and performances of various entities.

Q5b:

From our perspective, the technical and conditional Booleans, as detailed in Section A1.1 of the Explanatory Note and Basis for Conclusions, do offer clear benefits. These elements could facilitate the tagging of positive and negative confirmations, which enhances the granularity and precision of the data extracted from sustainability reports. Such tagging could allow users to quickly ascertain not only the presence of certain policies or practices but also their absence or negation, which is crucial for a comprehensive analysis. This approach could ensure a nuanced understanding of the reported information, enabling users to make more informed assessments and decisions based on the full spectrum of disclosed sustainability practices and outcomes. To further improve, we suggest that enhanced guidance and training on the effective utilization of these Booleans could augment the quality and uniformity of reporting. Moreover, improving how these Booleans interact with other elements in the taxonomy could significantly enhance the analytical utility of the extracted data.

Q6a:

No comment

Q6b:

No comment

Q7:

Yes, from our perspective, the approach to minimize the need for XBRL taxonomy extensions is beneficial as it supports greater comparability across different preparers and ensures the relevance of the data. By providing mechanisms that allow for detailed tagging of disclosures like Impacts, Risks, Opportunities (IROs), Policies, Actions, and Resources, as well as Targets and Metrics, the taxonomy facilitates a standardized reporting format that enhances the ability to compare data across different entities. To improve, we would suggest ongoing reviews and updates to the taxonomy to ensure it remains comprehensive and flexible enough to accommodate new reporting requirements and standards. This would ensure that the taxonomy continues to meet the evolving needs of both preparers and users, maintaining its relevance and utility in sustainability reporting.

Q8:

Yes, we believe the validation rules implemented in the Draft ESRS Set 1 XBRL Taxonomy seem appropriate as they align with the principle of materiality and the importance of different types of disclosures. The use of varying severity levels for missing facts (ERRORs, WARNINGs, and INFORMATION) is a practical approach, as it prioritizes the corrections needed based on the criticality of the data to stakeholders. We would suggest additional validation rules could be developed to check for consistency and accuracy across related data points. For example, cross-checks between reported data (e.g. emissions trend data) and the narrative explanations or between different sections of the report could be implemented to ensure coherence and integrity in the reporting. Additionally, validation rules around quality of the data reported based on the expected

data type could be added as well e.g. checking for presence of rounded numbers (like date) instead of decimals could be helpful to ensure the relevant data are correctly tagged.

Q9:

No comment