

Name of the organization: Ipieca

Type of stakeholder: Preparers

Country: Europe

Q1:

Ipieca, the global oil and gas association for advancing environmental and social performance across the energy transition, welcomes the opportunity to comment on the Draft ESRS Set 1 XBRL Taxonomy. We support the objective of high-quality sustainability reporting and encouraging increased digital accessibility. Ipieca recognises the purpose of the draft ESRS set 1 XBRL taxonomy and its overall structure. We agree with the approach described in paragraph 42 of the Explanatory note and basis for conclusions, according to which the draft ESRS set 1 XBRL taxonomy transposes the ESRS Set 1 without modifying or altering the number of disclosure requirements or datapoints or their content. We encourage the European Securities and Markets Authority (ESMA) and the European Commission to follow that rationale.

Q2:

Ipieca's membership primarily comprises report preparers. Ipieca is concerned that current proposals would impose a rigid structure on the presentation of information and constrain preparers' ability to present information in a way that best meets the information needs of users. We note from the summary of stakeholder feedback in Appendix 2 of the Explanatory Note and Basis of Conclusions that consultations to date appear to be weighted towards ESG data providers. Preparer perspectives are less obviously represented. We believe the Draft ESRS XBRL Taxonomy meets the needs of certain users, particularly ESG ratings agencies and data providers. However, it may not meet the needs of other stakeholder groups who have not been as thoroughly consulted to date.

Q3:

In principle, Ipieca agrees it is beneficial for the ESRS Set 1 XBRL Taxonomy to follow the same structure of the disclosure requirements and datapoints. As narrative disclosures account for up to two thirds of the data points required by ESRS, we expect preparers will require a degree of freedom to structure this information in a way that facilitates human readability and the integration of material sustainability information into the overall narrative of the management report. We expect that tagging the three levels of information will be challenging even for experienced preparers, especially in the early years of reporting against the ESRSs. In this context, we endorse the view expressed in the Methodology and Architecture paper from 26 April 2023 in paragraph 32 that "the human readable report is always the starting point for the tagging". It is likely that sustainability statements will evolve over time to meet the needs of users. By implementing a taxonomy that imposes a rigid structure on the presentation of data points, companies will be constrained in their ability to structure their disclosures in a way that may work against the broader goal of better integration of financial and non-financial information. Ipieca recommends that CSRD implementation be given two to three years to mature before introducing a requirement for digital tagging using the XBRL Taxonomy. This allows the XBRL Taxonomy to reflect collective learning and gives time for the market to prepare. We also recommend a phased approach for the tagging of narrative disclosures, starting with Level 1 elements, learning the lessons, and then evaluating the need for further action.

Q5a:

We believe it would be preferable to start with the tagging of quantitative information and learn the lessons from this experience before introducing a more complex system of tagging for narrative elements. There is a risk that the use of features such as yes/no Booleans and drop-down menus will result in the omission of important contextual information necessary for a complete understanding of the data point. Preparers' experience of responding to questionnaires from ESG rating agencies containing similar elements, such as yes/no questions and drop down menus, is that such structures often fail to capture important information, resulting in a misleading or inaccurate picture.

Q5b:

Not at this point in time. See response to question Q5a.

Q6a:

No comments for this question.

Q6b:

No comments for this question.

Q7:

Ipieca supports an approach that reduces the need for XBRL taxonomy extensions as it reduces the burden on report preparers. We think there should be flexibility in XBRL tagging extensions as exists in SEC.

Q8:

Ipieca supports the use of validation rules.

Q9:

Ipieca recommends that CSRD implementation be given time to mature before introducing a requirement for digital tagging using the XBRL Taxonomy. The market will go through a steep learning curve in the next two to three years. This collective experience is likely to lead to significant improvements in the design and functioning of a future XBRL Taxonomy. Allowing a longer phase in time for implementation allows time for European institutions to develop better guidance and concordance tables with widely used standards such as ISSB and GRI. And it also retains flexibility to explore the use of other technologies, such as rapidly developing AI capabilities, that can the similar outcomes with substantially less manual effort.