

Name of the organization: XBRL International Inc.

Type of stakeholder: XBRL experts

Country: International

Q1:

As a general comment, we note that the taxonomy is arranged to match the standards within the ESRS. There are two areas where we think there could be improved representation: The first is aligning the taxonomy presentation (linkbase) to the ESRS rather than the definition linkbase. For example, the table "Financial and in-kind political contributions made" from G1, Business Conduct. The definition linkbase breaks it in to two tables, one with data broken down by country and another broken down by geographical area. This split in the definition linkbase so that technical validations work as intended makes sense, but it is confusing to observe in the presentation like that when viewed as a user of the data. Although there is a general convention to line-up the presentation and the definition linkbases, it is not a hard requirement and there are examples, such as this, where it is easier to understand if the presentation models the table as people would expect to see presented (combined) and the definition splits it up as needed so that technical validation works correctly. The difference between the two can always be captured using an explanatory label on a common concept (such as the hypercube) in a documentation or guidance label role. The second area is that the dimensions and domain members used in the taxonomy do not have references on them. Often the reason they do not is that the same dimensions and domain members are reused in multiple standards and so having references to G1, S2 and E3, when looking at a dimension in E1 can be confusing to users. A way around this is to put the references on the hypercubes (which tend not to be reused across standards) for the relevant dimensions and members.

Q2:

We think the ESRS matches the expectations many users will have from the taxonomy and ESRS digital disclosures. We think a dedicated entry point for users (distinct from preparers) showing how various linked data comes together (for example targets, IROs, policies) or how tables broken-out to aid preparers can be combined for users would be of benefit. We think users will greatly benefit from digital interoperability via an ESRS published/endorsed concordance to ISSB, GRI, CDP and others. As such, the taxonomy having a digital concordance explaining how the ESRS taxonomy relates to other sustainability standards will be a significant improvement.

Q3:

The approach taken in the ESRS XBRL taxonomy is consistent and logical, with its hierarchical structure and use of references tying it to the ESRS themselves. There is an ongoing debate in the digital reporting community around the utility of larger (level 1) block tags and therefore making them optional (through documentation and perhaps with a marker data type that refers to them as an "optionalTextBlockItemType"), "zero transform" or abstract is worth considering. Avoiding tagging of the level 1 information means that the information remains present in the human readable part of the inline XBRL report but effort involved in tagging it is avoided. The level 2 and 3 (more granular) narrative data is still tagged and little value is added by the level 1 tagging beyond that already created by level 2 and level 3 tagging.

Q4:

We support the reuse of XBRL elements to avoid double-tagging. Reusing concepts between IROs (SBM-3), Policies, Actions (including Resources) and Targets (including Metrics) facilitates common approaches to preparation, assurance and analysis. The consistent use of a typed dimension to group related facts together for a given target/policy/etc. and also to use the same approach to relate a target to a policy make sense. We would encourage a strict separation of names and identifiers (so a fact should be a name or an identifier, not both) as names are often updated or change with language whereas identifiers should remain consistent within a report regardless of language and can be checked to remain consistent from one report to another. We support the review planned in Section 6.6, paragraph 103 as updating standards and taxonomies based on their use in digital reporting is one of the most effective ways to improve data quality year-on-year. A review might also facilitate additional reuse as the ESRS and ESRS XBRL taxonomy develop. For example, currently the ESRS XBRL taxonomy has the concept "Information about specific collective action for water and marine resources [text block]", reported with one of IdentifierOfActionPlanTypedAxis or TopicalESRSAxis set. In the future it may be possible to move to a more reusable concept such as "Information about specific collective action [text block]" (not water and marine resource specific).

Q5a:

We strongly support the modelling decisions evident in the taxonomy termed Booleans and drop-down enumerations (extensible enumerations). This approach simplifies production of reports and consumption of reports alike. The semi-narrative elements allow for reliable, objective, automated filtering and querying by users of digital reports. Once objectively filtered, users can use a number of subjective techniques (AI, humans, etc.) to analyse the granular narrative data. The explanatory document accompanying the taxonomy, and the illustrative samples, uses the same mechanism for tagging extensible enumerations as used by the existing ESMA ESEF and SEC EDGAR reporting manuals. We think this consistency with existing practice lowers implementation burden for software providers. We would encourage the taxonomy team to go further and include guidance to use fact-to-fact relationships to tie the drop-down elements to the related narrative disclosure, using the existing fact-explanatoryFact arcrole (as an addition to the existing list in paragraph 170, page 45 of the explanatory document).

Q5b:

We think all the benefits previously listed in our answer for Q5a apply here too. However, we would also note that Booleans benefit from consistently structured labels so that all preparers and analysts have the same interpretation. For example, "Extent to which assets and business activities may be exposed and are sensitive to identified climate-related hazards has been assessed" the Boolean is assumed to be about whether the extent has been assessed rather than referring to "are sensitive". We recommend implementing a common grammatical structure for all Boolean concept labels to reduce user uncertainty and also add documentation labels to further clarify. This approach has worked well with the Booleans in the US GAAP taxonomy.

Q6a:

We agree with the dimensional modelling of the ESRS XBRL taxonomy and, in particular, the use of typed dimensions as a linking mechanism to collect related facts about particular IROs, policies,

actions, targets and metrics. Typed dimensions are defined in the XBRL Dimensions 1.0 specification, one of the core XBRL specifications, and as a result, they are fully supported by all certified XBRL software. Typed dimensions used to link facts The taxonomy currently uses identifiers to link related facts for a IRO/policy/action/... (for example, all facts about target 1 share a typed dimension value of 1). This works well for the facts related to a specific IRO/policy/action. When relating a policy or IRO to a target, the taxonomy combines the IRO/policy identifier with the human readable name of the IRO/policy. We would recommend capturing the related identifier as one value, separate from capturing the related name as another value (i.e. two separate concepts), so that the identifiers are standalone facts (or dimension values). For example, in ESRS2.MDR-T.1 (about targets), there is a concept "Name or identifier of related policy", this could be split in to a "Name of related policy" and a typed dimension of "Identifier of policy". The identifier would then provide a strong link (would be exactly the same identifier) to the policy specified in ESRS2.MDR-P.1. A further advantage is that specifying more than one policy as related to the target uses the standard mechanism of adding a second dimension value for the second policy, while keeping the same identifier for the target. This approach may require some changes to the hypercubes but facilitates automated verification that all reported IRO/policy/action/target/...(s) are consistently and unambiguously linked. Using 'nil' as a default value for typed dimensions We would encourage development of the taxonomy so as to avoid use of 'nil' typed dimensions, as 'nil' is often used to convey different things by different taxonomy authors. This differing of opinions can make implementation difficult for software vendors and decisions about when / why to use nil hard to understand for preparers. One alternative to requiring nil typed dimensions is to provide one or more "auxiliary" hypercubes in the definition linkbase that include all the primary items and required dimensions but exclude the various optional typed dimensions. The result is that a fact is dimensionally valid without needing to set an unwanted typed dimension to 'nil'. Often these 'auxiliary' dimensions are placed at the end of the taxonomy's definition linkbase, '[999999] Auxiliary hypercubes'.

Q6b:

We acknowledge that the ESRS standards require the filer to specify their own breakdowns where appropriate, as noted in paragraph 160 of the explanatory document. There are likely two ways filers will do this, either via an entity extension taxonomy (and creating their own hypercubes) or using combinations permitted in the ESRS taxonomy. Open hypercubes are prone to data integrity issues (as covered in [1]) and so there is always a strong preference for a taxonomy to only have closed hypercubes, including use of 'auxiliary' hypercubes for all the valid combinations of dimensions that are optional. Open hypercubes make it too easy for unsophisticated preparers with simple reporting software to make mistakes. They are likely to add the wrong dimension (explicit or typed) to a fact, potentially pick a value from a wrong domain and there will be nothing in the taxonomy to prevent them or warn them that what they have done is not just unintended but non-sensical. The suggested additional arcrole of "optionalDimension" in combination with an open hypercube and an accompanying specification would avoid these data integrity issues if it was published by the specification working group of XBRL International. One could imagine the new arcrole and specification resulting in validation behaviour for any open hypercube including that arcrole to be equivalent to that for a closed hypercube with optional dimensions. In this situation (optionalDimension forming part of the standardised, certified behaviour of XBRL processors), the "optionalDimension" facility would be preferable to the use of 'auxiliary' hypercubes as it would be more concise and simpler to understand than the 'auxiliary' hypercube approach. [1]
<https://www.xbrl.org/WGN/dimensions-use/WGN-2015-03-25/dimensions-use-WGN-2015-03-25.html>

Q7:

We mostly agree with these approaches and we have outlined suggested areas for improvement below. 1 IROs, Policies, Actions and Resources, Targets and Metrics; The use of typed dimensions makes sense and is a familiar pattern in XBRL. Making sure that the identifiers of any relationships between IROs, Policies, Actions etc. are distinct from their names (as outlined in our response to 6a) will enhance this approach. 2 Additional requirement to ESRS data points; Our understanding is that this refers to the below two mechanisms provided to allow for entity-specific reporting without the use of extensions: 1) Using a high level block tag to capture all the information in a section of the report; and 2) Using a residual ("Other" from) structure to capture material disclosures that are not explicitly part of the ESRS standard. Explicitly tagging additional information using "Other" makes it clear which particular text is additional to ESRS required data points. Non ESRS data in a large, level 1 block tag is often quite difficult to distinguish from any ESRS data and so the value to a user of a large, level 1 block tag is often fairly low. 3 Disclosures stemming from other legalisations or generally accepted sustainability standards and frameworks We assume this refers to the "[601011] Other material and (or) entity-specific information" section of the taxonomy. We agree this is an appropriate and efficient way to tag and collect data related to other standards or legislation. The items chosen look to be specific enough to be useful and general enough to capture any additional information. We believe the four concepts used in the more granular structure will be easier to use and entirely remove the need for a level 1 block tag to capture the targeted data. 4 "Other" entity specific disclosures, including metrics? We assume this is related to the provision of options or tags that use the key word "Other...". We agree these are effective in reducing the need for entity-specific disclosures and note there is published guidance [2] for how to use these effectively. [2] <https://www.xbrl.org/guidance/modelling-base-taxonomy-for-esd/#sec-other-element>

Q8:

We believe that incorporating validation rules into the taxonomy are beneficial for improving the quality of reports. Whether the taxonomy is opened by itself or with a report, the current validation rules (formula) run and it would be better if the validation rules did not run when just viewing the taxonomy. At the moment there are many thousands of validation messages output (for each reportable concept) which can be hard to consider. It may make sense to disable all the validation rules and include parameters (user-controlled configuration) to enable them. That way, by default, preparers and users are not overwhelmed by the validation rules but can determine themselves whether to enable particular validation rules or not. Additional validation rules to check that the target/IRO/action/policy identifier values are consistent, particularly when used as "foreign keys" (e.g. "related policy" when reporting on a target) would help ensure data quality.

Q9:

Most important for users is that the taxonomy is released, in order to start collecting ESRS reports and begin the cycle of taxonomy publication, data collection, data analysis, taxonomy improvement, taxonomy publication. We recognise that the ESRS taxonomy has been designed to cater to two audiences, the first is existing ESEF filers with an entity extension taxonomy, and the second is those filers who do not have an existing entity extension taxonomy for their financial reporting and may not have an existing XBRL report for their financial data. We have the following additional items of feedback on the taxonomy: Additional labels The ESRS makes use of data types and related units that are unfamiliar to many of those coming from traditional financial reporting. We suggest adding measurement guidance labels saying what the expected unit is for a particular concept (e.g. tCO2e or m3) including the correct reference to use from the unit type registry. For those making entity

extension taxonomies, commentary guidance labels may be useful to say where extension is or is not expected in the taxonomy. Sample inline XBRL reports We welcome the inclusion of sample inline XBRL reports demonstrating how to use the taxonomy and undertake certain tagging. The current text in the samples (Latin "lorum ipsum") makes it difficult to understand expectations around tagging various items, including text blocks, booleans and drop-downs (enumerations). We recommend future versions are enhanced to use more realistic narrative text and tagging open (the current text is Latin "lorum ipsum") as that will then make clearer expectations around tagging. We also recommend a sample and guidance is produced for those reports that follow a "content first" rather than "taxonomy centric" approach as tagging of granular narrative data is likely to be quite complex and different to those reports (like the current samples) that follow a "taxonomy centric" approach. Using "nil" facts to indicate something is not material and other reasons A nil fact is a way of explicitly reporting that you are not reporting something. However, different mandates have used nil facts to mean different things over the years and this can easily lead to implementation difficulty for software vendors and confusion for preparers. An alternative is to report against a "Not Material Items" concept, which could be an enumeration set (or less ideally a text block) of all the concepts not being reported because they are not material. Another approach might be to put a dimension on the nil fact to indicate the reason it is not reported or to link the nil facts to an explanatory narrative fact. We recommend really clear guidance and samples on using nil facts (none of the existing samples use nil facts) and we are happy to provide assistance through the DSD SIG.

The Reporting Scope dimension The Reporting Scope dimension has a number of different domains attached that look to be complimentary rather than exclusive:

- Whether the fact is a target or measured value
- Whether the fact is a correction of a previously reported fact
- Whether the fact relates to short/medium/long term time horizons
- Whether the fact relates to specific pre-defined milestone years

For example, a fact could be both a target and a correction to a previously reported target but at the moment it is only possible to set one of target or correction. We recommend adding a distinct dimension for each domain above that could be used by a filer alongside one or more of the other domains.