This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG SR TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG SRB or EFRAG SR TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG SRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

Draft ESRS XBRL Taxonomy

Methodology and Architecture

Cover Note

Objective

1. The SR TEG will discuss the key contents of the architecture and methodology of the ESRS XBRL Taxonomy, as presented in the Methodology Note (03-02).
2. The issue paper 03-02 covers several relevant decisions, principles and working assumptions with a focus on how the data points defined in the ESRS are reflected in the digital ESRS XBRL taxonomy.
3. The purpose of the meeting is to get a feedback from SR TEG on the content of paper 03-02.
4. Due to the very technical nature of the XBRL technology, the issue paper has been written in a way that helps TEG members to be able to understand the concepts; hence, technical terms and language are avoided wherever possible.

Issues paper

5. The objective of this session is to obtain EFRAG SR TEG views on the different issues discussed in the agenda paper 03-02. In particular, the following aspects are covered:
    a. Types of ESRS data points and corresponding tagging categories.
    b. Narrative tagging: Working assumptions.
    c. Level of separability.
    d. Level of nesting (vertical and horizontal).
    e. Entity-specific content.
    f. Implicit tagging as “not material for the undertaking”.
    g. Use of the expression “shall consider” in the ESRS.
    h. Implementation of the term “including” in the ESRS XBRL Taxonomy.
    i. Implementation of the term “whether and how” in the ESRS XBRL Taxonomy.

Background

6. EFRAG has developed the first set of ESRS. The EC asked EFRAG to develop a digital XBRL taxonomy for the ESRS as well as for the Article 8 EU taxonomy disclosures.
7. EFRAG has set up a project to develop a digital XBRL taxonomy for the ESRS with the help of an external consultant.
8. The EFRAG Digital Reporting team (EFRAG Secretariat) systematically reviews the ESRS XBRL taxonomy developed by the external consultant and discusses specific matters with the topical leaders of the corresponding standards. This review process will cover the entire taxonomy.

9. A Digital Committee (DC) consisting of SR TEG and SRB members has been established, which supports the SR TEG and SRB in their decision making process and, in particular, reviews individual parts of the ESRS XBRL taxonomy to ensure that the methodology and process have been properly followed. The purpose is not to re-do the review performed at the previous step.
10. The project started at the end of 2022 and will lead to the issuance of the draft ESRS XBRL Taxonomy, as well as a set of tagged illustrative reports.

Questions for EFRAG SR TEG

11. Please provide your comments on the content of paper 03-02
12. Do you think that there are additional aspects that EFRAG's Digital Reporting team should consider as part of the methodology and architecture of the ESRS XBRL taxonomy?
13. Which topics and questions should be addressed to the Digital Reporting Consultive Forum (DRCF)?
14. Which topics and/or questions should be covered by the public consultation on the Draft ESRS XBRL Taxonomy?

Next steps

11 The EFRAG's Digital Reporting Team is currently reviewing the Draft ESRS XBRL Taxonomy. The current deadline is end of April 2023.

12 Consultation questions are still to be prepared.

13 After the internal review, the materials are to be approved by the SR TEG and SRB to be issued for consultation.