This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG SRB. 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 SR TEG or EFRAG SRB. 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.

The Draft ESRS XBRL Taxonomy is confidential and not published yet and subject to changes. The Draft ESRS XBRL Taxonomy is for SRB and SRB members only and shall not be used for any other purpose than reviewing it and providing feedback to EFRAG.

Presentation and Approval of the

Draft ESRS XBRL Taxonomy

Cover Note

Objective

1   The aim of this session is to approve the Draft ESRS XBRL[1] taxonomy to be issued for public consultation. Prior to ask for approval, in this meeting the EFRAG Secretariat will update the SRB members on the discussions and approval at EFRAG SR TEG (5 December 2023), as well as on the pre-approval by the Digital Committee (DC)[2]. The Draft ESRS XBRL taxonomy will be issued for public consultation for 60 days, as per EFRAG due process procedures.

Approval by EFRAG SR TEG

2   On 5 December 2023, the EFRAG SR TEG consensually approved to recommend to the EFRAG SRB for issuance in consultation, the Draft XBRL Taxonomy, as the most appropriate approach and set of individual tags to translate in digital requirements the content of ESRS.

3   The reasoning behind the critical methodological choices implemented in this deliverable will be illustrated in the Explanatory Note (based on the Methodological Note dated April 2023 and other Agenda Papers provided to EFRAG SR TEG and SRB) that will accompany the deliverable for consultation. The Explanatory Note that will be open for EFRAG SRB input in the coming weeks.

4   The following members provided their positive vote to recommend this deliverable for issuance:

- Chiara del Prete

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[1] The Draft ESRS XBRL taxonomy has been made available to the SR TEG and SRB members on the 31th of October 2023 in Sharefile in two formats, as a human-readable Excel workbook and as technical XBRL taxonomy files.

[2] The DC is an internal body composed by a sub-group of TEG and SRB Members.

- Belen Varela Nieto
- Carlota de Paula Coelho
- Christoph Töpfer
- Eric Duvaud
- Giulia Genuardi
- Julia Menacher
- Katerina Katsouli
- Klaus Hufschlag
- Luc Hendrickx
- Philippe Diaz
- Piotr Biernacki
- Thomas Schmotz
- Signe Andreasen Lysgaard

5   One of the members listed above tied his approval to the condition that a specific question on the conditional and technical booleans will be provided in the public consultation.

6   The following members submitted a written approval to the ESRS XBRL Taxonomy
- Alexandra van Selm
- PierMario Barzaghi
- Chiara Mio
- Sigurt Vitols
- Sandra Atler
- Johan Dahl
- Anne-Claire Ducrocq
- Julian Müller
- Luca Bonaccorsi

7   The EFRAG SR TEG discussed the comments provided by the DC members in their Validation Report (VR) **– See Agenda Paper 03-02 and 03-03 to this meeting -** and in particular Appendices A and B of the VR in the meetings on 20 and 22 November 2023.

8   EFRAG SR TEG members were invited to provide their comments on the detailed deliverable and to express, if any, their possible red flag that they would like to see addressed before the final approval. The only comments received were provided on 37 conditional and technical Booleans XBRL elements and the secretariat developed a proposal for removing 21 of them (see agenda paper – 03-03 List of Conditional & Technical Booleans).

9   In the SR TEG meeting on the 22 November, the EFRAG secretariat presented a list of 37 conditional & technical Boolean XBRL elements, that were not exactly presenting the term "*whether and how*" in the ESRS and were therefor considered exceptions to the methodology of developing the Draft ESRS XBRL Taxonomy. After separate discussions with SR TEG members, the EFRAG secretariat proposes to eliminate 21 of the 39 conditional Booleans and only keep those that require a positive or negative confirmation. This proposal has been approved by the SR TEG members on the 5 December. The detailed list of conditional and technical Booleans is provided as separate appendix document 07-04. The conditional Booleans will also be covered with a specific question as part of the public consultation.

10   One of the most debated aspects of the methodological approach has been the granularity of tags for narrative disclosure (including level 3 when existing). To corroborate the proposed approach, interviews have been made with a group of users and data providers regarding the data usage of the elements is included in the [Draft] ESRS XBRL taxonomy. A summary of the interviews will be made available as part of the explanatory note.

11   The validation report of the Digital Committee, as discussed as agenda paper 03-02, 03-03 on the 20th of November, includes a list of 203 detailed comments provided by the members of the Digital Committee (provided for SRB members for information purpose). Most of the comments (related corrections and enhancements) have resulted in changes which have been already implemented by the Secretariat. Several comments, that would result in a deviation from the methodology (approved by the SR TEG on the 17th of April and by EFRAG SRB on 26th of April), have been rejected. Detail of the rejected comments is available in the list of comments in the appendix.

Background and EFRAG mandate to develop digital taxonomies

12   The EFRAG Secretariat has been working on the digital XBRL Taxonomy, which will enable digital tagging of sustainability statements as defined in the CSRD. The ESRS digital taxonomy reflects the human-readable version of the ESRS and has been developed according to the methodology and architecture presented at the SRB meeting on the 26th of April 2023[3].

13   The [Draft] ESRS XBRL taxonomy reflects the Delegated Act (DA) approved by the European Commission on 31 July 2023 and will be issued for public consultation in January 2024, after approval of the SRB. The digital XBRL taxonomy (including the Article 8 digital taxonomy) will be handed over to the EC and ESMA, which will be working on the Regulatory Technical Standards (RTS) on ESEF[4].

14   The legal basis of the development of a digital taxonomy (for which EFRAG has been tasked by the EC) for the sustainability reporting is provided by the CSRD which specify:

(a)   In the recital 55 that "*Digitalisation creates opportunities to exploit information more efficiently and holds the potential for significant cost savings for both users and undertakings. Digitalisation also enables the centralisation at Union and Member State level of data in an open and accessible format that facilitates reading and allows for the comparison of data*" [ESAP Regulation].

(b)   In the art. 29d that "*undertakings […] shall prepare their management report in the electronic reporting format specified in Article 3 of Commission Delegated Regulation (EU) 2019/815 (*) and **shall mark up their sustainability reporting**, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, in accordance with the electronic reporting format specified in that Delegated Regulation*". Same

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[3]Available at the following link :
https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FMeeting%20Documents%2F2303221128397656%2F03-02%20-%20Draft%20ESRS%20XBRL%20Taxonomy%20Architecture%20and%20Methodology%20-%20Issues%20Paper.pdf

[4] RTS on ESEF will specify the electronic reporting format of the sustainability reporting as well as guidance and implementing tools.

provisions apply to the parent undertakings subject to the requirements of Article 29a[5].

The EU legal process requires that EC shall adopt a delegated act [RTS] as an amendment of ESEF regulation (Reg. 2019/815 UE) on the basis of the [Draft] RTS proposed by ESMA.

15   The adoption foresees the following processes:

(a) EFRAG will develop the Sustainability Reporting (SR) XBRL Taxonomy, including:

(i)   ESRS XBRL taxonomy, which will reflect the approach and granularity embedded in ESRS datapoints[6] that EFRAG, as advisory to the EC in charge of developing the content of ESRS, considers appropriate, i.e. technically consistent with the content of the ESRS as adopted as Delegated Act the EC in July 2023.; and

(i)   Article. 8 XBRL taxonomy which will reflect the content of the Commission Delegated Regulation (EU) 2021/2178 on the presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities[7].

(b)   ESMA is responsible for developing the draft RTS that relies on the taxonomy prepared by EFRAG[8]. The draft RTS regulates the implementation (i.e. timing, level of tagging) of the Sustainability Reporting XBRL taxonomies described in (a) above.

(c)   European Commission to adopt the XBRL taxonomy as amendment to ESEF Regulation, following the submission of the draft RTS from ESMA.

The Draft ESRS XBRL Taxonomy deliverables

16   The Draft ESRS XBRL Taxonomy can be explored with an XBRL software, or with the Excel file that provides a human-readable illustration. However, the Excel file will not be used itself to digitally tag ESRS reports.

17   The EFRAG secretariat is still working on the Draft ESRS XBRL Taxonomy. A number of technical and editorial changes, which are listed in the Appendix C.B, have not yet been implemented.

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[5] The undertakings subjected to the legal requirements are:
- Public interest entities namely "large undertakings, and small and medium-sized undertakings, except micro undertakings, which are public-interest entities as defined in point (a) of point (1) of Article 2" and in particular:
    o   Listed undertakings [except micro-undertakings];
    o   Credit institutions [Directive 2006/48/EC]
    o   Insurance undertakings [Directive 91/674/EEC]
    o   Othe PIE defined by each Member State
- Large groups that exceed the limits of at least two of the three following criteria on the balance sheet date of the parent undertaking:
    o   (a) balance sheet total: EUR 20 000 000;
    o   (b) net turnover: EUR 40 000 000;
    o   (c) average number of employees during the financial year: 250.

[6] Please refers to the Implementation Guidance 03 [Draft] List of ESRS Datapoints as approved by TEG on the 13 November 2023.

[7] Article 8 XBRL Taxonomy reflects the content of the *Delegated Act - Environmental and climate* recently adopted by EC on 27 June 2023.

[8] ESMA will launch their own public consultation to receive comments related in particular to the approach for tagging the sustainability report.

18   Besides the core deliverable, which is the Draft ESRS XBRL Taxonomy itself, the EFRAG secretariat is preparing supporting materials for the Draft ESRS XBRL Taxonomy, which will include:

(a)   a description of methodological and architectural choices that have been made for specific data points and Disclosure Requirements (hereafter: explanatory note);

(b)   preparers guidelines with details on how certain Disclosure Requirements or XBRL elements should be used;

(c)   tagged illustrative reports in Inline XBRL (meaningless content);

(d)   an illustration of how interoperability with ISSB digital tagging would work (on the basis of the ISSB consultation recently closed), limited to a couple of disclosure requirements;

(e)   draft questions for the public consultation.

Implementation of specific features

19   The methodologic note envisaged to implement an additional XBRL element (tag) 'other disclosures' for each list (a/b/c or romaine i/ii/iii), to signify that those lists are not exhaustive. This has been implemented by implementing a generic XBRL element *Disclosure of other material information [text block] (esrs:DisclosureOfOtherMaterialInformationExplanatory)*, which can be combined with a typed dimension and a Name of the related impact, risk and opportunity and an enumeration element (dropdown) with the subtopics. This provides undertakings a flexible way to digitally tag entity specific disclosures whenever needed (and not tagged with any other ESRS XBRL element). The XBRL tags can be found in the presentation link role *[601010] Entity-specific disclosures – general*.

20   Additionally, the methodologic note envisaged to implement a 'validation' rule that would visualise those tags that exist in the draft ESRS XBRL taxonomy but have not been implemented by the preparer. This validation (which would be informative but not blocking) would require the preparer to acknowledge that when a tag is not existing in the XBRL report that it will be interpreted by the users as 'the information has been assessed to be not material and therefore omitted'.

21   The EFRAG secretariat implemented such a validation rule for all XBRL elements that are outside of the materiality assessment, using the following validation message and severity warning (example for ESRS 2 BP-1): *No tag found for 'Scope of consolidation of consolidated sustainability statement is same as for financial statements' (esrs:ScopeOfConsolidation OfConsolidatedSustainabilityStatementIsSameAsForFinancialStatements).* According to ESRS 1 paragraph 29 undertakings shall always disclose the information required by ESRS 2 General Disclosures and the Disclosure Requirements in topical ESRS related to the Disclosure Requirement IRO-1. After the changes in the adopted ESRS Delegated Act regarding the materiality assessment, this seemed to be the most logical validation rule. The same mechanics could be implemented to cover additional XBRL elements with a validation rule in order to improve the quality of the digital disclosures.

Questions to the SRB Members:

Q1: Do SRB members have any remaining question or comment on the Draft ESRS XBRL Taxonomy?

Q2: Do SRB members approve the digital Draft ESRS XBRL Taxonomy?

Next steps

22   The EFRAG secretariat is preparing supporting materials for the Draft ESRS XBRL (see paragraph 18 above)

23   The Draft ESRS XBRL taxonomy and the supporting materials are supposed to be approved by the SRB at the end of 2023. The public consultation is then started for a 60-day period in January 2024.

24   After the finalization of the ESRS XBRL Taxonomy and Article 8 XBRL Taxonomy, EFRAG will hand over the taxonomies to the EC and ESMA.

List of agenda papers and documents

25   In addition to this cover note, agenda papers and documents for this session are:

-    03-02 Validation Report of the Digital Committee

-    03-03 List of Conditional and Technical Booleans in the Draft ESRS XBRL Taxonomy

-    The list of comments provided by DC members as discussed on the 20 and 22 of November 2023 with SR TEG members has been shared with SRB members for information purpose.

APPENDIX C.A – How to read the Draft ESRS XBRL Taxonomy in Excel

26   The Taxonomy Report worksheet contains basic information on the XBRL taxonomy. The following list provides explanation on how to read and understand the columns and worksheets of the Excel visualization. For further information, please refer to the official XBRL Glossary9.

Taxonomy entry point:

The taxonomy entry point is a unique URL that identifies the XBRL taxonomy and its files.
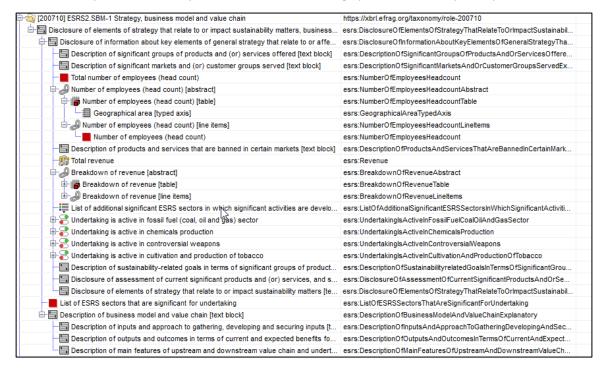
Roles

The XBRL taxonomy extended link roles (or roles) represent a group of specific XBRL taxonomy elements (tags). Each role consists of a human readable name (Definition) and a unique identifier (Role URI). Each role can be used to group elements for either presentation, dimensional or calculation relationships. Examples roles: "[200510] ESRS2.BP-1 General basis for preparation of sustainability statement", "[999150] Enumeration: Scope 3 GHG emissions category (ISO 14064-1)", "Notes to the financial statements".

"… Linkbase" Worksheets

Each line of the "… Linkbase" worksheets represent an XBRL element (tag) that represents a data point definition. The linkbases usually define relationships between XBRL elements.

Presentation Linkbase Worksheet

The presentation Linkbase is the most important view because it groups the XBRL taxonomy elements (or tags) in a hierarchy. The tree hierarchy indicates related elements (tags) parental relationship. Example:

Level:

Indicates the level in the tree.

Role:

Groups the elements by role, typically by DR (see above)

Label

Labels are human readable short descriptions for XBRL taxonomy elements (tags). The Label column is repeated for each language that exists in the XBRL taxonomy. Each XBRL element can have multiple labels (short, verbose, net, etc.). By default, the standard label (or preferred label in the presentation linkbase) is shown in this column.

Documentation:

The documentation column can have optional guidance on a taxonomy element if provided by the taxonomy author.

Technical name:

The unique ID that identifies the XBRL taxonomy element (tag). Which is independent from its label. Technical IDs are usually stable and should not be changed.

Abstract:

Indicates if an XBRL element (tag) can be used for tagging purposes (false), or if it just a placeholder to group certain elements in the tree like a headline. Dimensional elements are usually abstract as well.

Type:

The type column indicates which data type is used for the element. Examples: Monetary, Percentage, Textblock, Date, Boolean, GHGEmission, Volume, Tons.

Period:

The Period type indicates if an item is to be reported against a period (start date -> end date) or instant to a certain point in time.

Balance:

The balance attribute (credit/debit) is used for monetary elements only.

Substitution group:

Technical information, important to identify dimensions which are used to define abstract elements that can be used as attributes in combination with non-abstract elements (tags).

Reference:

The reference indicates the information provided by the taxonomy author to a certain external standard by providing different information like, section, number or paragraph that relates to a certain element.

Calculation Linkbase Worksheet

The calculation Linkbase is used to define hierarchies in a simple mathematical relationship. The Draft ESRS XBRL Taxonomy has currently no calculation relationships between XBRL elements defined.

Weight:

Indicates if an XBRL element is to be added (1) or subtracted (-1) from its parent element.

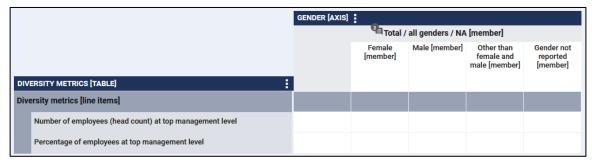*Definition Linkbase Worksheet*

The definition linkbase is used to define hierarchies and trees that group elements into dimensional hypercubes (or tables), by defining with elements can be combined together in a report. The screenshots below illustrate, how the Disclosure Requirement on S1-9 is presented as a tree in an XBRL taxonomies presentation hierarchy, and how it can

be rendered into a table using the definition linkbase, interpreting the dimensions as columns.

[401090] S1-9 Diversity metrics	https://xbrl.efrag.org/taxonomy/role-401090
Disclosure of gender distribution at top management and age distribution amongst employ...	esrs:DisclosureOfGenderDistributionAtTopManagementAndAgeDistrib...
Diversity metrics [abstract]	esrs:DiversityMetricsAbstract
Diversity metrics [table]	esrs:DiversityMetricsTable
Gender [axis]	esrs:GenderAxis
Total / all genders / NA [member]	esrs:GenderMember
Female [member]	esrs:FemaleMember
Male [member]	esrs:MaleMember
Other than female and male [member]	esrs:OtherThanFemaleAndMaleMember
Gender not reported [member]	esrs:GenderNotReportedMember
Diversity metrics [line items]	esrs:DiversityMetricsLineItems
Number of employees (head count) at top management level	esrs:NumberOfEmployeesHeadCountAtTopManagementLevel
Percentage of employees at top management level	esrs:PercentageOfEmployeesAtTopManagementLevel

	GENDER [AXIS]				
	Total / all genders / NA [member]				
		Female [member]	Male [member]	Other than female and male [member]	Gender not reported [member]
DIVERSITY METRICS [TABLE]					
Diversity metrics [line items]					
Number of employees (head count) at top management level					
Percentage of employees at top management level					

APPENDIX C.B – Pending changes of the Draft ESRS XBRL Taxonomy

- Add 'Reporting scope' axis with 'Current and retrospective' and 'Milestones and target years' for relevant templates (26 templates) that contain metrics throughout all of the standards.

- Add enumeration representing a list of all metrics used in all ESRS standards. This enumeration is to be added in MDR-T templates used in topical standards and in BP-2 template.

- Check in the ESRS if the use of 'upstream and downstream value chain' is correctly applied to all XBRL elements and update names and labels accordingly.

- Changing definition (order) of the extended link role for: Policies and (or) actions not adopted as well ESRS 2 related topical Disclosure Requirements.

- The presentation linkbase repeats certain XBRL elements, which is not desired. Example: In the extended link role *[301060] E1-6 Gross Scopes 1, 2, 3 and Total GHG* emissions the XBRL element *Gross Scope 1 greenhouse gas emissions* is repeated multiple times.

- The Draft ESRS XBRL Taxonomy is supposed to use "Intensity" data types, e.g. GHG Emission per net Revenue (E1-6). However, the corresponding new Data Types have not been approved the XBRL International BaseSpec Working Group and can therefore not be used. Decimals have been chosen as intermediate data types.

- Ensure that the remaining items from the list of comments with status "To be implemented" from the Digital Committee members are correctly implemented.

- Implementation of the conditional Booleans according to 03-03

- Implementation of editorial and technical corrections based on the feedback of DRCF members.