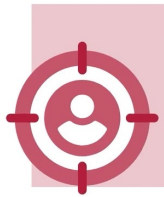

Introducing the IFRS Sustainability Disclosure Taxonomy

Digital financial reporting can enhance capital market efficiency and transparency

Investors benefit from



Automated data collection and reduced search costs



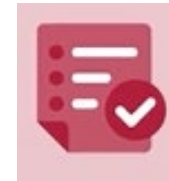
Expanded population of possible investment targets

Companies benefit from



Increased investor coverage and access to capital, including foreign investment

Regulators benefit from



Technology-driven monitoring and enforcement reviews



Improved data sharing between regulators and government agencies

+ more

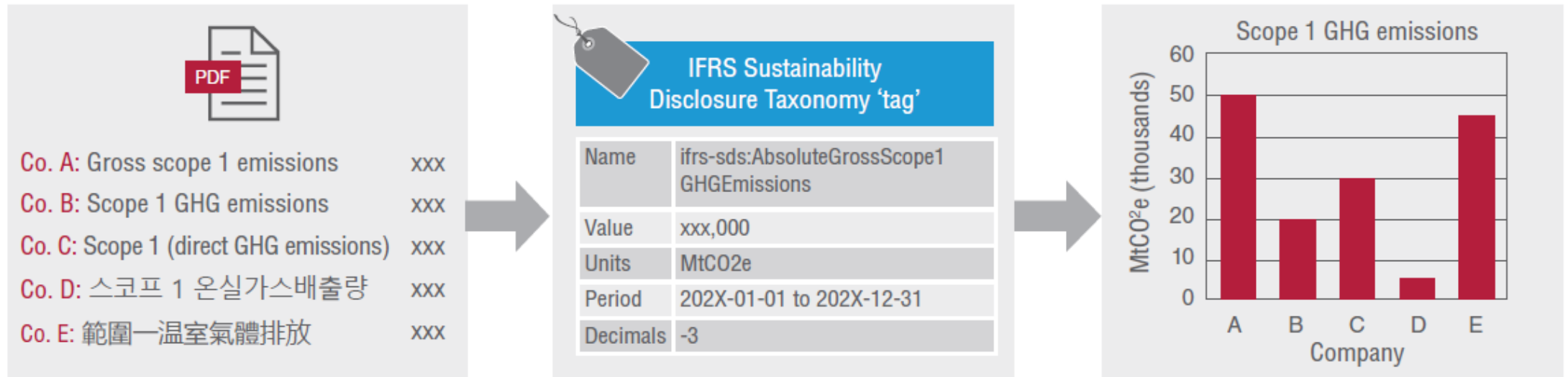
How sustainability-related financial disclosures are digitalised



Who	ISSB		Companies		Investors
What	Develop ISSB Standards	Develop ISSB Taxonomy	Report in accordance with the Standards	Use specialised software to 'tag' disclosures using the Taxonomy	Digitally compare and analyse sustainability-related financial disclosures
Regulators set requirements to report in accordance with the Standards and in a digital format					

Supporting investors' use of ISSB disclosures in a digital format

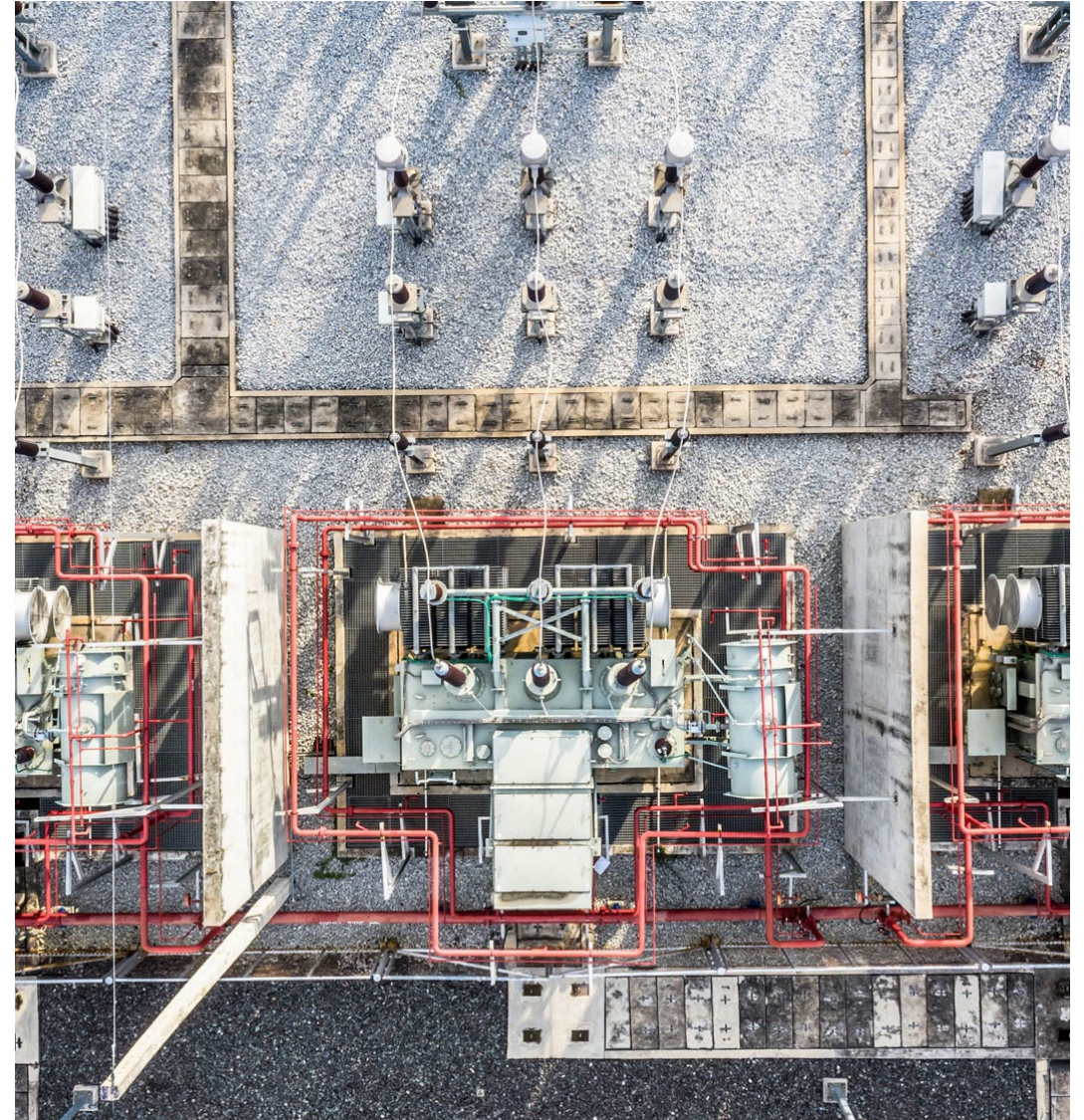
The ISSB Taxonomy provides the common elements (or 'tags') needed to make sustainability-related financial disclosures computer-readable



The ISSB Taxonomy reflects the requirements and accompanying materials of the ISSB Standards. **It does not introduce any new requirement.**

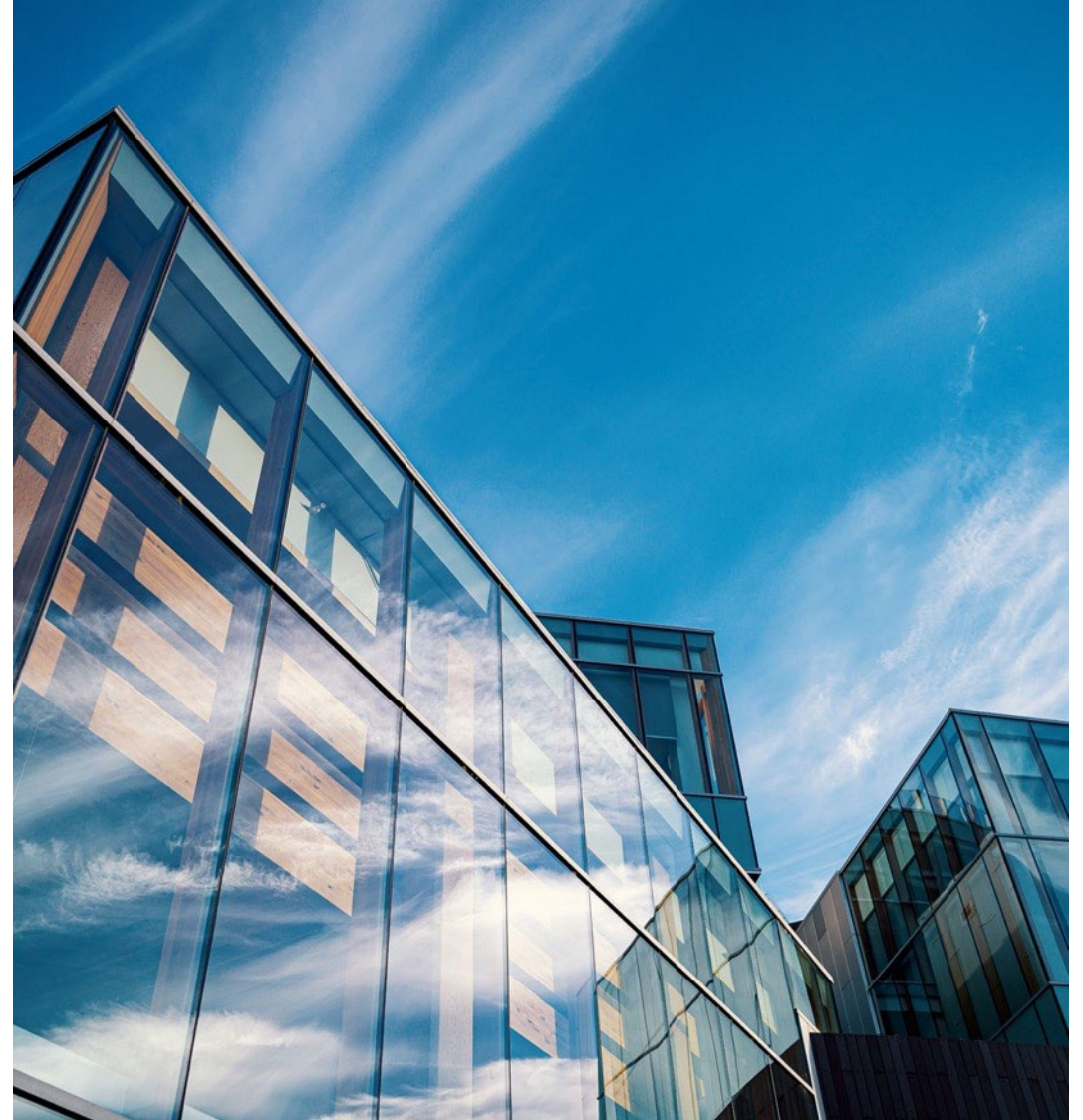
Supporting the global baseline through tagging

- Like the ISSB Standards, the ISSB Taxonomy is designed to be used as a global baseline and enable jurisdictions to build on that global baseline—facilitating digital comparability
- The ISSB Taxonomy:
 - Can be **directly used** by a jurisdiction that adopts the ISSB Standards
 - Can be **built on** to accommodate additional jurisdictional requirements by a jurisdiction that builds on the ISSB Standards
 - If necessary, can **support the interoperability** of the ISSB Standards with other sustainability standards—enabling common information to be identified so that investors can clearly identify the global baseline



Supporting holistic digital financial reporting

- The Taxonomy can be used together with other taxonomies used for tagging companies' financial statements
 - Consistent taxonomy design in the **IFRS Sustainability Disclosure Taxonomy** and the **IFRS Accounting Taxonomy**
 - Can also be used effectively with other taxonomies reflecting other GAAP
- Enables investors to efficiently search, extract and compare both accounting and sustainability-related financial disclosures

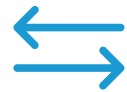


Key features of the ISSB Taxonomy



Narrative disclosures

- **Granularity of narrative disclosures**
– blocks of narrative information that are useful for analysis
- **Categorical elements**
– True / False (Boolean) and dropdown options (enumeration) to enable efficient analysis



Reflection of relationship of IFRS S1 and IFRS S2

- **Corresponding requirements in IFRS S1 and IFRS S2** – a single set of tags for corresponding requirements for efficient tagging and analysis
- **Climate topic** – identify risk or opportunity that is climate-related when such information is provided

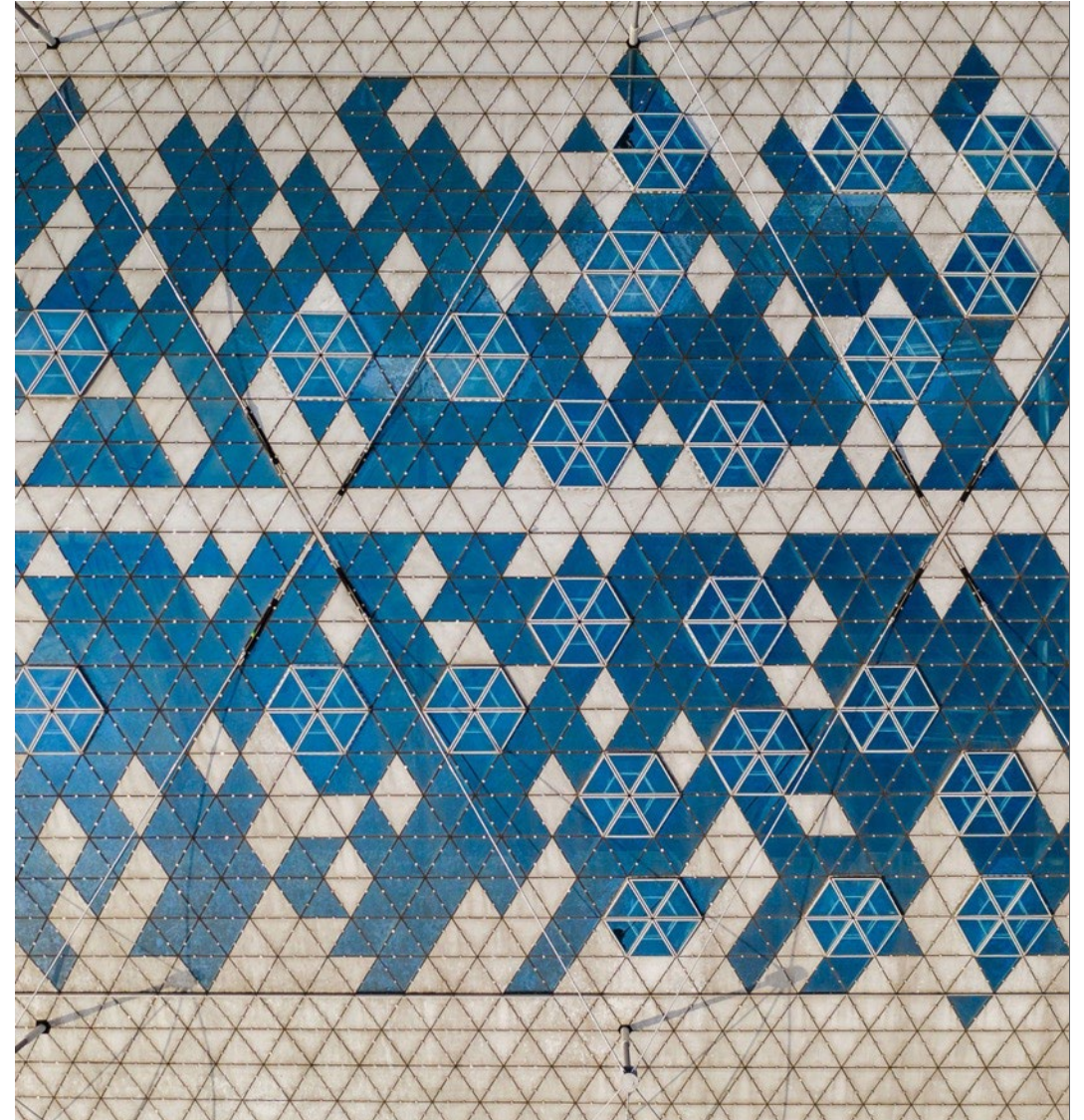


Metrics and targets

- **Climate-related metrics in IFRS S2** – separately identify each metric in IFRS S2, including the metrics in IFRS S2 *Industry-based Guidance*
- **Metrics from other sources** – ISSB encourages the use of other available taxonomy (eg SASB Standards Taxonomy)

IASB–ISSB connectivity on digital financial reporting

- Digital financial reporting is a common strategic priority of both the IASB and the ISSB
- Maximising synergy by sharing common:
 - **Taxonomy design** that is consistently applied in the digital taxonomies of both the IASB and the ISSB
 - **Taxonomy team** that supports both the IASB and the ISSB
 - **Advisory group** (the IFRS Taxonomy Consultative Group) that is co-chaired by an IASB Member and an ISSB Member
 - **Educational materials** that supports the use of the digital taxonomies of both the IASB and the ISSB



Materials for supporting digital financial reporting

Visit [ifrs.org](https://www.ifrs.org) for resources to aid understanding and support use of the IFRS digital taxonomies, including **introductory materials on digital financial reporting**

Watch out for an updated regulators' guide to help with implementing the IFRS digital taxonomies later this year



What are the IFRS digital taxonomies?
The IFRS digital taxonomies (the IFRS digital taxonomies) are designed to be computer-readable. The two IFRS digital taxonomies are:
• are derived from IFRS Standards
• can be used with IFRS digital taxonomies
• are regularly updated by the IFRS Foundation
• are unrelated to the company or product
The IFRS Foundation is working in accordance with the need for the IFRS digital taxonomies.

Example 1 – IFRS digital taxonomies
Companies use IFRS Standards for computers to read. If each company reports a computer-readable format, it is easier to compare and identify companies.

What are the benefits of digital financial reporting?
Investors benefit from digital financial reporting.
Companies benefit from digital financial reporting.
Regulators benefit from digital financial reporting.

Introduction
Digital financial reporting allows investors and other users of that information to efficiently search, extract and compare companies' accounting and sustainability-related financial disclosures. Today, many investors, companies and regulators are already getting the benefits. Over 90% of listed companies (by global market capitalisation) are required to undertake digital financial reporting to some extent. The IFRS digital taxonomies facilitate the reporting of information prepared in accordance with IFRS Standards in a computer-readable format. This article provides an introduction to digital financial reporting and the IFRS digital taxonomies. Further resources relating to digital financial reporting and the IFRS digital taxonomies can be found at www.ifrs.org.

What are digital financial reports?
A digital financial report is a financial report in a computer-readable, structured data format. Although financial reports in a PDF format are visually and contextually understandable to humans, this format makes it difficult for users of financial reports to efficiently extract, compare and analyse comparative information. Information in a computer-readable, structured data format allows investors to compare and analyse information efficiently—and on a large scale. Figure 1 shows a basic illustration of how information from various comparative digital financial reports (for example, basic earnings per share) can easily be searched, extracted and traced back to the underlying digital financial reports.

Figure 1—Search, extract and trace information from digital financial reports

Search
Investors can efficiently search digitalised data.

Company	Reporting Tag	Value	Unit of Measure
Company A	BasicEarningsPerShare	24.78	USD/Share
Company B	BasicEarningsPerShare	24.82	USD/Share

Extract
Investors can export results to Excel or link them directly to investor models.

Company	Reporting Tag	Value	Unit of Measure
Company A	BasicEarningsPerShare	24.78	USD/Share
Company B	BasicEarningsPerShare	24.82	USD/Share

Trace
Investors can trace results back to the underlying financial report.

Financial Report	2024	2023
Revenue	\$ 900	\$ 1,000
Profit before tax	\$ 300	\$ 400
Profit after tax	\$ 200	\$ 300
Basic earnings per share	\$ 2.00	\$ 3.00

Several digital financial reporting analysis platforms and tools, including Excel APIs, are available. Additionally, there are newly accessible Application Programming Interfaces (APIs) available for various digital financial reporting repositories. These APIs can be used to integrate data from those repositories into existing analysis tools and systems.

Digital financial reporting—Facilitating digital comparability and analysis of financial reports | April 2024 | 1

Next steps



Visit ifrs.org to find out more

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- [Join](#) the team