

The IFRS Taxonomy Consultative Group (ITCG) met in the IFRS Foundation’s London office from 12–13 October 2023. This note, prepared by the Foundation staff, summarises the discussions. Related papers and recordings of the meeting are available on the [meeting page](#).

ITCG members discussed:

- digital reporting activities and Taxonomy workplan update (paragraphs 1–4);
- IFRS Accounting Taxonomy—Subsidiaries without Public Accountability update (paragraphs 5–6);
- IFRS Sustainability Disclosure Taxonomy—specific proposals and initial analysis of feedback from the consultation period (paragraphs 7–10);
- European Financial Reporting Advisory Group (EFRAG) European Sustainability Reporting Standards (ESRS) XBRL Taxonomy—update on the development of the ESRS XBRL Taxonomy (paragraph 11); and
- IFRS Accounting Taxonomy—IFRS 18 (proposed modelling) (paragraphs 12–16).

Digital reporting activities and Taxonomy workplan update

- 1 The staff updated ITCG members on the International Accounting Standards Board (IASB)’s digital reporting activities, the IFRS Accounting Taxonomy and IFRS Sustainability Disclosure Taxonomy work plans. Staff asked ITCG members:
 - (a) whether they had any questions about the digital reporting activities; and
 - (b) which areas they would recommend for future common practice review.

Suggestions for areas to consider for future digital reporting activities

- 2 Some ITCG members said it is important to correct the misconception that artificial intelligence can replace the work of tagging data in accordance with digital taxonomies. Well-tagged data would facilitate data consumption assisted by AI.
- 3 One ITCG member stressed the need for guidance to support the implementation of the forthcoming IFRS Sustainability Disclosure Taxonomy.

Specific topics suggested for common practice review

- 4 Some ITCG members suggested specific topics for common practice review, including events after the reporting period, related parties and operating segment reporting. Other ITCG members suggested performing common practice reviews by jurisdictions and industries. Many ITCG members said that, as a long-term goal, there should be a mechanism to link information located in various sections of entity reports.

IFRS Accounting Taxonomy—Subsidiaries without Public Accountability project update

- 5 The staff asked for ITCG members' advice on approaches to reflect in the Taxonomy the disclosure requirements of the prospective IFRS Accounting Standard from the Subsidiaries without Public Accountability project. The staff asked ITCG members about:
- (a) a proposal to add new references to the existing Taxonomy elements, and create a new Extended Link Role containing any new elements; and
 - (b) comments or concerns related to digital reporting by entities within the scope of the project.
- 6 ITCG members unanimously agreed with the recommended proposal and agreed that the approach does not excessively increase the number of elements in the Taxonomy, considering the expected limited Taxonomy usage by entities within the scope of the forthcoming Standard. Some ITCG members questioned how the IASB plans to monitor application of the Standard, given the reports might not be provided in public repositories.

IFRS Sustainability Disclosure Taxonomy—specific proposals and initial analysis of feedback from the consultation period

- 7 The staff asked ITCG members for their opinions on specific proposals in the Proposed IFRS Sustainability Disclosure Taxonomy. The staff asked ITCG members about proposals related to:
- (a) the level of detail of tagging and extracting narrative information, including the specific categorical elements proposed;
 - (b) the relationship between IFRS S1 and IFRS S2, and tagging disclosures that meet requirements in both Standards; and
 - (c) modelling metrics and targets.

Proposals related to the detail of tagging and extracting narrative information, including the specific proposed categorical elements

- 8 ITCG members wholly supported the proposed categorical elements, but held mixed views on the level of detail in tagging narrative information. Some ITCG members said that a more detailed approach benefits data providers and gives a higher chance of interoperability between taxonomies in other jurisdictions and the IFRS Taxonomy. However, ITCG members also said that more granularity has the disadvantages of potentially requiring double tagging, increasing the burden for preparers and making the information more difficult to consume when using large language models.

Reflecting the relationship between IFRS S1 and IFRS S2, and tagging disclosures that meet requirements in both Standards

- 9 ITCG members agreed with the proposal to create a single set of elements for the corresponding requirements in IFRS S1 and IFRS S2. They argued that a single set of elements is helpful for data users and preparers and easier for Taxonomy maintenance. ITCG members recommended using extensible enumeration elements as a mechanism to identify the 'topic' (or topics) of a sustainability-related risk or opportunity (for example, 'climate').

Modelling metrics and targets

- 10 ITCG members did not reach a consensus on a solution to modelling metrics and targets. They concluded that several of the alternatives are viable. ITCG members suggested that the

simplest model to understand could be using line items for metrics defined by the Standard, with generic value line items within an entity-defined metrics table. However, they concluded that the IASB should review more examples, taxonomies and reports to test the options before making a decision.

EFRAG ESRS XBRL Taxonomy—update on the development of the ESRS XBRL Taxonomy

- 11 EFRAG staff updated ITCG members on the development of the ESRS XBRL Taxonomy. Some ITCG members asked questions about the interoperability between the IFRS Sustainability Disclosure Taxonomy and the ESRS XBRL Taxonomy.

IFRS Accounting Taxonomy—IFRS 18 (proposed modelling)

- 12 The staff asked for ITCG members' opinions on the proposed Taxonomy modelling for the main requirements in the prospective IFRS Accounting Standard from the Primary Financial Statements project, IFRS 18. Staff asked ITCG members about:
- (a) the proposed overall approach and method for modelling the requirements in the prospective Standard, specifically in relation to elements that have substantially changed in meaning and the use of categorical elements;
 - (b) proposals relating to the digital representation of subtotals and categories in the statement of profit or loss; and
 - (c) proposals relating to the digital representation of disclosures on specified expenses by nature and management-defined performance measures (MPMs).

Proposed overall approach and method

- 13 ITCG members supported the new general policy to model primary financial statement concepts as line items in dimensional modelling. In ITCG members' views, this approach ensures the primary financial statements and disclosures in the notes will be appropriately linked. However, ITCG members suggested the IASB create implementation guidance for both users and preparers.
- 14 ITCG members supported deprecating elements that have substantially changed in meaning and creating new elements in their place to avoid misleading users. They also agreed on using categorical elements if a disclosure requirement in the prospective Standard is in a categorical format.

Proposals relating to the digital representation of subtotals and categories in the statement of profit or loss

- 15 ITCG members supported adding elements for all items of income or expense that could be categorised in several categories because the element labels would clearly convey information about the category. ITCG members did not support using dimensions or category metadata in addition to line items to reflect an element's category because adding extra dimensions or category metadata might be more complex and confusing.

Proposals relating to the digital representation of disclosures on specified expenses by nature and MPMs

- 16 ITCG members agreed to apply the new general policy—to model primary financial statement concepts as line items in dimensional modelling—to the disclosures of specified expenses by

nature and the MPM reconciliation. ITCG members concluded that using two axes to model MPMs using the new general policy would help users and preparers to easily visualise such information. However, some ITCG members suggested that the approach should be tested with more examples because MPM reconciliation tables could be presented in various ways.