



IFRS Taxonomy Consultative Group (ITCG) meeting

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|----------|---|
| Date | 1 February 2024 |
| Project | IFRS Sustainability Disclosure Taxonomy |
| Topic | Proposed IFRS Sustainability Disclosure Taxonomy: Breakout session |
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This paper has been prepared for discussion at a public meeting of the ITCG. This paper does not represent the views of the International Sustainability Standards Board (ISSB) or any individual ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the ISSB *Update*.

Breakout session – Overview

- a) **Introduction session** – The staff will provide an overview about the main changes made in the prospective IFRS Sustainability Disclosure Taxonomy* resulting from stakeholder feedback on the Proposed Taxonomy (see **Agenda Paper 7A** of ITCG February 2024 meeting).
- b) **Breakout session** – Each ITCG member will be assigned to a breakout group. This session is intended to help structure discussion of ITCG members' feedback on the prospective Taxonomy. **We ask each group to discuss all the questions presented in Slides 3–6.**
- c) **Report back session** – ITCG members will summarise and discuss the main points from each breakout session with the rest of the meeting participants.

* For brevity, we refer to the IFRS Sustainability Disclosures Taxonomy as the 'ISSB Taxonomy' or the 'Taxonomy' in this document.

A. Narrative information – Questions for ITCG *(for discussion in Breakout and Report back sessions)*



1. Does ITCG agree that adding elements reflecting more granular aspects of requirements when they are expected to help facilitate interoperability would help investors' use of tagged information?
2. Does ITCG have other feedback on any aspect relating to the approach to tagging narrative information (Slides 6–8 of **Agenda Paper 7A** of ITCG February 2024 meeting)?

B. Reflection of relationship between IFRS S1 and IFRS S2 – Questions for ITCG



(for discussion in Breakout and Report back sessions)

1. Does ITCG agree that having elements for tagging disclosure about the topic(s) of a sustainability-related risk or opportunity would be useful (Slides 12–13 of **Agenda Paper 7A** of ITCG February 2024 meeting)?
2. Does ITCG have other feedback on any aspect relating to the approach to modelling the relationship between IFRS S1 and IFRS S2 (Slides 10–13 of **Agenda Paper 7A** of ITCG February 2024 meeting)?

C. Metrics and targets – Questions for ITCG

(for discussion in Breakout and Report back sessions)



1. Does ITCG agree that the elements reflecting the values of entity-defined metrics and targets in the Taxonomy would be useful?
 - a) Does ITCG agree that the values described in Slide 17 of **Agenda Paper 7A** of ITCG February 2024 meeting would be suitable for tagging almost all entity-defined metrics and targets?
 - b) If not, is there any other element type that ITCG think would be useful to add?
2. Does ITCG have other feedback on any aspect relating to the approach to tagging metrics and targets (Slides 15–18 of **Agenda Paper 7A** of ITCG February 2024 meeting)?

D. Other topics – Questions for ITCG *(for discussion in Breakout and Report back sessions)*



1. Does ITCG have feedback on any other aspect of the prospective Taxonomy?

Illustrations of tagging and resulting data

Illustrations of tagging and resulting data

To facilitate discussion in the Breakout session, we have prepared illustrations to help discussion of the questions presented in Slides 10–31. The illustrations show how the elements in the Taxonomy is expected to be used and the resulting data.

We expect ITCG members to review the illustrations in advance of the meeting. We do not plan to go through the illustrations in detail during the Breakout session.

The examples are provided solely for the purpose of illustration of tagging using the IFRS Sustainability Disclosure Taxonomy.

Illustrations

Illustration related to narrative information 10

Illustration related to reflection of relationship
between IFRS S1 and IFRS S2 15

Illustration related to metrics and targets 24

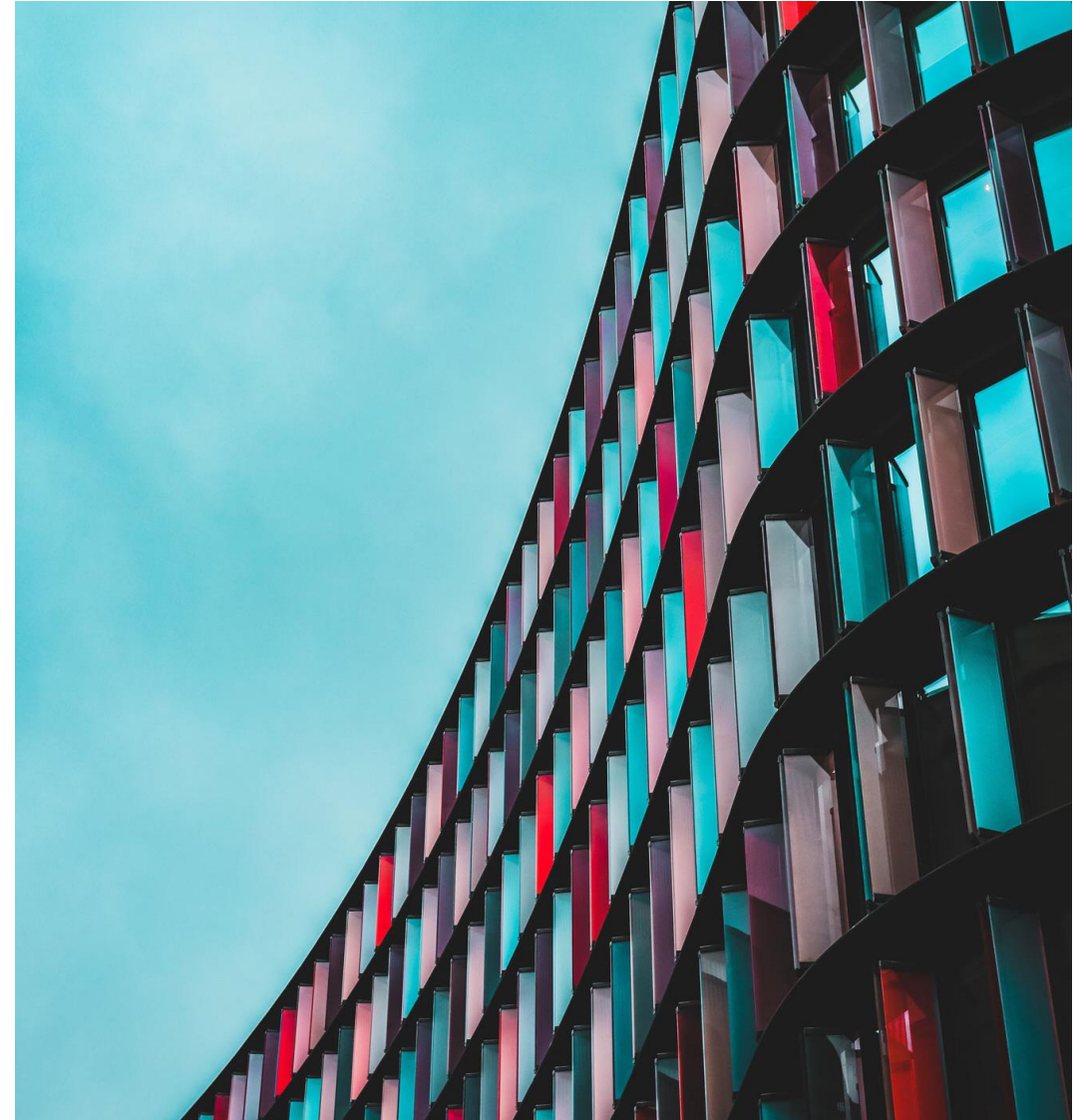


Illustration related to narrative information



Example 1

Risk Management

...

Sustainability-related risks

We identify sustainability-related risks considering their strategic importance to the entity's business model and value chain over the short, medium and long term. To understand these risks further, we evaluate the impact and likelihood of each risk. The impact and likelihood assessments determine our responses and also help us to prioritise our risks.

We consider inputs and parameters including ...

We use scenario analysis to support our risk assessments. We assess the resilience of our business model and value chain against a wide range of scenarios, including

...

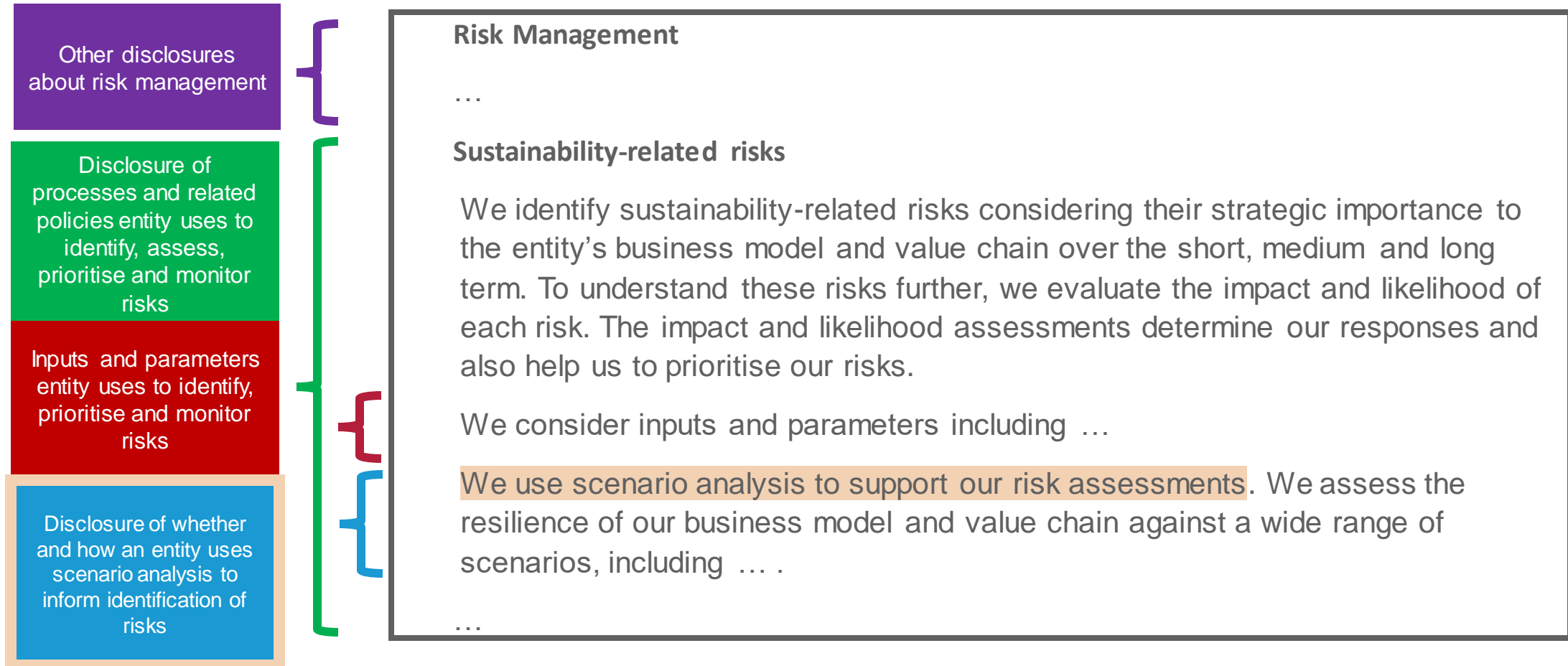
Example 1 – List of relevant taxonomy elements related to this example

| Element label and references ¹ | Type |
|--|------------|
| Disclosure of processes and related policies entity uses to identify, assess, prioritise and monitor risks (IFRS S1.44(a), IFRS S2.25 (a)) | Text block |
| Inputs and parameters entity uses to identify, prioritise and monitor risks (IFRS S1.44(a)(i), IFRS S2.25(a)(i)) | Text block |
| Disclosure of whether and how entity uses scenario analysis to inform its identification of risks (IFRS S1..44(a)(ii), IFRS S2.25(a)(ii)) | Text block |
| Entity uses scenario analysis to inform its identification of risks (IFRS S1..44(a)(ii)) | Boolean |
| Other disclosures about risk management (IFRS S1.43, IFRS S2.24) | Text block |

Example of a **more granular element** that has been added because it meets the tripartite objective of improving usefulness of data, minimising reporting burden, and facilitating interoperability

¹ Indents are used to show a taxonomy presentation parent-child relationship between elements

Example 1 – Tagged example



Example 1 – Illustration of resulting data

| Element | Value |
|---|--|
| Other disclosures about risk management (IFRS S1.43, IFRS S2.24) | Risk Management ... |
| Disclosure of processes and related policies entity uses to identify, assess, prioritise and monitor risks (IFRS S1.44(a), IFRS S2.25(a)) | Sustainability-related risks We identify sustainability-related risks considering their strategic importance to the entity's business model and value chain over the short, medium and long term. To understand these risks further, we evaluate the impact and likelihood of each risk. The impact and likelihood assessments determine our responses and also help us to prioritise our risks. We consider inputs and parameters including ... We use scenario analysis to support our risk assessments. We assess the resilience of our business model and value chain against a wide range of scenarios, including |
| Inputs and parameters entity uses to identify, prioritise and monitor risks (IFRS S1.44(a)(i), IFRS S2.25(a)(i)) | We consider inputs and parameters including ... |
| Disclosure of whether and how entity uses scenario analysis to inform its identification of risks (IFRS S1.44(a)(ii), IFRS S2.25(a)(ii)) | We use scenario analysis to support our risk assessments. We assess the resilience of our business model and value chain against a wide range of scenarios, including |
| Entity uses scenario analysis to inform its identification of risks (IFRS S1.44(a)(ii)) | True |

Narrative that is expected to be **separately understandable** to investors and help them **make appropriate comparison** with similar data tagged using other sustainability-related taxonomies

Illustration related to
reflection of relationship
between IFRS S1 and
IFRS S2



Example 2a

Sustainability-related risks and opportunities

Water quality regulation

We expect a stricter water quality regulation will require us to replace some equipment's used in our water treatment plants.

We expect the effect of this risk to occur in the short term.

We assess that water quality regulation risk will severely affect particular parts of our business model because ...

Flooding

We expect climate-related and other sustainability-related events to create disruption to the availability of our water treatment plants caused by flooding.

We consider flooding to be a climate-related physical risk.

We expect the effect of this risk to occur in the short term, growing in severity in the medium term.

We assess that disruption caused by flooding will severely affect particular parts of our business model because...

Example 2a – List of relevant taxonomy elements related to this example

| Element label and references ¹ | Type |
|--|------------------------|
| Disclosure of risk or opportunity (IFRS S1.30(a), IFRS S2.10(a)) | Text block |
| Topic(s) of risk or opportunity (IFRS S1.30(a), IFRS S2.10(a)) | Extensible enumeration |
| Type of climate-related risk (IFRS S2.10(b)) | Extensible enumeration |
| Disclosure of time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur (IFRS S1.30(b), IFRS S2.10(c)) | Text block |
| Time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur (IFRS S1.30(b), IFRS S2.10(c)) | Extensible enumeration |
| Disclosure of current and anticipated effects of risks and opportunities on entity's business model and its value chain (IFRS S1.32(a), IFRS S2.13(a)) | Text block |

Enable the tagging of disclosure about the **topic(s) of each sustainability-related risk or opportunity**

¹ Indents are used to show a taxonomy presentation parent-child relationship between elements

Example 2a – Tagged example

Risks and opportunities
Member

W Disclosure of risk or opp.

W Disclosure of time horizon(s) over which effects of risk or opp could ...

W Disclosure of current and anticipated effects of risks and opps. on entity's business model and its value chain

F Disclosure of risk or opp.
Type of climate-related risk

F Disclosure of time horizon(s) over which effects of risk or opp could ...

F Disclosure of current and anticipated effects of risks and opps. on entity's business model and its value chain

Sustainability-related risks and opportunities

Water quality regulation

We expect a stricter water quality regulation will require us to replace some equipment's used in our water treatment plants.

We expect the effect of this risk to occur in the short term.

We assess that water quality regulation risk will severely affect particular parts of our business model because ...

Flooding

Topic(s) of risk or opportunity


We expect climate-related and other sustainability-related events to create disruption to the availability of our water treatment plants caused by flooding.

We consider flooding to be a climate-related physical risk.

We expect the effect of this risk to occur in the short term, growing in severity in the medium term.

We assess that disruption caused by flooding will severely affect particular parts of our business model because...

Example 2a – Illustration of resulting data

| Element | Water quality regulation [Member] | Flooding [Member] |
|---|--|--|
| | Value | |
| Disclosure of risk or opportunity (IFRS S1.30(a), IFRS S2.10(a)) | Water quality regulation We expect stricter water quality regulation will require us to replace some equipment used in our water treatment plants. | Flooding We expect climate-related and other sustainability-related events to create disruption to the availability of our water treatment plants caused by flooding. We consider flooding to be a climate-related physical risk. |
| Topic(s) of risk or opportunity (IFRS S1.30(a), IFRS S2.10(a)) | - | Climate  |
| Type of climate-related risk (IFRS S2.10(b)) | - | Physical risk |
| Disclosure of time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur (IFRS S1.30(b), IFRS S2.10(c)) | We expect the effect of this risk to occur in the short term. | We expect the effect of this risk to occur in the short term, growing in severity in the medium term. |
| Time horizon(s) over which effects of risk or opportunity could reasonably be expected to occur (IFRS S1.30(b), IFRS S2.10(c)) | Short term | Short term Medium term |
| Disclosure of current and anticipated effects of risks and opportunities on entity's business model and its value chain (IFRS S1.32(a), IFRS S2.13(a)) | We assess that water quality regulation risk will severely affect particular parts of our business model because ... | We assess that disruption caused by flooding will severely affect particular parts of our business model because... |

Help investors identify and analyse information about the topic(s) of risk or opportunity in a digital format **more efficiently** (eg whether a risk is climate-related)

Example 2b

Governance of sustainability-related risks and opportunities

The following two Committees support the Board's oversight of our sustainability-related risks and opportunities, including climate-related risks and opportunities:

1. The Risk Committee advises and assists the Board in the identification, assessment, prioritisation and monitoring of our sustainability-related risks, including climate-related risks
2. The Corporate Sustainability Committee monitors and advises the Board on our strategy for managing our sustainability-related risks and opportunities, including climate-related risks and opportunities

Example 2b – List of relevant taxonomy elements related to this example

Element label and references¹

Type

Disclosure of identity of governance body(s) or individual(s) responsible for oversight of risks and opportunities (IFRS S1.27(a), IFRS S2.6(a))

Text block

Topic(s) covered by integrated governance disclosure (IFRS S2.7)

Extensible enumeration

Example of an element that would enable the tagging of disclosure about the **topic(s) covered by an integrated disclosure**

¹ Indents are used to show a taxonomy presentation parent-child relationship between elements

Example 2b – Tagged example

Topic(s) of risk or opportunity

Governance of sustainability-related risks and opportunities

The following two Committees support the Board's oversight of our sustainability-related risks and opportunities, including climate-related risks and opportunities:

1. The Risk Committee advises and assists the Board in the identification, assessment, prioritisation and monitoring of our sustainability-related risks, including climate-related risks
2. The Corporate Sustainability Committee monitors and advises the Board on our strategy for managing our sustainability-related risks and opportunities, including climate-related risks and opportunities

Disclosure of identity of governance body(s) or individual(s) responsible for oversight of risks and opportunities

Example 2b – Illustration of resulting data

| Element | Value |
|---|---|
| Disclosure of identity of governance body(s) or individual(s) responsible for oversight of risks and opportunities (IFRS S1.27(a), IFRS S2.6(a)) | <p>Governance of sustainability-related risks and opportunities</p> <p>The following two Committees support the Board’s oversight of our sustainability-related risks and opportunities, including climate-related risks and opportunities:</p> <ol style="list-style-type: none"> 1. The Risk Committee advises and assists the Board in the identification, assessment, prioritisation and monitoring of our sustainability-related risks, including climate-related risks 2. The Corporate Sustainability Committee monitors and advises the Board on our strategy for managing our sustainability-related risks and opportunities, including climate-related risks and opportunities |
| Topic(s) covered by integrated governance disclosure (IFRS S2.7) | Climate |

Help investors identify and analyse information about the topic(s) of risk or opportunity in a digital format **more efficiently** (eg whether a risk is climate-related)

Illustration related to
metrics and targets



Example 3

| | Metrics | 2022 / 23 Performance | 2021 / 22 Performance | Targets |
|---|---|---------------------------------|---------------------------------|-----------------------------|
| Metric defined by ISSB Standards | Gross scope 1 greenhouse gas emissions | 174 million mtCO ₂ e | 157 million mtCO ₂ e | |
| Non-climate-related metrics in the SASB Standards | Amount of food waste generated | 50,000 | 48,000 | |
| Metrics that are developed by an entity | Food sales from healthier food | 51% | 36% | 50% of sales by 2022 – 2023 |
| | Workplacements started | 748 | 427 | |
| | Funds raised for charity through customers, colleagues and partners | £2.3 million | £4 million | |

Target (defined by an entity)

This example is provided solely for the purpose of illustration of tagging




Example 3 – List of relevant taxonomy elements related to this example (metrics)

| Element label and references ¹ | Type |
|---|-----------|
| Gross scope 1 greenhouse gas emissions (IFRS S2.29(a)(i)1, IFRS S2.IE18, ...) | Emissions |
| Metric Value, numeric (IFRS S1.46) | Decimal |
| Metric Value, percentage (IFRS S1.46) | Percent |

Examples of elements in the Taxonomy that are expected to be used for **tagging the values of metrics developed by an entity**

¹ Indents are used to show a taxonomy presentation parent-child relationship between elements

Example 3 – Tagged example (metrics)

| | | Metrics | 2022 / 23 Performance | 2021 / 22 Performance | Targets |
|--|--|---|---------------------------------|---------------------------------|-----------------------------|
| Metrics Member    | Gross scope 1 greenhouse gas emissions | Gross scope 1 greenhouse gas emissions | 174 million mtCO ₂ e | 157 million mtCO ₂ e | |
| | Tagged using SASB Taxonomy | Amount of food waste generated | 50,000 | 48,000 | |
| | Metric Value, percentage | Food sales from healthier food | 51% | 36% | 50% of sales by 2022 – 2023 |
| | Metric Value, numeric | Work placements started | 748 | 427 | |
| | Metric Value, numeric | Funds raised for charity through customers, colleagues and partners | £2.3 million | £4 million | |

Example 3 – Illustration of resulting data (metrics)

2022 – 2023

| Element | Value | | Value |
|---|-------------|--------------------------------|--------|
| Gross scope 1 greenhouse gas emissions (IFRS S2.29(a)(i)1, IFRS S2.IE18, ...) | 174,000,000 | Amount of food waste generated | 50,000 |

Data tagged using SASB Taxonomy

| Element | MS: M1 [Member] | MS: M2 [Member] | MS: M3 [Member] |
|---------------------------------------|-----------------|-----------------|-----------------|
| | Value | | |
| Metric Value, numeric (IFRS S1.46) | | 748 | £2.3 million |
| Metric Value, percentage (IFRS S1.46) | 51% | | |

Values of metrics developed by an entity

2021 – 2022

| Element | Value | | Value |
|---|-------------|--------------------------------|--------|
| Gross scope 1 greenhouse gas emissions (IFRS S2.29(a)(i)1, IFRS S2.IE18, ...) | 157,000,000 | Amount of food waste generated | 48,000 |

Data tagged using SASB Taxonomy

| Element | MS: M1 [Member] | MS: M2 [Member] | MS: M3 [Member] |
|---------------------------------------|-----------------|-----------------|-----------------|
| | Value | | |
| Metric Value, numeric (IFRS S1.46) | | 427 | £4 million |
| Metric Value, percentage (IFRS S1.46) | 36% | | |

Values of metrics developed by an entity

Example 3 – List of relevant taxonomy elements related to this example (targets)

| Element label and references ¹ | Type |
|---|------------------------|
| Disclosure of metric(s) used to set target and to monitor progress (IFRS S1.51(a), IFRS S2.33(a)) | Text block |
| Metric used to set target (IFRS S1.51(a), IFRS S2.33(a)) | Extensible Enumeration |
| Specific quantitative or qualitative target entity has set or is required to meet (IFRS S1.51(b), IFRS S2.33) | Text |
| Target value, percentage (IFRS S1.51(b), IFRS S2.33) | Percent |
| Period over which target applies (IFRS S1.51(c), IFRS S2.33(d)) | Text |

Element type changed to extensible enumeration to make it easier for investors to **reliably identify the link** between a target and the related metric

Example of an element in the Taxonomy expected to be used for **tagging the value of targets**

¹ Indents are used to show a taxonomy presentation parent-child relationship between elements

Example 3 – Tagged example (targets)

Targets Member

- T1
Disclosure of metric(s) used to set target and to monitor progress
{
- T1
Specific quantitative or qualitative target ...
{
- T1
Period over which target applies
{

| Metrics | 2022 / 23 Performance | 2021 / 22 Performance | Targets |
|---|---------------------------------|---------------------------------|--------------------------------|
| Gross scope 1 greenhouse gas emissions | 174 million mtCO ₂ e | 157 million mtCO ₂ e | |
| Amount of food waste generated | 50,000 | 48,000 | |
| Food sales from healthier food | 51% | 36% | 50% of sales by 2022 – 2023 |
| Workplacements started | 748 | 427 | |
| Funds raised for charity through customers, colleagues and partners | £2.3 million | £4 million | |

Example 3 – Illustration of resulting data (targets)

| Element | T1 [Member] |
|---|--------------------------------|
| | Value |
| Disclosure of metric(s) used to set target and to monitor progress (IFRS S1.51(a), IFRS S2.33(a)) | Food sales from healthier food |
| Metric used to set target (IFRS S1.51(a), IFRS S2.33(a)) | MS:M1 |
| Specific quantitative or qualitative target entity has set or is required to meet (IFRS S1.51(b), IFRS S2.33) | 50% of sales |
| Target value, percentage (IFRS S1.51(b), IFRS S2.33) | 50% |
| Period over which target applies (IFRS S1.51(c), IFRS S2.33(d)) | by 2022 – 23 |

Data identifying the **the link between a target and the related metric**

Making it easier for investors to identify and use the **numerical values relating to targets** by minimising potential inconsistency caused by inappropriate use of extensions