

Mr Emmanuel Faber, and Ms Sue Lloyd
2022 International Sustainability Standards Board,
IFRS Foundation
Columbus Building, 7 Westferry Circus
Canary Wharf, London E14 4HD
United Kingdom

September 30,

Dear Chair Faber and Vice-Chair Lloyd,

By this writing, ESG Book (formerly known as Arabesque S-Ray) expresses its support for the Staff Draft of the IFRS Sustainability Disclosure Taxonomy. We at ESG Book support ISSB staff's efforts to streamline corporate reporting.

ESG Book is a global leader in sustainability data and technology. ESG Book is using technology to provide transparency and comparability of multiple ESG and climate-related data points, making the underlying drivers of single ESG ratings and climate models accessible. ESG Book's sustainability data products and solutions are used by financial organizations which collectively manage over \$120 trillion.

We support the ISSB staff initiative to create a distinct IFRS Sustainability Disclosure Taxonomy and allow corporates to utilize it in conjunction with other accounting taxonomies. The Taxonomy has the potential to facilitate digital disclosures and ease the corporate reporting burden. We broadly agree with the drafts shared and welcome this initiative to streamline and ease the digital reporting process.

To further enhance the draft, we offer the following comments:

- We suggest further guidance on how to interpret metrics that have been replicated through the draft. Specifically, the consolidation of common metrics to ease the user experience. For example, gross scope 1 greenhouse gas emissions appear twice (pg. 14, 15) within the climate disclosures heading and again under metrics and targets (pg. 21, 22). The same metric appears again under industry-specific recommendations - adapted from SASB.
- Given both SASB standards and TCFD recommendations have been adapted into the S2 standards, it could be worth consolidating common metrics under a single entry – thereby, making the navigation of the taxonomy more user-friendly.

- Additionally, we suggest organizing information by subject matter to make it more user-friendly. For example, users could read through all governance information before moving on to strategy and metrics & targets - regardless of the standard it corresponds to.
- We advocate for increased granularity of narrative information, as this facilitates greater comparability. Grouping a wider scope of the information under a single categorization can make it difficult to compare data year-on-year, across entities, and link data where needed.

ESG Book offers a way to represent related information, without imposing an undue cost on preparers or users across capital and investment markets. Our platform aims to democratize access to sustainability-related financial data. Our data management and technology tools are free to use for preparers and users of digital reporting. We aim to support the consolidation and convergence of ESG metrics. One such way we seek to accomplish this is by building a functionality that would link common metrics across various frameworks and standards, to ensure that user-input data needs to only be entered once – thereby, reducing the reporting burden for corporates. Our platform offers data, analytics, tools, and dashboards at company-level and portfolio-level. The IFRS S1, S2, and Sustainability Disclosure Taxonomy will help solve systemic issues with sustainability reporting and aid in connections between related pieces of reporting data, material information, and allow for decision useful performance analytics.

We remain at your disposal should you wish to discuss these matters further.

Sincerely,
ESG Book

Appendix A: ESG Book Full Response

Question 1—Distinct taxonomy

Do you agree with the staff recommendation to create a distinct IFRS Sustainability Disclosure Taxonomy separate from the IFRS Accounting Taxonomy? (Paragraphs 1–10)

Why or why not? If not, what alternative approach would you suggest and why?

ESG Book response:

We agree with the staff recommendation to create a distinct IFRS Sustainability Disclosure Taxonomy separate from the IFRS Accounting Taxonomy as this will enable its use in conjunction with the IFRS Accounting Taxonomy and other regional accounting taxonomies.

Question 2—Taxonomy grouping

Do you agree with the staff recommendation to organize the general content of the IFRS Sustainability Disclosure Taxonomy, by both:

- *IFRS Sustainability Disclosure Standard; and*
- *aspects of core content?*

Do you agree with the staff recommendation to organize the content in the IFRS Sustainability Disclosure Taxonomy related to industry-based metrics separately and organized by the industry for which they are specified? (Paragraphs 11–30)

Why or why not? If not, what alternative approach would you suggest and why?

ESG Book Response:

1. Yes, two sets of groupings would help preparers find the correct tags more easily and help primary users find relevant elements.
2. Yes, we agree with the staff recommendation to organize the content in the IFRS Sustainability Disclosure Taxonomy related to industry-based metrics separately as it will help understanding and focus on the metrics applicable to the user.
3. We also suggest the consolidation of common metrics to avoid replicating disclosures. For example, gross scope 1 greenhouse gas emissions appear twice (pg. 14, 15) within the climate disclosures heading and again under metrics and targets (pg. 21, 22). The same metric appears again under industry-specific recommendations (adapted from SASB). Considering that both SASB standards and TCFD recommendations have been adapted into the S2 standards, would it be worth removing repetition here and consolidating common metrics under a single entry - these do not need to appear as multiple line items
4. Similarly, we suggest organizing information by subject matter to make it more user-friendly. E.g., users could read through all governance information before moving on to strategy, metrics & targets, etc. regardless of the standard it corresponds to.

Question 3—Relationship between the General Requirements Exposure Draft and Climate Exposure Draft in the Taxonomy

Do you agree with the staff recommendation to reflect the proposed disclosure requirements related to each aspect of core content as a separate list of distinct elements (line items) for each of the [draft] IFRS Sustainability Disclosure Standards? (Paragraphs 31–53)

Why or why not? If not, what alternative approach would you suggest and why?

ESG Book Response:

Yes, we agree with the staff recommendation to reflect the proposed disclosure requirements related to each aspect of core content as a separate list of distinct elements for each of the IFRS Sustainability Disclosure Standards as it will be less confusing for the users and will be consistent with the approach taken in the IFRS Accounting Taxonomy. The users could use the concept of Double-Tagging to ensure that finding disclosures are simple.

Question 4—Granularity of narrative information

Do you agree with the staff recommendation that, as a principle, distinct taxonomy elements should be created for narrative information that is expected to be both separately understandable to primary users of sustainability-related financial information, and easily identifiable for tagging? (Paragraphs 55–68)

Why or why not? If not, should taxonomy elements generally be provided to represent more detailed or less detailed narrative data sets? Why?

This principle, applied to the disclosure requirements proposed in the exposure drafts, has resulted in the staff recommending the creation of:

- *narrow scope narrative elements typically corresponding to disclosures to be provided to meet proposed requirements listed in first-level subparagraphs of the exposure drafts (Paragraph 62)*
- *In which, if any, cases do you think the most detailed taxonomy elements that should be included in the Taxonomy correspond to a different level of the requirements proposed in the two exposure drafts?*
- *wider scope narrative elements corresponding to wider (paragraph level) proposed disclosure objectives and to entire aspects of proposed core content (see paragraph 64 and Appendix D)*
- *In which, if any, cases would additional or alternative narrative elements covering wider disclosures be beneficial?*

ESG Book Response

We advocate for increased granularity, as this facilitates greater comparability. Grouping a wider scope of the information under a single categorization can make it difficult to compare data year-on-year, and across entities, as well as link data where needed.

Question 5—Categorical elements

Do you agree with the staff recommendation to use categorical elements for narrative disclosures that can be represented as either true or false responses or choices from lists of responses? Why or why not? (Paragraphs 69–81)

Do you agree with the staff recommendation to create specific categorical elements and their properties? (See Appendix F) Why or why not? If not, do you think any additional categorical elements are needed and, if so, which ones?

ESG Book Response:

1. Yes, we agree with the staff recommendation to use categorical elements for narrative disclosures. If data is provided in a categorical format, users would be able to quickly search for and access information, without needing to read through paragraphs of text.
2. The provision of data in categorical format facilitates greater comparability than narrative disclosures.

Question 6—Modelling metrics

Do you agree with the staff recommendation to:

- *create elements, equivalent to those in the SASB Taxonomy, for defined metrics common to IFRS Sustainability Disclosure Standards and SASB Standards in the IFRS Sustainability Disclosure Taxonomy? (Paragraphs 82–94)*
- *model disclosures related to entity-specific metrics and targets using a dimensional approach? (Paragraphs 95–99)*

Why or why not? If not, what alternative approach would you suggest and why?

ESG Book Response:

1. Yes, we agree with the staff recommendation to create elements, equivalent to those in the SASB Taxonomy, for defined metrics common to IFRS Sustainability Disclosure Standards and SASB Standards in the IFRS Sustainability Disclosure Taxonomy as these equivalencies could help stakeholders compare information provided in accordance with SASB and ISSB requirements and ease the transition to the IFRS Sustainability Disclosure Taxonomy for preparers and users familiar with the SASB Taxonomy. It will be simple to map elements between taxonomies because they would have identical names and metric codes.
2. Yes, we agree with the staff recommendation to model disclosures related to entity-specific metrics and targets using the dimensional approach described.

Question 7—Representing related information

Should the IFRS Sustainability Disclosure Taxonomy include a specific mechanism to capture connections between related pieces of information—for example, connections between sustainability-related financial information and information in the financial statements or connections between pieces of sustainability-related financial information? If you do, are you aware of a mechanism that can be used without imposing undue costs on preparers and users of digital reporting? If so, please explain that mechanism. (Paragraphs 101–110)

Alternatively, do you think that the narrative elements in the staff draft of the IFRS Sustainability Disclosure Taxonomy would adequately capture such connections for users of the information without imposing undue costs for preparers and users of digital reporting? (Paragraph 103)

ESG Book Response

As a global leader in sustainability data and technology, the ESG Book platform aims to democratize access to sustainability-related financial data and is free to use for preparers and users of digital reporting.

With our solutions, we aim to support the consolidation and convergence of ESG metrics. One such way we seek to accomplish this is by building a functionality that would link common metrics across various frameworks and standards, to ensure that user-input data needs to only be entered once, thereby reducing the reporting burden for corporates.

Our platform offers data, analytics, tools, and dashboards at both a company and portfolio level, which can aid in capturing connections between related pieces of information and allow for more detailed analysis of data.

Question 8—Connections between reports

Do you agree with the staff recommendation that requirements related to cross-references in the IFRS Sustainability Disclosure Taxonomy should not be modelled explicitly? (Paragraphs 111–123)

Why or why not? If not, what alternative approach would you suggest and why?

ESG Book Response

Yes, we agree with the staff recommendation that requirements related to cross-references in the IFRS Sustainability Disclosure Taxonomy does not need to be modelled explicitly.

Question 9—Similar disclosures in IFRS Accounting Standards and in the [draft] IFRS Sustainability Disclosure Standards

Do you agree with the staff recommendation to, in principle, model disclosure requirements of the [draft] IFRS Sustainability Disclosure Standards in the staff draft of the IFRS Sustainability Disclosure Taxonomy in the same way similar disclosure requirements of the IFRS Accounting Standards are modelled in the IFRS Accounting Taxonomy, except for categorical information? (Paragraphs 124–132)

Do you agree with the modelling in the staff draft of the IFRS Sustainability Disclosure Taxonomy for disclosures that are similar to their counterparts in the IFRS Accounting Standards? (Appendix G) Are there any other disclosures that are sufficiently similar between those set out in the [draft] IFRS Sustainability Disclosure Standards and those in IFRS Accounting Standards, and for which consistent modelling should be considered?

ESG Book Response:

Yes, we agree with the staff recommendation to, in principle, model disclosure requirements of the IFRS Sustainability Disclosure Standards in the staff draft of the IFRS Sustainability Disclosure Taxonomy in the same way similar disclosure requirements of the IFRS Accounting Standards are modelled in the IFRS Accounting Taxonomy, except for categorical information. Users in many jurisdictions already have some familiarity with the IFRS Accounting Taxonomy which could make adoption of the Sustainability Disclosure Taxonomy easier and facilitate the usage of both taxonomies in conjunction with each other.

Question 10—Other comments

Do you have any other comments or suggestions on the staff draft of the IFRS Sustainability Disclosure Taxonomy?

ESG Book Response:

To further enhance the utility of the taxonomy, we suggest offering more detailed guidance on how firms should tag and organize supplementary information, and information not covered within the S1 and S2 standards. For example, are any jurisdictional requirements, or metrics that consider additional materiality perspectives? Similarly, more clarity would be helpful on how users should interpret information that is duplicated several times within the XBRL format.