WHAT IS XBRL INTERNATIONAL?

STANDARDS | BEST PRACTICES | ADVOCACY | PUBLIC INTEREST

XBRL Netherlands Workshop 30 June 2022

John Turner
CEO
john.turner@xbrl.org
Agenda

1. XBRL & XBRL INTERNATIONAL
2. Technical Work
3. Strategic Initiatives
4. Advocacy Focus
What is XBRL International?

- Our purpose is to **improve the accountability and transparency of business performance** globally, by providing the open data exchange standard for business reporting.

- We are the standards development organisation behind the **freely licensed XBRL specifications**. We operate in the public interest as a **not-for-profit** global consortium.
An analogy...

A flexible framework for digitisation of reports of any kind.

- Structured data powers analysis, discovery and insight.
- Corporate reports in particular are both complex and valuable.
- The XBRL standard provides a uniform way to prepare, file, publish and analyse this information.
- The framework can be used in a multitude of environments.

Alphabet & Grammar

- Define terms and the relationships between them. Must use alphabet & grammar.

XBRL International Scope: Specifications & Best Practices

Regulators/Standards Setters

Reporting Entities
Global Adoption

Used for Prudential, Securities/Corporate, Tax, Statistics, Energy Reporting amongst others

• Now 184 mandatory implementations in 55 countries around the world.

• Using the standard means that there is a broad ecosystem of software and services available without custom development.

• Standards drive innovation and competition.

• Ensuring tagging is done, or at least reviewed by management keeps disclosure responsibility where it should be.

Full details available at the XBRL Project Directory.
Purpose & Background

• An independent global private Standards Development Organisation

• XBRL International, Inc (XII) was spun out of the AICPA’s High Tech Task Force and resulting XBRL Steering Committee in 2001 as a Delaware registered US private company and US IRS 503 (c) (6) tax exempt entity. It had become quickly apparent that the idea of structured data for business reporting was attractive but also that it needed to have a global remit and that there would be considerable, separate effort required at a national standards-setting level. Since 2010 we have had a board structure to govern our operations.

• In 2015, XII adopted a public interest Purpose Statement: To improve the accountability and transparency of business performance globally by providing the open data exchange standard for business reporting. Our standards are freely licensed and we operate in the public interest as a not-for-profit global consortium.
Stakeholder Pictogram

NB: Grey = Regulated Entities
NB: XII is not to scale!
Key Aspects of XBRL Activity

- XBRL International operates with a very small, specialist staff, supported by volunteers in a range of governance and working functions.
- The Board is the main decision-making body and meets ~8 times per year, *normally* 6 times via conference call and twice a year F2F.
- The Member Assembly elects nominees to the Board, approves the accounts, votes on changes to the Bylaws and appoints the auditors.
Key people!

Board
- Wes Bricker (US)
- Yoshiaki Wada (JP)
- Mohini Singh (US)
- Phil Fitz-Gerald (UK)
- Moria Mora (ES)
- Atul Gupta (IN)
- Rory Voller (ZA)
- Chao Li (CN)
- Christine Tan (US)

Staff
- John Turner
  - CEO | Advocacy | Strategy
  - UK - UTC
- Paul Warren (PT)
  - Technical Director | XSB
  - UK - UTC
- Angela Rose
  - Head of Operations | Compliance | Events
  - US - UTC-5
- Revathy Ramanan
  - Guidance Manager | Analytics | BPB
  - IN - UTC+5.5
- Eloise Phipps (PT)
  - Communications | Newsletter
  - MX - UTC-6
- Karine Winfield
  - EA | Membership Matters | Nomcom
- Stuart Rowan (PT)
  - Contract Role for ESG SIG
  - UK - UTC
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But what is XBRL?

A meta-standard: A standard for creating standards.

• XBRL is a standard that captures the semantics – the meaning – necessary to digitise business reporting.
  • XBRL provides technical implementation mechanisms that permit reporting using a range of different technology options.
  • As technology moves forward, different options will be added. *Formats change.*
  • The semantics -- the standard – is universal.
Tool Box

- Units Registry
- Link Role Registry
- Data Type Registry
- Presentation: Human & Machine Readable (Inline XBRL)
- Open Information Model
- xBRL-JSON
- xBRL-CSV
- xBRL-XML
- Base: Dimensions 2.1
- Taxonomy 2.1
- Reports 2.1
- Formula
- Presentation: Multi-Dimensional Tables (Table Linkbase)
- Streaming Extension
- Global Ledger
- Enumeration
Which means...

For example

<table>
<thead>
<tr>
<th>System to System Collections</th>
<th>Template Collections</th>
<th>Human &amp; MachineReadable Collections</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBR FDIC DE Tax Korea DART Peru SBS (etc)</td>
<td>EIOPA EBA/ECB Qatar FS Regulator (etc)</td>
<td>ESEF SEC JFSA UK HMRC (etc)</td>
</tr>
<tr>
<td>XBRL 2.1 Dimensions Formula</td>
<td>XBRL 2.1 Dimensions Formula</td>
<td>XBRL 2.1 Dimensions Formula Inline XBRL</td>
</tr>
</tbody>
</table>

[Soon – xBRL-CSV]
Standards Making

- XBRL International develops specifications under an independently appointed group of experts, the “XBRL Standards Board”. Work done within Working Groups of relevant experts.
- Standards making is modelled on international best practices, drawing particularly on W3C and aspects of ISO.
- XBRL International currently has a limited role in relation to taxonomies.
Technical work is technical....

Only developers expected to be expert in this area!
Continuous Testing

• Collaboration is key

• To the maximum extent possible, all of our technical outputs (e.g. specifications, registries and conformance suites) are tested within our own continuous integration environment. Adds rigour and means we have transparency and traceability throughout.

• We use gitlab to manage this, and all of the more sophisticated vendors use our repositories as part of their own testing frameworks, to ensure that they are always spec-compliant.

• While our advocacy and education work is aimed at regulators, standard setters, policy makers, issuers and users, it’s important to remember that our specifications are used primarily by software developers.
Conformance Suite permits objective interoperability

**XBRL Certified Software**

- Software can prove that it conforms to the XBRL specifications by passing all of the tests against the conformance suite.

- Most recently expanded to include the new OIM specifications.
OIM for Taxonomies

- Taxonomy Model Phased Implementation Plan

Phase 1 - Core Taxonomy Information
Phase 2 - Simple linkbase-derived information
Phase 3 - Full validation support

Future Phases:
- Formula
- Rendering
- ...

Full details on https://specifications.xbrl.org
Calculations v1.1

**Aim:**
- to ensure calculations work on rounded numbers

**Why:**
- to provide a short-term fix to remove a large number of the false positives that are happening, particularly in ESEF filings

**How:**
- has a relatively small impact on taxonomies resulting in a large benefits for users

**Status:**
- second, hopefully final, Candidate Recommendation now published

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<table>
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<tr>
<th></th>
<th>Intangible assets</th>
<th>Total assets</th>
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<tbody>
<tr>
<td>Exact number</td>
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<td>$447,700</td>
</tr>
<tr>
<td>As interval (+/-500)</td>
<td>$323,900 to $324,900</td>
<td>$447,200 to $448,200</td>
</tr>
</tbody>
</table>

$\text{PPE} + \text{Intangible assets} = [122,800 + 323,900; 123,800 + 324,900] = [446,700; 448,700]$
Formula

- OIM Formula - detach XBRL Formula from XML
- Validation performance enhancements for some highly dimensionalized facts
- Enhancing Formula capabilities more broadly
- xBRL-Csv/Table-based Formula - table-specific formula rules
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XII Strategy in a nutshell...

Develop self-supporting framework for international taxonomy management and maintenance to improve data definition quality, reuse and comparability.

Expand global awareness of the standard and its purpose, through targeted marketing and communications and relevant, cost effective events.

Expand membership services and jurisdiction support to expand membership and the standard’s ecosystem.

Maintain and enhance the XBRL 2.1 Stack to protect and improve the install base. Work to enhance consistency and certified interoperability.

Modernise and Simplify the XBRL Specifications to simplify creation & consumption, lower learning curve, drive expanded use, including enterprise use. Continue with certified interoperability.

Expand Guidance and provide certification syllabus and pathways for authorised partners to deliver training and certification, to enhance quality, consistency, use and comparability.

Maintain and expand effective governance to enhance reputation and support purpose.

Expand membership services and jurisdiction support to expand membership and the standard’s ecosystem.

Expand global awareness of the standard and its purpose, through targeted marketing and communications and relevant, cost effective events.

Maintain and enhance the XBRL 2.1 Stack to protect and improve the install base. Work to enhance consistency and certified interoperability.
Quality | Education | Utilisation

Public Interest aligns with Member Interest

• The Board is focussed on the medium term. How do we embed digital disclosures into every aspect of business reporting? How do we expand adoption into the next strata of emerging and frontier markets? How do we create positive feedback loops?

• Three areas of focus, research and action:

  1. **Data Quality**: Actual and Perceived. This includes questions about embedding data quality into filing arrangements, questions about audit, questions about measurement.

  2. **Regulatory Education**: Lower costs, lower risks, increase knowledge and reduce barriers to implementation.

  3. **Utilisation/Analytics**: Part education, part examples, part proof points.

• Undeniably, aspects of these efforts require specific funding.
Utilisation/Analytics

We continue to demonstrate and educated regulators, policy makers and users about the capabilities of XBRL in terms of analytics.

TL;DR: xBRL-JSON makes it SO much simpler
Analysis | Review Individual File

Explore filings.xbrl.org for ideas...

Inline Viewer Untitled

CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2020

Consolidated Statement of Financial Position

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Fact Properties

- Concept: (ifra-full) Current Inventories
  - The amount of current inventories. [Refer: Inventories]

Dimensions:
- Date: 31 Dec 2020
- Fact Value: €213,192,000
- Accuracy: -3 (thousands)
- Change: 6.7% decrease on 31 Dec 2019

Entity: LEI 549300IP50MFNOHG

Check this for tagged info identification

Search for specific concept

Fact Meta data for selected concepts. Scroll down for concept metadata
Targeted Entities

Inline XBRL has a sister format called xBRL-JSON
You can convert easily, and then carry out analysis in tools like Tableau and R

Understand company's financial structure, growth
Rapid Analytics


HONDA MOTOR CO as on 30 September 2019

<table>
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<tr>
<th>Assets</th>
<th>Liabilities</th>
<th>Equity</th>
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<tr>
<td>¥ 20,318B</td>
<td>¥ 11,718B</td>
<td>¥ 8,620B</td>
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Non-current Assets
- Equipment on operating leases
- Receivables from financial services NCA
- Property, plant and equipment
- Investments accounted for using equity method
- Intangible assets
- Other financial assets NCA
- Other non-current assets
- Deferred tax assets

Current Assets
- Cash and cash equivalents
- Receivables from financial services
- Inventories
- Trade receivables
- Other current assets
- Other financial assets

Equity
- Share capital
- Capital surplus
- Treasury shares
- Retained earnings
- Other components of equity
- Non-controlling interests

Liabilities
- Trade payables
- Financing liabilities
- Accrued expenses
- Other financial liabilities
- Income taxes payable
- Provisions
- Other current liabilities
- Deferred tax liabilities NCL
- Financing liabilities NCL
- Other financial liabilities NCL
- Other non-current liabilities
- Provisions NCL
- Retirement benefit liability NCL
Macro Analysis | Year on Year Growth

(You can also open xBRL-JSON directly in Office 365)

- Impact of pandemic
- Drill-down to companies most impacted
Charts are simple.

- Example: Revenue and R&D expenses
- Identify Patterns
- Spot Innovators
Even Machine Learning | Clustering

Leverage Ratios

• Analytic tool (R) groups companies into clusters based on financial ratio characteristics
• The clusters reveal outliers or opportunities
• No prior threshold/understanding required
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XII’s Advocacy Work

Paper to Data: What’s Needed?

- Aimed at Policy Makers and Regulators
- Largely Board Members and CEO
- Also includes Communications
- Has a medium term time horizon – where are the next opportunities for adoption?
- At present:
  - ESG
  - ESEF | ESAP for the domino effect
  - Inline Audit (ongoing)
  - IFRS Alignment
  - Granular data and rethinking prudential reporting
For Example... Sustainability

Six years and counting...

• We first started discussing the importance of digital disclosure for forthcoming ESG rules with regulators and policy makers in the US, EU, Japan, China and at the XBRL Asia Round Table in 2017.

• We have been beating the digital disclosure drum ever since. In our newsletter (you might have wondered why...); with policy makers in the EU and US (that’s why) in particular.

• Policy proposals in the EU, US, Japan, UK include digital disclosure for mandatory ESG disclosures.

• We now have an externally funded SIG, just for the standards setters and regulators in this field (ESMA, EFRAG, ISSB+VRF, FRC, SEC, JFSA.. Soon ESMA).

• Encouraging IOSCO Endorsement of ISSB taxonomy to help very broad expansion.
Informal and formal feedback...
ESG Frameworks have developed over 20+ years

Voluntary, Mostly Privately Funded, Exploratory... and all just a little bit different

- Climate Disclosure Standards Board (CDSB)
- Global Reporting Initiative (GRI)
- Science Based Targets initiative (SBTi)
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)
- UN Principles for Responsible Investment (PRI)
- World Economic Forum (WEF) Stakeholder Capitalism Metrics

Different metrics, approaches and scope.
Different frameworks: An “Alphabet Soup”

At the end of 2018 there was an initial attempt to rationalise the standards.
Sustainability *Ratings* Complicate Matters

- From 2017 onwards, a swing to ESG-investing quickly strengthened... mostly based on ESG ratings

- In addition to different voluntary corporate disclosure arrangements, different *ratings agencies* prepare their own, proprietary ESG ratings based on surveys and other undisclosed mechanisms.
- Ratings drive investment.
- But ESG *disclosures* do not necessarily get reflected in *ratings*.

Source: Financial Times, 4 March 2020 - Heavy flows into ESG funds raise questions over ratings
Investors look to intangibles, business models, market position, more than traditional financials.

- Book value and reported earnings once governed valuations. Increasingly, this is only part of what investors look to.
- Questions about business model, intangible assets, relative market position and vulnerability to external shocks are what many investors focus on.

Source: Baruch Lev, Feng Gu The End of Accounting and the Path Forward for Investors and Managers 2016
One Key External Shock: Climate Change

• Pandemic was a Dry Run…

• Citizens, governments and even (some) of the media are focussed on global climate change.

• Investors have a particular focus on the financial risks and opportunities that climate change presents to different parts of the economy.

• Many (if not yet most) policy makers are looking to almost every aspect of economic production, to identify levers that can be used to alter CO2 emissions.

• Disclosure is one of them.
Fundamentally, Policy Makers Want New Levers

- Investors are looking to risks and opportunities. Governments seek change.
  
  - Climate related change (becoming globally consistent)
  - Some social changes (hugely variable)
  - Eventually some governance changes (likely to include intangibles in the future)
  - Result? Global push for mandatory disclosures – these are the measures (it is judged) that can change behaviours.
  
  - ESG to date has been a communications exercise.
  
  - Companies will now need the systems, processes, procedures and controls to permit Board sign off.
Seismic Change

- Mandatory
- Audited
- Digital

@xbrlint
ESG – A concentrated bouillon now

Much better than alphabet soup, but more to do

• Mandatory (announced in EU, UK, US, Japan)
• Audited (EU, US... others pending)
• Digital (EU, US, UK, JP... others pending)
• Positive commentary about “baseline” efforts by ISSB, but it is a rapidly moving area.
• Expect relatively rapid change as standards bed down and companies go through a seismic set of changes.
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5. Couple of Takeaways
Please...

Subscribe to the weekly newsletter!

- Subscribe here
- Sign your colleagues up too!
- Weekly (except August and Christmas)
- Send your news to news@xbrl.org
Experiment with FXO

That’s filings.xbrl.org

- At present, this is all of the ESEF filings we can lay our hands on.
- This is tightly focussed on data quality.
- Targeted assistance and education campaigns for regulators, vendors, OAMs etc.
- Every filing is also provided as an xBRL-JSON file.
Use the Guidance!

Up to date guidance on all kinds of implementation questions. Please don’t reinvent wheels.

- That’s www.xbrl.org/guidance!
- Output from the BPB and it’s Working Groups.
- Incredibly useful body of knowledge.

Get Involved!

- If you are a member of a jurisdiction, or XBRL Europe or a direct member of XBRL International you are eligible to participate (even as an observer) in ALL of our Working Groups.
- Extraordinary way to develop your skills and your professional reputation.
- Simple IP agreement is the only criteria.
Use the Specs!

That’s specifications.xbrl.org

• The Specifications are our standard.
• Mostly aimed at developers, but with business expert input on every aspect.

Get Involved!

• If you are a member of a jurisdiction, or XBRL Europe or a direct member of XBRL International you are eligible to participate (even as an observer) in ALL of our Working Groups.
• Extraordinary way to develop your skills and your professional reputation.
• Simple IP agreement is the only criteria.
Understand the Trademarks

Mostly relevant to commercial members (and commercial non-members)

• Restrictions on use of the word and design marks
• Please read the policy
• Please get in touch with questions
Look out for...

New opportunities

Dear Members,

The Nominations Committee is seeking candidates for current and upcoming vacancies on the XBRL International Board of Directors. The seats that will need to be filled by the end of the year are one each for Jurisdictional representative, Direct Member representative and At-Large representative.

Please consider nominating yourself or a colleague to be a representative on the Board of Directors, or if you would like to pass on a name of someone who might be interested but would like to have a chat first you may send that information to nominate@xbrrl.org and representatives from the committee will be happy to get in touch.

Information about the process and desired attributes for potential candidates can be found in the Call for Nominations.

Please note, the deadline for nominations is 2359 UTC on 10 August 2022.

Sincerely,

The XBRL International Nominations Committee
Our purpose is to improve the accountability and transparency of business performance globally, by providing the open data exchange standard for business reporting.

Join Us!

xbrl.org
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