

Hey! What's New? 2024-141

Canadian Sustainability Standards Board Releases Landmark Standards to Drive Consistency and Comparability in Sustainability Reporting

The Canadian Sustainability Standards Board (CSSB) has launched its first Canadian Sustainability Disclosure Standards (CSDSs). A press release notes that this “marks a significant milestone in sustainability disclosure, enabling Canadian organizations to align with a global reporting baseline.” CSDS 1 and CSDS 2, along with their supporting Bases for Conclusions, are now part of the *CPA Canada Handbook – Sustainability*.

A Basis for Conclusions, says the press release, “is a key document in the standard-setting process that explains the rationale behind a standard or framework. In this case, it provides transparency and insight into how the CSSB reached its decisions and balanced the factors considered in the development of the standards.

“The CSDSs are foundational and serve to enhance the consistency and comparability of sustainability disclosures in response to the growing demand for high-quality, decision-useful sustainability information.”

CSSB Interim Chair, Bruce Marchand, emphasized the significance of the release by saying that “today’s announcement signifies our commitment to advancing sustainability reporting that aligns with international baseline standards – while reflecting the Canadian context. These standards set the stage for high-quality and consistent sustainability disclosures, essential for informed decision making and public trust.”

- **CSDS 1:** Establishes general requirements for the disclosure of material sustainability-related financial information.
- **CSDS 2:** Focuses on disclosure of material information on critical climate-related risks and opportunities.

The accompanying Criteria for Modification Framework outlines the criteria under which global standards, developed by the International Sustainability Standards Board (ISSB), may be modified for the Canadian context.

CSDS 1 and CSDS 2 align with IFRS S1 and IFRS S2, but with transition relief modifications reflecting the Canadian public interest. According to the press release, “the CSSB considered the fulsome and thoughtful feedback from respondents to its Exposure Drafts and acknowledges the importance and advantages for Canadian entities and capital markets to align with IFRS S1 and IFRS S2. This global baseline is preserved by ensuring all provisions come into effect following the expiration of provided transition relief.”

The press release notes that the CSSB also considered the market’s general readiness for sustainability disclosures and other factors when deciding on transition relief modifications. The final standards include all the extended transition reliefs initially proposed (the effective date, start date for beyond-climate sustainability reporting, and Scope 3 GHG emissions reporting) plus additional transition relief for the following:

- The start date for aligned reporting with financial statements;

- the quantitative aspects of scenario analysis; and
- further Scope 3 GHG emissions reporting transition relief.

The CSSB's standards are voluntary unless mandated by regulators or governments. An educational webinar will be hosted in January 2025.

The press release says this launch is the first of many steps in CSSB's broader engagement with Canadians. "As part of its proposed multi-year strategic plan, set to be released for public comment in January 2025, the CSSB aims to continue to seek feedback and provide resources to facilitate the adoption of CSDSs."