



Introduction to the Canadian Sustainability Disclosure Standards

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CSSB Voluntary Standards



**Exposure Draft
Proposed Canadian
Sustainability
Disclosure Standard**



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Proposed Canadian
Sustainability
Disclosure Standard**

**Canadian Sustainability
Disclosure Standard (CSDS) 1,
General Requirements for
Disclosure of Sustainability-
related Financial Information**

March 2024

This Exposure Draft closes for comments on June 10, 2024.

**Canadian Sustainability
Disclosure Standard (CSDS) 2,
Climate-related Disclosures**

March 2024

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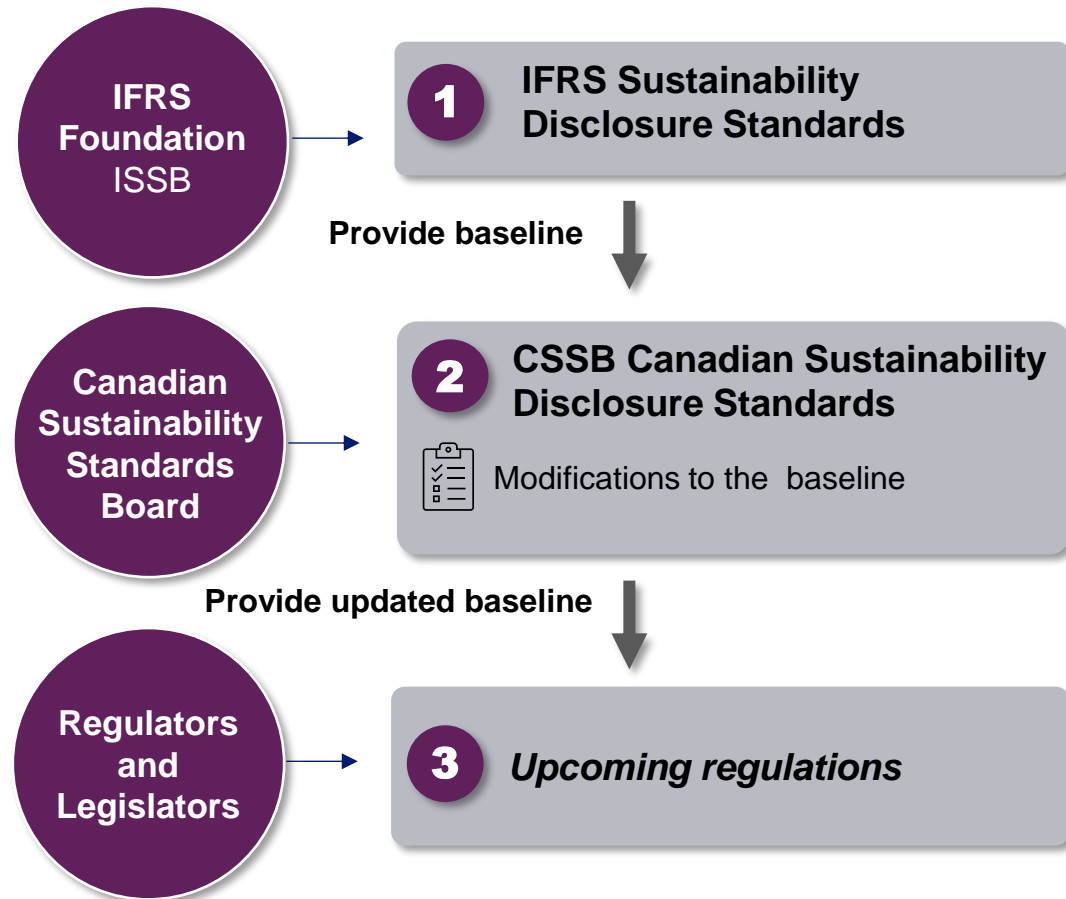
<https://www.frascanada.ca/en/sustainability/documents?tab=closed-for-comment>

Global Demand

For Sustainability Information

1. Timely
2. Comparable
3. Decision-useful
4. Intended for investors and other stakeholders/rights-holders

Key Roles and Relationships



- Same due process as International Financial Reporting Standard (IFRS) Accounting Standards
- CSSB mirrors Canadian standard setting for accounting and assurance standards for public entities
- Canadian Securities Agency and Office of the Superintendent of Financial Institutions are reviewing the CSSB standards for if, how, and when to incorporate modifications in proposed and final regulations (B-15 and proposed NI 51-107)

CSDS S1

General Requirements for Disclosure of Sustainability-related Financial Information

- Governance
- Strategy
- Risk Management
- Metrics and Targets
- Report at same time as financial statements

CSDS S2 Climate-related Disclosures

- Governance of climate-related risks and opportunities
- Strategy to manage climate risks and opportunities
- Integrate climate into risk management practices
- Climate-related metrics and targets
- Report at same time as financial statements

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FRAS Sustainability
Financial Reporting &
Assurance Standards
Canada

Canadian Sustainability Standards Board

CSSB at a Glance



- Formed in 2023
- Sets and maintains high-quality sustainability disclosure standards for Canadian entities
- Contributes to international sustainability disclosure standards
- 11 members drawn from different industries and provinces

Learn more about the CSSB at www.frascanada.ca/cssb

CSDS S1

What we heard – Beyond climate-related disclosure



- Provides enough time
- Other sustainability topics are also material
- Standardization and comparability are key
- proportionality measures



- Economic disadvantages compared to companies in the US and Mexico
- Significant financial investments required for compliance



Board's determination: retain the **two-year transition relief period** for disclosures beyond climate-related risks and opportunities.

CSDS S1

What we heard – Aligned disclosure timing of financial statements and sustainability report



- Decision usefulness of the information
- Sufficiency of existing relief
- Efficiency gained from streamlined processes and aligned reporting



- Capacity challenges
- Data-related challenges
- Mismatch with existing reporting requirements



Board's determination: extend the transition relief period for aligned reporting from one to three years.

- In the **first** year, sustainability-related financial disclosures are allowed no later than nine months after the end of the reporting period.
- In the **second** and **third** years, these disclosures are expected no later than six months after the end of the reporting period.

CSDS S2 What we heard – Scope 3 Emissions



- Enough time for preparers to build reporting capabilities
- Seek alignment with ISSB
- Scope 3 greenhouse gas (GHG) emissions mandated earlier in other jurisdictions (e.g., European Union)
- Progress over perfection is key



- Align with the U.S. SEC and avoid any competitive disadvantage
- Cost and capacity concerns
- Concern about Scope 3 GHG emissions accounting methodologies
- Concerns with data quality and availability



Board's determination: Extend the transition relief period to three years.

CSDS S2

What we heard – Climate Resilience



- Importance for preparers to begin even just qualitatively
- Sufficient proportionality measures in the standard



- Resource constraints and limited capacity
- Nascency of methodologies
- Process limitations
- Concerns over information quality
- Period of two or more years of transition relief needed to build the skills capacity



Board's determination: Three years relief for only the quantitative scenario analysis data reporting, and disclosure of anticipated financial effects, if the disclosures would have originated from quantitative scenario analysis (consider short, medium, and long-term anticipated financial effects disclosure).

STRATEGIC PLANNING



Strategic Priorities

Priority A

Establishing the CSSB as the source of Canadian reference standards for high-quality sustainability disclosure

Priority B

Advancing the inclusion of Indigenous Peoples in sustainability standard setting

Priority C

Contributing to the development of international sustainability disclosure standards

Priority D

Determining where the CSSB may contribute by developing additional sustainability standards and/or guidance

Priority E

Advancing a communications and outreach strategy to support achieving our mission

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NEXT STEPS

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QUESTIONS? We're Here to Help.



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