

# **CSSB Standard-setting Due Process Manual**

**Approved by the Implementation Committee  
February 20, 2024**

## Table of Contents

<b>Introduction</b> .....	3
<b>Standard-setting Due Process</b> .....	3
<b>Consultation and Communication</b> .....	3
Advisory committees .....	4
Comments received from interested and affected parties.....	5
Translation .....	5
<b>Due Process Applicable to IFRS® Sustainability Disclosure Standards</b> .....	5
Assessing whether changes to the proposed standard are significant .....	7
Incorporating IFRS Sustainability Disclosure Standards.....	8
Consulting on ISSB documents in Canada .....	9
Voting.....	9
Procedures following incorporation of an IFRS Sustainability Disclosure Standard into Canadian standards .....	10
Due process considerations .....	11
Dissensions .....	11
<b>Appendix A: Criteria for Additions to, Deletions from, and Amendments to IFRS Sustainability Disclosure Standards</b> .....	12

*Transitional Period Language Note: The Implementation Committee (or its successor) will provide transitional oversight of the Canadian Sustainability Standards Board (CSSB) until decisions on a permanent oversight structure are made. For the purposes of the Terms of Reference, Statement of Operating Procedures, and Standard-setting Due Process Manual, the terms “Implementation Committee” (or its successor) and “Oversight Council” are meant to be used synonymously for the duration of the transitional period.*

## Introduction

1. This document sets out the due process that the CSSB follows in setting Canadian Sustainability Disclosure Standards (CSDSs). It guides the CSSB staff on performing the required due process activities and informs interested and affected parties on how the Board sets standards and how they can participate in the process.
2. The CSSB is an independent body with the authority to set sustainability disclosure standards for use by Canadian entities. It is directly accountable to the Oversight Council for its performance in fulfilling its mandate, including the adherence to due process. This Standard-setting Due Process Manual provides the Oversight Council with a basis for holding the Board accountable for the due process procedures that it follows in practice.

## Standard-setting Due Process

3. The CSSB's due process is built on its Terms of Reference and Statement of Operating Procedures, and is based on the following principles:
  - (a) *Transparency*: Conducting its standard-setting process in a transparent manner.
  - (b) *Consultation*: Considering the perspectives of interested and affected parties.
  - (c) *Accountability*: Analyzing the potential effects of its proposals on interested and affected parties and explaining the rationale for the CSSB's decisions when developing or changing a standard.

## Consultation and Communication

4. Consulting widely with interested and affected parties enhances the quality of sustainability disclosure standards. This is why consulting and gathering feedback from interested and affected parties on documents for comment is an integral part of due process. During the CSSB's deliberations, this feedback helps identify when additional effort is required. The Board shall ensure the inclusive and respectful engagement of Indigenous Peoples in the sustainability standard-setting process.

5. The CSSB encourages communication with interested and affected parties by developing outreach communication plans. At every stage of its due process, the CSSB seeks feedback using various communication vehicles to maximize input from interested and affected parties and transparency. The Board's objective is to reach a wide target audience through communication platforms such as roundtables, public meetings, social media and written responses to public consultation documents.
6. The CSSB posts summaries of its significant decisions online after each meeting. The decision summaries inform interested and affected parties in a timely manner of progress on projects and compliance with due process.
7. The CSSB will consult with the other Canadian standard-setting bodies to ensure connectivity and alignment, where needed.

#### **Advisory committees**

8. Other key sources of consultation are advisory committees, which provide input and advice to the CSSB on a variety of matters and contribute to developing standards, but which do not have decision-making authority.
9. The CSSB works through its advisory committees to plan its projects, giving it access to additional practical experience and expertise. These committees are an important part of its governance infrastructure, helping to maintain, develop and improve sustainability disclosure standards. The committees assist the Board by:
  - (a) advising and recommending standard-setting priorities and specific agenda projects; and
  - (b) providing input from representatives from different communities, such as academia, assurance providers and preparers and users of sustainability disclosures.
10. Each advisory committee has a Terms of Reference, setting out:
  - (a) the committee's objectives.
  - (b) the Board's expectations of the committee members.
  - (c) The CSSB's responsibilities to the committee.
11. Once work on a project starts, CSSB staff consults its advisory committees when it is beneficial to the project to do so. The staff informs committee members about the project's progress and reports the committee's feedback to the Board.

### **Comments received from interested and affected parties**

12. Input and feedback from interested and affected parties are obtained through various mechanisms, including in-person and virtual roundtables, comment letters, emails and other written feedback.
13. Comment letters play an important role in the CSSB's deliberation process because they provide public responses to a formal consultation. When considering comments received, the Board reviews the issues and related explanations provided.
14. Feedback with strong analysis and supporting evidence is one of the bases for developing standard-setting options. The analysis of feedback may result in the CSSB doing additional outreach and analysis; for example, if the views of particular sectors are shared or divided. Written feedback the Board receives is available on its webpage shortly after the comment deadline.

### **Translation**

15. The CSSB issues all its documents for comment and standards simultaneously in English and French. Established policies for translating published materials ensure high quality.

## **Due process applicable to IFRS<sup>®</sup> Sustainability Disclosure Standards**

16. The CSSB's standard-setting due process normally begins with its strategic plan. This plan sets out its multi-year objectives and is established after extensive consultation with interested and affected parties, including exposure for public comment. This strategic plan will be both flexible and adaptable to changing market circumstances. In the case of an inaugural board, there may be exceptions to the timing of the normal course of action and/or to due process. The CSSB will report any such exceptions to the Oversight Council.
17. The CSSB applies due process to IFRS Sustainability Disclosure Standards. The level of effort required within the due process varies depending on the type and timing of the project. Some factors influencing the level of effort include:
  - (a) the extent and significance of proposed changes;
  - (b) the types of interested and affected parties involved;
  - (c) the extent of consultation required to build acceptance; and
  - (d) the differing regional practices.

18. The CSSB carries out the following mandatory due process activities:
  - (a) Deliberates proposals in a meeting, except for an International Sustainability Standards Board (ISSB) narrow-scope proposal or ISSB annual improvements, provided all the CSSB members agree this is unnecessary due to the nature of the proposed change.
  - (b) Exposes a draft of any proposed new standard or additions to, deletions from, or other amendments to a standard for public comment.
  - (c) Conducts a consultation process and considers feedback.
  - (d) Considers whether the ISSB has appropriately followed its due process for new and amended IFRS Sustainability Disclosure Standards.
  - (e) Exposes a draft of a new strategic plan for public comment.
  - (f) Consults the Oversight Council on strategic and operating plans, the technical agenda and work priorities.
  - (g) Provides information to the public that is transparent.
  - (h) Responds to the concerns raised by interested and affected parties.
19. The CSSB considers undertaking the following significant due process activities and explains its reasons to the Oversight Council if they are not carried out. The CSSB:
  - (a) provides such comment period for all documents issued for comment as determined by the CSSB having regard to the project's scope, nature and timing; and
  - (b) conducts outreach in proportion to the topic through advisory committees, activities with those who apply CSSB standards and information sessions.
20. The CSSB is directly accountable to the Oversight Council for its performance in fulfilling its mandate, including its adherence to and, where deemed necessary, modification of due process in the conduct of its activities. At each Oversight Council meeting, the Board reports on its compliance with due process.
21. The CSSB has a shared goal among global standard setters of high-quality sustainability disclosure standards that result in comparable sustainability disclosure outcomes.
22. Early in the process and throughout the life of IFRS Sustainability Disclosure Standards projects, including post-implementation reviews, the CSSB influences the development of IFRS Sustainability Disclosure Standards. This is done by raising awareness, providing opportunities for interested and affected parties to express their views, responding to documents for comment

on the ISSB's proposals and leveraging roundtables and other discussions. The CSSB maintains a strong global presence on the international stage to enhance Canada's influence.

23. The CSSB supports any of the ISSB's interpretation activities to ensure that Canadian views are considered during the development of IFRS Sustainability Disclosure Standards and any related interpretations.

**Assessing whether changes to the proposed standard are significant**

24. Before approving a final standard, the CSSB decides, by formal vote, whether in its judgment, redeliberation of the issues has resulted in a significant change to the exposed proposed standard. If the proposed final standard has been significantly changed, re-exposure of the standard is required unless the Board decides, by formal vote of at least two-thirds of the Board members, not to re-expose for one or more reasons. Those reasons shall be described in the basis for conclusions prepared when the project is completed.
25. When deciding whether to re-expose, the CSSB:
- (a) identifies the substantial issues, if any, that emerged during the comment period on the exposure draft that it had not previously considered;
  - (b) assesses the evidence that it has considered;
  - (c) determines whether it has sufficiently understood the issues, implications and likely effects of the new requirements, and actively sought the views of interested and affected parties;
  - (d) considers whether the various viewpoints were appropriately discussed in the exposure draft;
  - (e) assesses whether the revised draft includes any fundamental changes on which respondents have not had the opportunity to comment because they were not contemplated or discussed in the exposure draft;
  - (f) considers whether it will likely learn anything new by re-exposing a revised draft; and
  - (g) weighs the cost of delaying the final standard coming into effect against the relevant urgency for the change and considers what additional steps it has taken to consult with interested and affected parties since issuing the exposure draft.
26. If, after considering all the factors in [paragraph 25](#), the CSSB is satisfied that a revised draft responds to the feedback and that it is unlikely that re-exposure will reveal any new concerns, it proceeds to finalize the proposed standards.

27. The more extensive and fundamental the changes from the exposure draft and, where applicable, current practice, the more likely the revised draft should be re-exposed. Using advisory committees or targeted consultation can give the CSSB information to support a decision to finalize a revised draft without re-exposure. If the Board decides that re-exposure is necessary, the due process is the same as for the first exposure draft.
28. The public comment period for such documents is normally a minimum of 60 days.

### **Incorporating IFRS Sustainability Disclosure Standards**

29. Newly issued or amended IFRS Sustainability Disclosure Standards are not part of CSSB standards until the Board has incorporated them into CSDSs. As a national standard setter, the Board has the authority to incorporate new or amended IFRS Sustainability Disclosure Standards into Canadian standards and does so only after performing its due process activities, which may include addition to, deletion from, or other amendments to the IFRS Sustainability Disclosure Standard. The Board must apply its own processes before it comes to its own conclusions to incorporate a new or amended IFRS Sustainability Disclosure Standard into the CSDSs.
30. The ISSB issues IFRS Sustainability Disclosure Standards according to its own rigorous due process. Staff monitors the ISSB's activities to ensure that the ISSB is following its due process, with related procedures under its Terms of Reference. For example, staff may read its meeting agenda papers, monitor its meeting discussions, review other project-related material on its website and discuss issues with ISSB members and staff. Staff raises to the CSSB any potential areas of concern. These measures give the CSSB comfort in relying on the ISSB's due process.
31. The CSSB performs additional procedures as follows:
  - (a) Gains an understanding of the new or amended IFRS Sustainability Disclosure Standards.
  - (b) Exposes the new or amended IFRS Sustainability Disclosure Standards for public comment.
  - (c) Assesses whether there are indications that the ISSB did not meet its due process requirements.
  - (d) Assesses whether it did not meet its own due process requirements.
  - (e) Evaluates whether the ISSB's proposals are appropriate for application in Canada based on feedback from interested and affected parties.



32. The CSSB considers any concerns by interested and affected parties when incorporating new and amended IFRS Sustainability Disclosure Standards into CSSB standards. In considering such concerns, the Board takes into account the perspectives of interested and affected parties.
33. After following its due process, the CSSB may decide, based on whether it is in the Canadian public interest, not to incorporate a new or amended IFRS Sustainability Disclosure Standard, to modify it when incorporating it into CSSB standards, or to amend or remove a previously incorporated IFRS Sustainability Disclosure Standard. In making such decisions, the Board will be guided by the criteria set forth in [Appendix A: Criteria for Additions to, Deletions from, or Amendments to IFRS Sustainability Disclosure Standards](#). On issues of particular importance, the CSSB communicates with the Oversight Council.

#### **Consulting on ISSB documents in Canada**

34. The CSSB generally responds to all the ISSB's documents for comment to the extent deemed practicable.
35. When the ISSB has issued an exposure draft, the CSSB Chair approves a corresponding CSSB exposure draft issued as part of the CSSB's due process. The CSSB asks its advisory committees and interested and affected parties for input on whether the proposed new or amended IFRS Sustainability Disclosure Standard is appropriate for application in Canada. It reviews responses to its corresponding CSSB exposure draft and other feedback received, to identify any unique Canadian circumstances that might justify a departure from a proposed new or amended IFRS Sustainability Disclosure Standard.

#### **Voting**

36. When the CSSB is ready to set a new or amended IFRS Sustainability Disclosure Standard for use in Canada, staff prepares documents to help the Board:
  - (a) understand the new or amended IFRS Sustainability Disclosure Standard, including comments made by Canadians and the CSSB on the relevant ISSB exposure draft and possible application challenges for Canadians;
  - (b) consider the feedback from interested and affected parties on whether the new or amended IFRS Sustainability Disclosure Standard is appropriate for application in Canada; and
  - (c) assess whether due process was followed.
37. Voting is required to approve all decisions related to incorporating new or amended IFRS Sustainability Disclosure Standards into CSSB standards.

38. Voting is done by a show of hands during in-person meetings or, in the case of electronic meetings, by another acceptable manner as determined by the CSSB Chair. The results of votes taken in Board meetings are documented in the minutes. Dissenting votes, if any, with supporting reasons, are recorded in the minutes. The minutes constitute proper evidence of the Board's decisions. [Paragraphs 41-46](#) in the "Dissensions" section describe the process when a Board member dissents. The Board incorporates a new or amended IFRS Sustainability Disclosure Standard into the CSSB standards with an affirmative vote of two-thirds of all its members.

#### **Procedures following incorporation of an IFRS Sustainability Disclosure Standard into Canadian standards**

39. The ISSB issues a basis for conclusions for final IFRS Sustainability Disclosure Standards and amendments. The CSSB issues a summary of its due process activities that:
- (a) discusses how the CSSB satisfied itself that it followed its due process for a project;
  - (b) identifies the consultation and other due process activities it undertook to determine that the new or amended IFRS Sustainability Disclosure Standard is suitable for application in Canada; and
  - (c) incorporates the anonymous views of any dissenting CSSB member(s), as relevant.
40. The CSSB may decide to issue a single document covering all new and amended IFRS Sustainability Disclosure Standards incorporated into CSSB standards during a year.
41. The CSSB may establish a discussion group to advise it on proposed new and amended IFRS Sustainability Disclosure Standards and to help identify any implementation issues that the CSSB may recommend the ISSB consider for interpretive or other action.
42. The CSSB also monitors ISSB post-implementation reviews of IFRS Sustainability Disclosure Standards. The CSSB responds to ISSB post-implementation review requests for information. As part of the CSSB's due process, it promotes awareness of ISSB post-implementation reviews in Canada and seeks input from its advisory committees and interested and affected parties.
43. If the ISSB issues editorial changes to previously issued IFRS Sustainability Disclosure Standards, the Vice-President, Sustainability Standards, informs the CSSB, which decides whether to modify the CSDSs.

## **Due process considerations**

### ***Dissensions***

44. A CSSB member who dissents during the voting process does so on the entire document subject to the vote. A dissenting Board member should make their views clear at a Board meeting preceding the voting process and in writing.
45. Disagreeing on one matter/issue within a document does not necessarily mean the CSSB member should dissent on that document. For the incorporation of a new IFRS Sustainability Disclosure Standard or amendment, Board members dissent if they think the changes are not suitable for application in Canada.
46. In considering whether to dissent, a CSSB member is informed by the findings from outreach with interested and affected parties and applies their judgment and experience to consider the likely effects of the document. This includes, but is not limited to, consideration of:
  - (a) the alignment to core principles or concepts, such as those presented in an underlying conceptual framework or similar documentation;
  - (b) whether the new requirements are in the public interest and result in an improvement to sustainability disclosure reporting;
  - (c) the burden to preparers compared with the benefits to users of sustainability disclosures; and
  - (d) for IFRS Sustainability Disclosure Standards and amendments, the views and underlying decisions of the ISSB, and feedback on the corresponding CSSB exposure draft.
47. If a CSSB member intends to dissent, they should indicate their intention at a Board meeting prior to the voting process.
48. The dissenting views are included in the summary of the CSSB's due process activities. The dissenting views are included as views the Board considered but are not separately identified as dissenting views of CSSB members.
49. Once the CSSB has made a decision, the Board's public voice must be uniform. Public dissention by a Board member may be reason for dismissal upon decision of the Oversight Council.

## **Appendix A: Criteria for Additions to, Deletions from, or Amendments to IFRS Sustainability Disclosure Standards**

The CSSB recognizes the benefits of global standardization of sustainability disclosure standards to the Canadian public interest and, therefore, supports the incorporation of IFRS Sustainability Disclosure Standards in Canada to the fullest extent possible. The Board also recognizes that there may be circumstances where amendments are required in the Canadian public interest. The following sets out criteria for the circumstances in which the Board would make amendments to the IFRS Sustainability Disclosure Standards in setting Canadian standards based on them:

1. Subject to paragraph 2 below, the CSSB will generally limit additions to, deletions from, or other amendments to an IFRS Sustainability Disclosure Standard to the following:
  - (a) Requirements or guidance, the application of which are not permitted by, or require addition, deletion or amendment to be consistent with, applicable Canadian law or regulation.
  - (b) Requirements or guidance, where the ISSB recognizes that different provisions or practices may apply in different jurisdictions and Canada is such a jurisdiction.
2. The CSSB may make additions to, deletions from, and/or amendments to an IFRS Sustainability Disclosure with respect to requirements or guidance beyond those described in paragraph 1 above (including effective dates and transition periods) where it believes such additions, deletions and/or amendments are required to serve the Canadian public interest and maintain the quality of sustainability disclosure in Canada.

Copyright ©2024 Financial Reporting & Assurance Standards, Chartered Professional Accountants of Canada

All rights reserved. This publication is protected by copyright and written permission is required to reproduce, store in retrieval system or transmit in any form or by any means (electronic, mechanical, photocopying, recording or otherwise).

For information regarding permission, please contact [info@frascanada.ca](mailto:info@frascanada.ca).