

Canadian Sustainability Standards Board Exposure Drafts: CSDS 1 and CSDS 2

March 13 – June 10, 2024

Agenda

1. Standard Setting & Canadian Sustainability Standards Board (CSSB)

2. Project Overview

Exposure Draft: CSDS 1 General Requirements for Sustainability-related Financial Information

Exposure Draft: CSDS 2 Climate-related disclosures

Consultation Paper: Proposed Criteria for Modification Framework

3. How to Connect

Standard Setting & Canadian Sustainability Standards Board (CSSB)

CSSB journey so far



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

- May 2022** Independent Review Committee on Standard Setting (IRCSS) in Canada recommended CSSB establishment
- Jun 2022** Formation of the CSSB approved by the Accounting Standards Oversight Council (AcSOC) and Audit and Assurance Oversight Council (AASOC)
- Aug 2022** CSSB Implementation Committee established
- Apr 2023** Chair + first three members announced
- Jun 2023** Second cohort of five members announced, rendering the CSSB operational
- Sept 2023** Last cohort of three members announced, bringing CSSB membership to 12.

Relationship with the International Sustainability Standards Board (ISSB)

Sustainability Standards Advisory Forum

Region	Organization
Africa	<ul style="list-style-type: none">• Pan African Federation of Accountants
Americas	<ul style="list-style-type: none">• Brazilian Committee of Sustainability Pronouncements• Canadian Sustainability Standards Board• Group of Latin American Accounting Standard Setters• Mexican Financial Reporting Standards Board
Asia-Oceania	<ul style="list-style-type: none">• Accounting Regulatory Department, Ministry of Finance of People's Republic of China• Institute of Chartered Accountants India• Korea Accounting Institute / Financial Services Commission• Saudi Organization for Chartered and Professional Accountants• Sustainability Standards Board of Japan
Europe	<ul style="list-style-type: none">• European Financial Reporting Advisory Group• Swiss State Secretariat for International Finance• UK Financial Reporting Council

Relationship with Canadian regulators



OSFI

Office of the
Superintendent of
Financial Institutions



CSSB

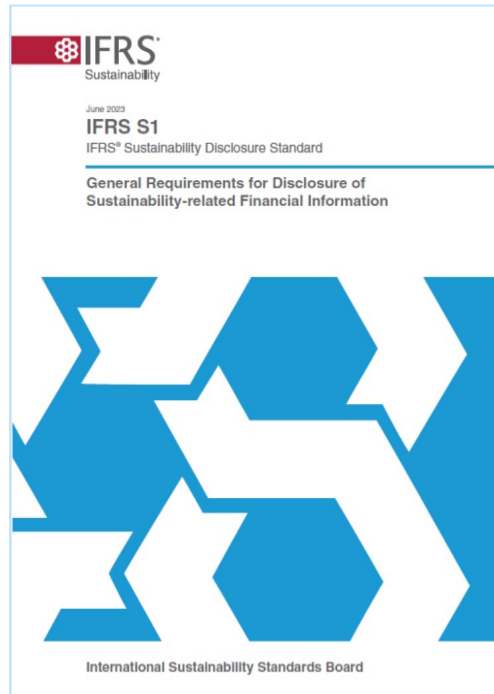


CSA

Canadian Securities
Regulators

Project Overview

Inaugural IFRS Sustainability Disclosure Standards



S1: General Requirements

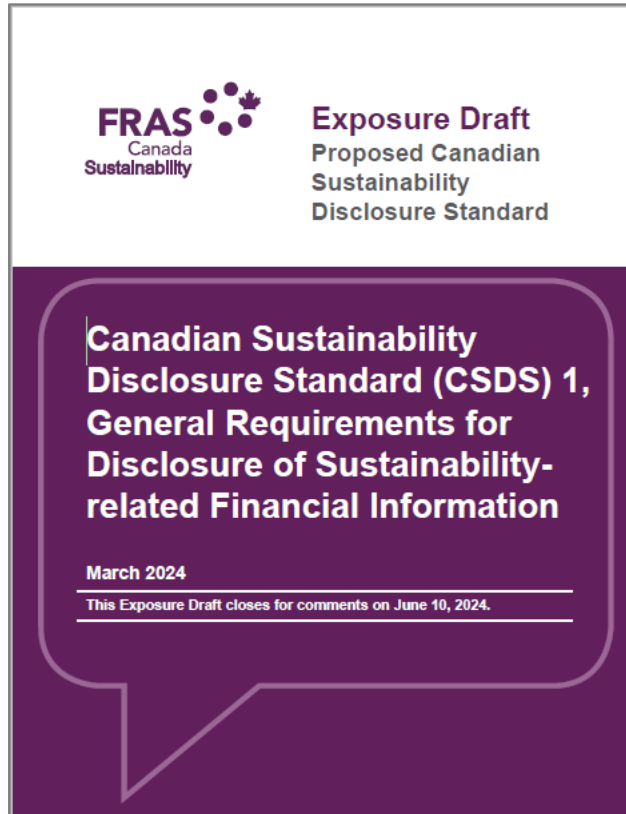
- Provides foundation for 'connected information'
- Requires consideration of SASB Standards



S2: Climate-related Disclosures

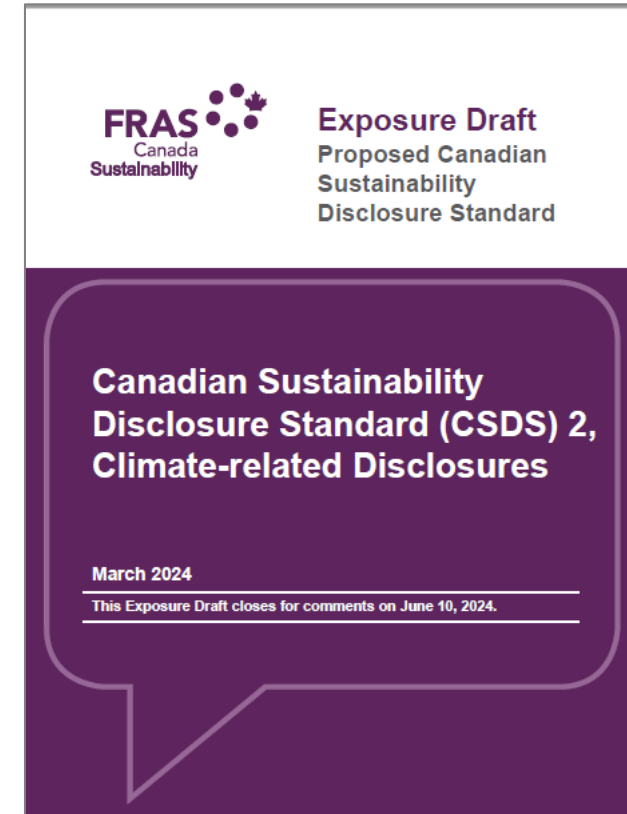
- Includes industry-specific requirements based on SASB Standards
- Climate-related risks and opportunities

Exposure Drafts: CSDS 1 and CSDS 2



Support ISSB's goal of creating a global baseline

Acknowledge concerns raised on certain provisions within IFRS S1 and IFRS S2



Project overview

Exposure Draft CSDS 1

Exposure Draft CSDS 2

Consultation Paper: Criteria for Modification Framework

Illustration 1 – CSDS 1 transition relief

Date of initial CSDS 1



Jan 1, 2025

Date of disclosures

Climate-related disclosures*	Sustainability-related disclosures
<i>Reporting period beginning</i> Jan 1, 2025	<i>Reporting period beginning</i> Jan 1, 2027

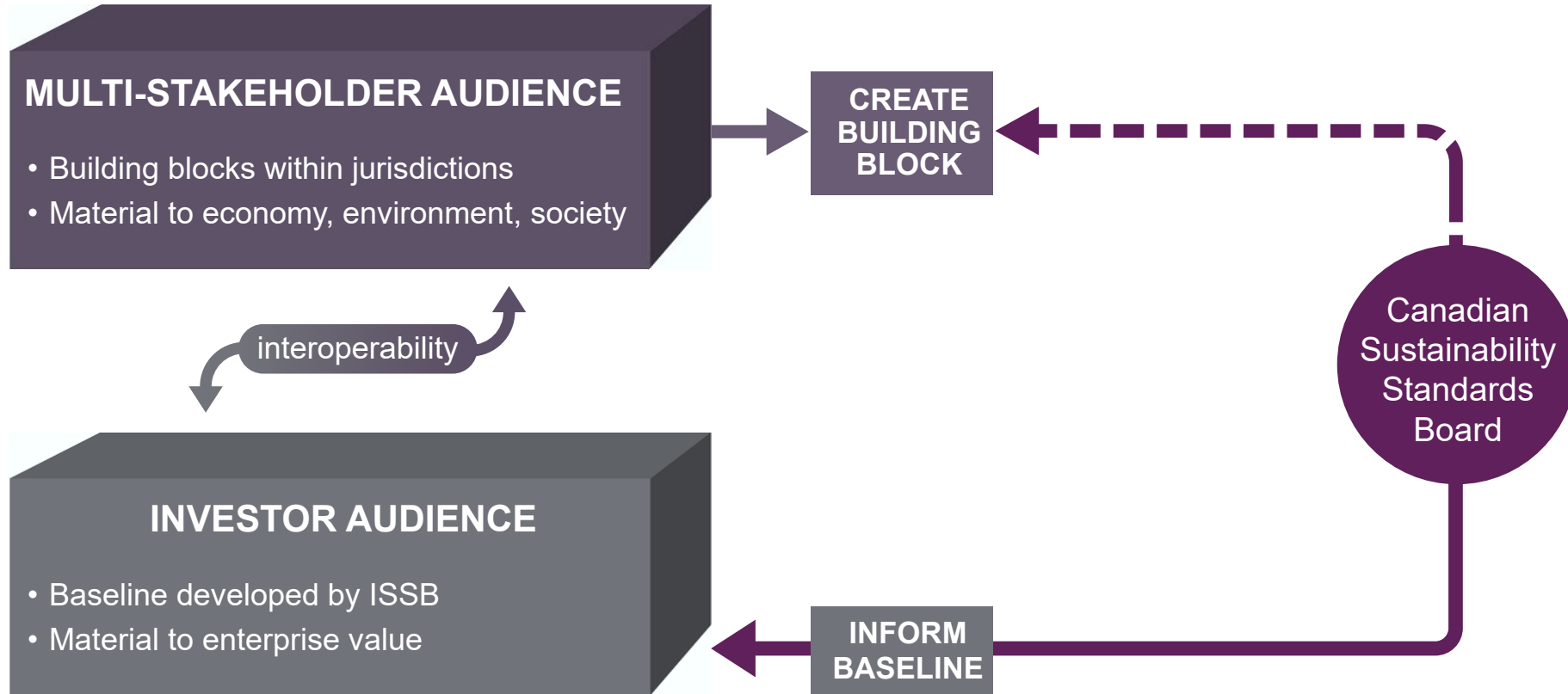
CSSB considerations

Recurring Themes

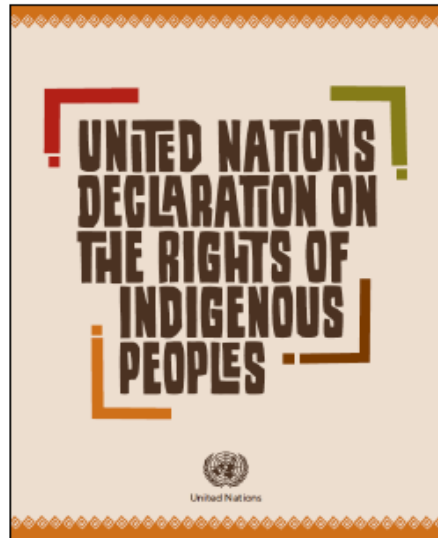
FRAS Canada Consultation on IFRS S1 (2022)

Regulatory Landscape and Political Developments

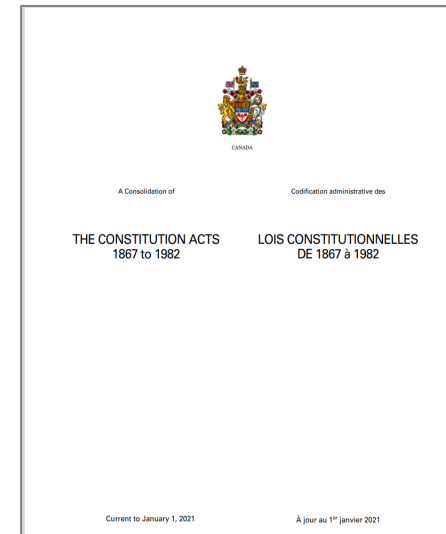
Canadian specific considerations



CSSB's commitment



United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), 2007, 2021



Canadian Constitution, Rights of the Aboriginal Peoples of Canada, Section 35 (1867-1982)

CSDS 1: General Requirements for Disclosure of Sustainability-related Financial Information

Scope of CSDS 1

Sustainability-related risks and opportunities

Definitions and information required to prepare a complete set of sustainability disclosures

Value chain concepts
Materiality meaning & assessment
Timing of reporting

CSDS 1 and CSDS 2 to become effective on same date

CSDS 1 proposed amendments



Effective date

Ensures Canada remains at the forefront



Transition relief

Aims to strike a balance between urgency and needs

Effective date

On or after
January 1,
2025



Extended by one year

Voluntary adoption

CSDS 2 to be applied at the same time

Transition relief

**Allow
Canadian
companies
time to prepare**



Sustainability-related disclosures

First two annual reporting periods

Comparative information

CSDS 1 – Timing of reporting



- No amendment proposed
- Feedback sought:
 - Users: How critical is it to have sustainability-related financial disclosures at the same time as related financial statements?
 - Preparers: Is any further relief or accommodation required?

CSDS 2: Climate-related Disclosures

Scope of CSDS 2



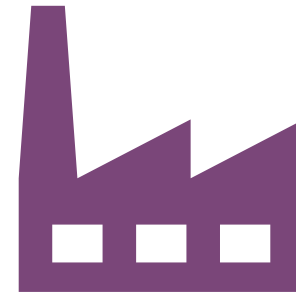
Enable users of general-purpose financial reports to understand risks and opportunities to which the entity is exposed

CSDS 2 Proposed Amendments



Effective date

Jan 1, 2025



**Scope 3 GHG
Transition relief**

2 years

Effective date

On or after
January 1,
2025



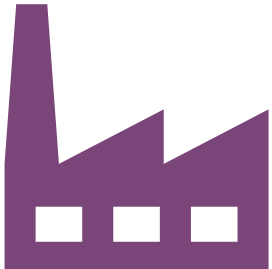
Extended by one year

Voluntary adoption

CSDS 1 to be applied at the same time

Scope 3 GHG Emissions

Transition Relief



Required disclosure extended by one year

Entity not required to disclose in the first two annual reporting periods

Allows Canadian entities to address near-term capacity challenges

CSDS 2 – climate resilience

- No amendment proposed
- Feedback sought:
 - Whether transition relief and/or further guidance would help both preparers and users of climate-related disclosures in their assessment of climate resilience



Illustrations: Transition Relief

Illustration 1 – CSDS 1 transition relief

Date of initial CSDS 1



Jan 1, 2025

Date of disclosures


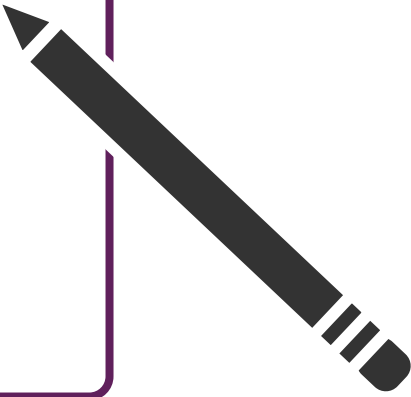
Climate-related disclosures*	Sustainability-related disclosures
<i>Reporting period beginning</i> Jan 1, 2025	<i>Reporting period beginning</i> Jan 1, 2027

Illustration 2 – CSDS 2 transition relief

Date of adopting CSDS 2	Scope 3 GHG emissions disclosure
<p><i>Reporting period beginning</i> Jan 1, 2025</p>	<p><i>Reporting period beginning</i> Jan 1, 2027</p> <p><i>Comparative disclosures</i> Jan 1, 2028</p>

Criteria for Modification Framework

Criteria for modification framework

- 
- To comply with Canadian law/regulations
 - To accommodate Canadian provisions/practices
 - To serve the Canadian public interest
- 

Next steps



How to connect

Online surveys



connect.frascanada.ca

Comment Letter



[www.frascanada.ca/
sustainability](https://www.frascanada.ca/sustainability)

Email



cssb.ccnid@frascanada.ca

www.frascanada.ca/cssb