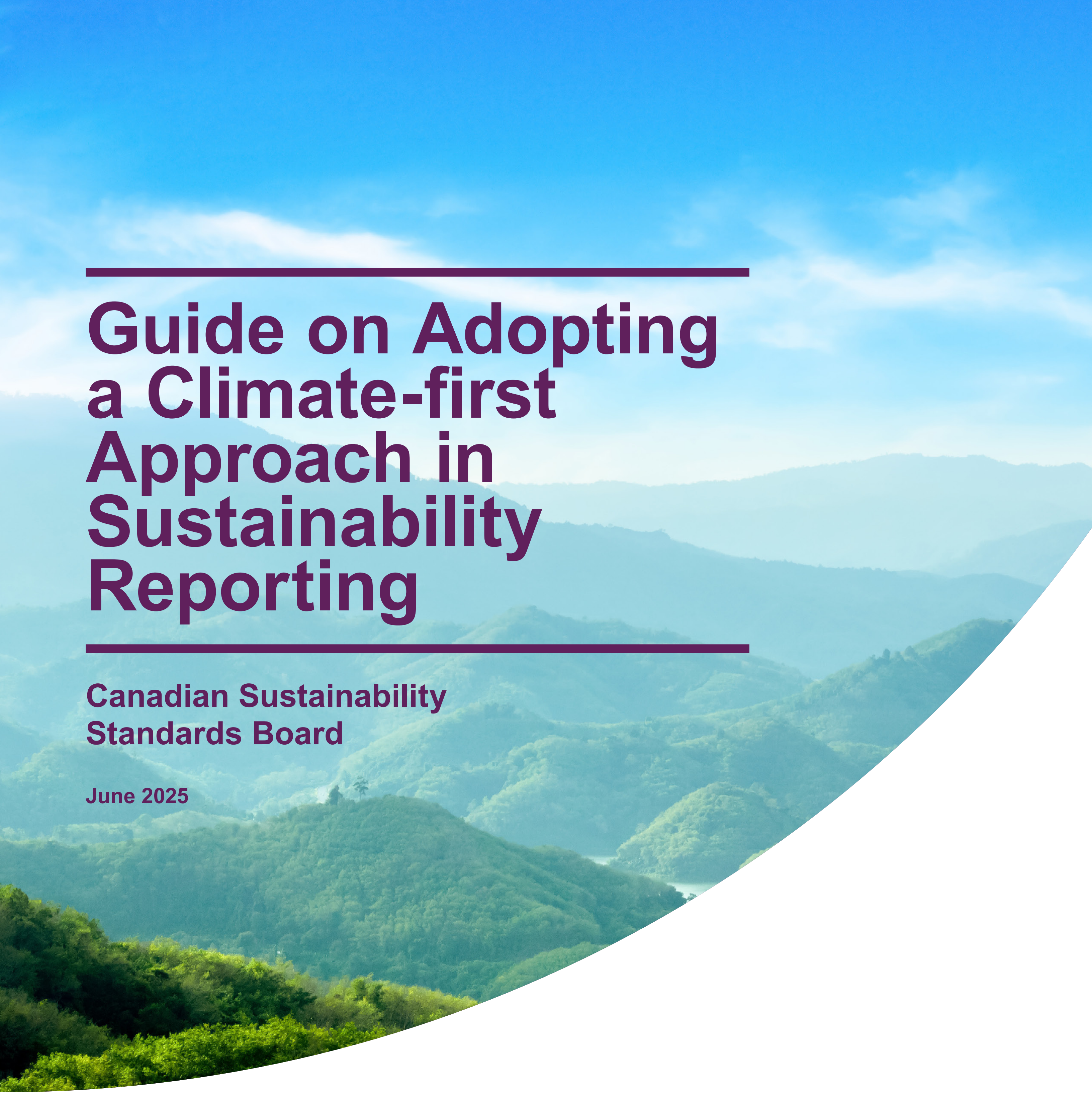

Guide on Adopting a Climate-first Approach in Sustainability Reporting

Canadian Sustainability Standards Board

June 2025

FRAS
Financial Reporting & Assurance Standards
Canada
Sustainability

Disclaimer

This publication was prepared by the Canadian Sustainability Standards Board as non-authoritative guidance. For entities subject to securities legislative requirements, it should be noted that the views and conclusions expressed are not a substitute for Canadian securities regulators' materials and the requirements, guidance and concepts contained therein.

Land Acknowledgement

We, the Canadian Sustainability Standards Board (CSSB), acknowledge our work is being developed on the lands of First Nation, Métis and Inuit (“Indigenous”) Peoples across Canada, whose enduring relationship with the earth, water and air has spanned tens of thousands of years.

We recognize the inherent rights and contributions of Indigenous Peoples in protecting and sustaining these lands and waters to date, and for generations to come. We recognize and respect the significance of both treaty and unceded lands, and we honour the diverse knowledges, cultures, governance structures and histories of Indigenous Peoples across Canada.

We acknowledge that advancing reconciliation is fundamental to the work of Canadian sustainability standard setting and we commit to ongoing learning, meaningful engagement and partnership with Indigenous Peoples as we serve the public interest by setting and maintaining high-quality sustainability disclosure standards in Canada.

We invite all interested and affected parties to reflect on their own relationship with the land and Indigenous Peoples, and to consider how their work can contribute to the ongoing journey of reconciliation and sustainability.

Chair's Message

I am pleased to introduce the *Guide on Adopting a Climate-First Approach in Sustainability Reporting*. This guide is a practical resource designed to support Canadian entities in transitioning to high-quality climate-related disclosures under Canadian Sustainability Disclosure Standards (CSDS) 2, *Climate-related Disclosures*, while applying the foundational elements of CSDS 1, *General Requirements for Disclosure of Sustainability-related Financial Information.*

The Canadian Sustainability Standards Board (CSSB) created this guide in response to feedback asking for clear, practical help with what is called a "climate-first" approach, focusing first on climate-related risks and opportunities before expanding to other sustainability topics. While we introduced transition relief to ease the reporting burden, this should not be seen as a reason to delay. The urgency of the climate crisis requires sustained momentum.

The impacts of climate change on Canadian entities are now present and accelerating. The strategic, operational and financial impacts whether from physical risks or transition risks and opportunities are increasingly material to Canadian businesses across all sectors. According to the Bank of Canada,[1] climate change and the transition to low-carbon growth will profoundly impact nearly every sector of the economy.

Globally, momentum toward mandatory climate-related disclosures continues to build. As of May 2025, jurisdictions such as the European Union, United Kingdom, New Zealand, Singapore, Brazil, China, Australia, Japan and Hong Kong have implemented or are in the process of implementing mandatory climate disclosure requirements. This global shift shows how important these disclosures are for entities to ensure global competitiveness, strengthen resilience and enhance transparency to meet the growing demand for credible, comparable decision-useful, climate-related information. Canada needs to keep pace in the global race for capital, especially as we do more business with countries that already have climate disclosure regimes in place.

The CSSB remains committed to supporting a smooth and effective transition to full sustainability reporting. We encourage all entities to use this guide and our standards as foundational tools.

Wendy Berman
CSSB Chair

1 "Climate change and the Bank of Canada," Bank of Canada, October 13, 2021.

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Background

The Canadian Sustainability Standards Board (CSSB) works to advance the adoption of sustainability disclosure standards in Canada. The CSSB develops Canadian Sustainability Disclosure Standards (CSDSs) with an objective of aligning with the global baseline standards developed by the International Sustainability Standards Board (ISSB) – but with modifications to serve the Canadian public interest. In December 2024, the CSSB released its inaugural standards, CSDS 1, *General Requirements for Disclosure of Sustainability-related Financial Information*, and CSDS 2, *Climate-related Disclosures*.

During the consultation on CSDS 1 and CSDS 2, the CSSB invited input on key proposals and posed general open-ended questions. Among the market feedback was a call for sufficient relief to give entities time to learn and adapt their processes to report on all sustainability-related risks and opportunities, as well as a call for support in applying a climate-first approach – one that prioritizes the disclosure of material information on climate-related risks and opportunities before disclosing material information on broader sustainability-related risks and opportunities. In response, the CSSB determined to provide a two-year transition relief on CSDS 1 to allow time for companies to prepare for broader reporting under CSDS 1 as well as other transition relief relating to aspects of CSDS 1 and CSDS 2.[2]

This guide responds to market feedback, while acknowledging the foundational work of the ISSB's January 2025 educational material, *Applying IFRS S1 when reporting only climate-related disclosures in accordance with IFRS S2*. This guide incorporates key sections of the ISSB's educational material.

This guide's purpose is to help entities, and their advisors, understand compliance with CSDS 1 and CSDS 2 when an entity elects to use the transition relief and disclose information on only climate-related risks and opportunities in accordance with CSDS 2 (often referred to as a "climate-first" approach). To adopt a climate-first approach, the entity must apply certain requirements in CSDS 1 (the "applicable CSDS 1 requirements") and the requirements in CSDS 2. The requirements in CSDS 2 cannot be applied in isolation to disclose on a climate-first basis. This guide assists entities in the required application of CSDS 1 to disclose information about climate-related risks and opportunities in accordance with CSDS 2.

[2] The CSSB also determined to provide transitional relief relating to timing of reporting in CSDS 1 and certain greenhouse gas emissions disclosure and quantitative climate-related scenario analysis requirements in CSDS 2. See paragraph E4 of CSD1 and paragraphs C3-C4 of CSDS 2.

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

CSDS 1 provides a comprehensive framework for an entity to disclose material information about its sustainability-related risks and opportunities that could reasonably be expected to affect its prospects (i.e., its cash flows, access to finance, or cost of capital) over the short, medium and long term. An entity is required to assess its sustainability-related risks and opportunities, which can encompass a wide range of topics such as climate change, biodiversity, ecosystems, ecosystem services, human capital, human rights and other factors.

CSDS 1 contains foundational concepts that are applicable to preparing disclosures regardless of the nature of the sustainability risks or opportunities being disclosed, including: defining the scope and objective of reporting; and providing core content, presentation and requirements.

CSDS 2, *Climate-related Disclosures*

CSDS 2 is a thematic standard that provides specific requirements for disclosing information about climate-related risks and opportunities that could reasonably be expected to affect its prospects (e.g., a climate-related physical risk or a climate-related transition risk). It is widely acknowledged that climate change is one of the most pressing sustainability issues facing the global economy and is driving significant investor demand for such disclosure. This guide supports entities reporting under the CSDSs and choosing to use the transition relief to provide information only on climate-related risks and opportunities in accordance with CSDS 2.

CSDS 1 and CSDS 2 are designed to be applied together, with each including four content areas (i.e., governance, strategy, risk management and targets).

Effective Date

CSDS 1 and CSDS 2 became effective for adoption by entities for reporting periods beginning on or after January 1, 2025,[3] with certain transition relief.

An entity is required to apply both CSDS 1 and CSDS 2; however, the transition relief permits an entity to disclose information on only climate-related risks and opportunities (in accordance with CSDS 2) for up to two years following adopting of CSDSs. This transition relief gives entities additional time to prepare to report on all sustainability-related risks and opportunities that could reasonably be expected to affect its prospects, including time to become more familiar with the concepts and adapt their internal processes.

The transition relief narrows the required scope of disclosure – from information about all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects to information about only climate-related risks and opportunities. This does not otherwise change the requirements of CSDS 1, and entities electing to apply the transition relief are required to apply the requirements of CSDS 1 insofar as they relate to disclosure of information about climate-related risks and opportunities in accordance with CSDS 2.

Climate-first Approach

An entity is required to apply all the requirements of the CSDSs to assert compliance.[4] Adoption of CSDS 1 and CSDS 2 requires an entity to disclose material information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects, including climate-related risks and opportunities. However, the transition relief period of up to two years[5] permits entities to disclose information on only climate-related risks and opportunities (in accordance with CSDS 2). This is referred to as a climate-first approach. Following this transition relief period, an entity would be required to disclose material information not only on climate-related risks and opportunities, but also other sustainability-related risks and opportunities that could reasonably be expected to affect its prospects.

[3] CSDS 1 and CSDS 2 became effective for adoption by entities for annual reporting periods beginning on or after January 1, 2025. CSDS 1 and CSDS 2 become mandatory once adopted by Canadian regulators or governments.

[4] Paragraph 72 of CSDS 1 requires an entity to make an explicit and unreserved statement of compliance with all of the requirements of the CSDSs.

[5] See paragraph E5 of CSDS 1.

Applicable Requirements of CSDS 1

When implementing CSDSs on a climate-first basis, certain requirements of CSDS 1 must be applied to report in compliance with CSDS 2.

The CSSB recommends that entities do the following:

- Understand the applicable requirements of CSDS 1 necessary to provide information about climate-related risks and opportunities in accordance with CSDS 2.
- Integrate climate-related disclosures using CSDS 2 for the detailed reporting of climate-related risks and opportunities together with the applicable provisions of CSDS 1.

In addition, entities should also review and be familiar with the remaining requirements of CSDS 1 that, while not applicable to a climate-first approach, may otherwise be useful.

To guide entities in applying a climate-first approach using CSSB standards, Table 1 describes the requirements in CSDS 1 that are applicable when reporting on climate-related risks and opportunities (in accordance with CSDS 2).

The table is to be read in conjunction with CSDS 1. It is not intended to provide a comprehensive description of the requirements, which are found in full in CSDS 1. An entity cannot rely on this guidance in isolation to prepare general-purpose financial reports that meet the requirements in the CSDSs.

For completeness, Appendix A lists the paragraphs in CSDS 1 not applicable to a climate-first approach, with accompanying references to replicated paragraphs in CSDS 2 or explanations.

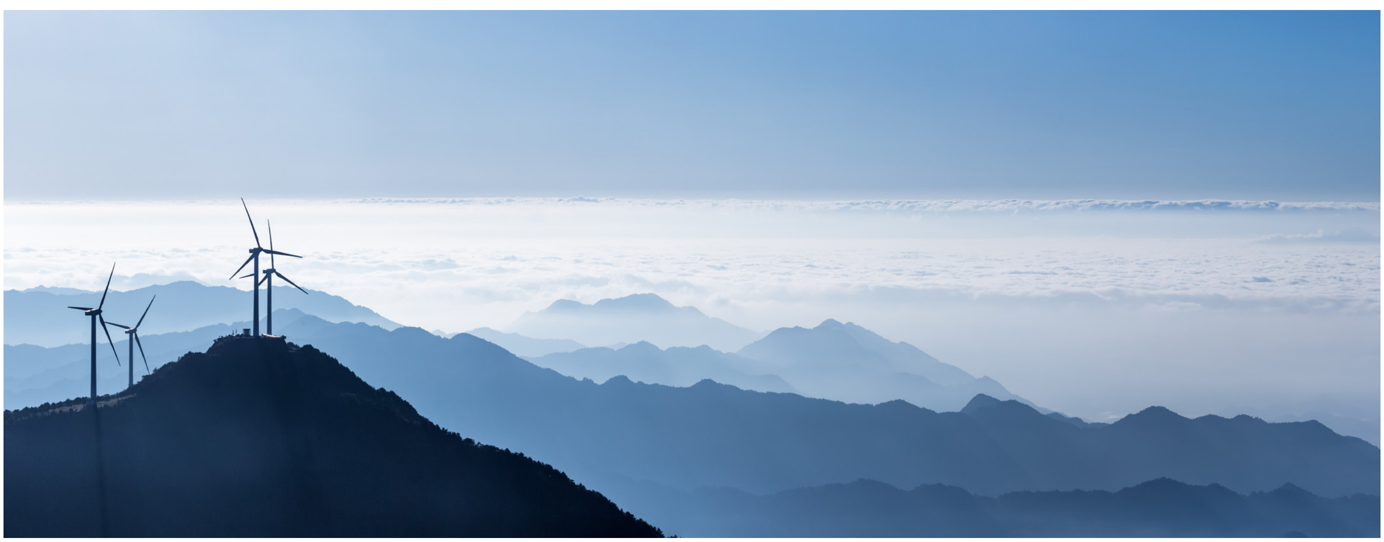
Appendix B lists additional resources for ease of reference.

This document was published in June 2025 and reflects the CSDSs at that date.

Table 1 – Applicable CSDS 1 Requirements for a Climate-first Approach

How to use the table

- When a company takes a climate-first approach using CSDS 2, it should also apply the requirements of CSDS 1 described in Table 1.
- Table 1 sets out the applicable requirements in CSDS 1 (first column) and describes the requirements (second column) together with the relevant paragraph references (third column).
- For ease of use and considering the objective of this educational material, in some instances, Table 1 refers to climate-related risks and opportunities instead of sustainability-related risks and opportunities when referring to CSDS 1, despite the wording in CSDS 1.
- All references to "sustainability-related" in the applicable requirements of CSDS 1, and in the CSDS 1 requirements that are not applicable to a climate-first approach but incorporated by reference within such applicable requirements, shall be substituted by, and read as, references to "climate-related".
- All cross-references to requirements of the CSDSs within the applicable requirements of CSDS 1 shall be read and interpreted as applying only to climate-related disclosures.
- All cross-references to CSDS 1 requirements in CSDS 2 shall be read and interpreted as applying only to climate-related disclosures.



<table>
<tr><th>Content</th><th>Description of applicable CSDS 1 requirements</th><th>Relevant CSDS 1 paragraphs</th></tr>
<tr><td colspan="3">OBJECTIVE</td></tr>
<tr><td>Objective</td><td>These paragraphs explain the objective of CSDS 1 and explain why information about sustainability-related risks and opportunities – which include climate-related risks and opportunities – is useful to primary users. These paragraphs set the context for the application of CSDSs (including CSDS 2). This draws from the global baseline established by the ISSB.[6]

Note that paragraphs B1-B5 explain what sustainability-related risks and opportunities are and how they might arise, which is helpful for understanding how to identify such sustainability-related risks and opportunities.

These paragraphs also explain that CSDS 1 sets out the general requirements for the content and presentation of sustainability-related financial information – including climate-related disclosures.</td><td>CSDS 1 Para 1-4</td></tr>
<tr><td colspan="3">SCOPE</td></tr>
<tr><td>Scope</td><td>These paragraphs explain the scope of reporting using CSDSs, including:
• the requirement to apply CSDS 1 when preparing and reporting sustainability-related financial disclosures in accordance with CSDSs and, therefore, the requirement to apply CSDS 1 when providing climate-related disclosures in accordance with CSDS 2;
• the requirement related to the relevant generally accepted accounting principles applied in an entity’s related financial statements; and
• considerations that might be relevant for not-for-profit entities applying CSDSs.</td><td>CSDS 1 Para 5, 7-9</td></tr>
</table>

[6] Refer to Agenda Paper 1 Application of paragraph 29(b)-(c) of IFRS S2, using ISSB Standards and related materials from the March 2024 Transition Implementation Group on IFRS S1 and IFRS S2 meeting for an overview of how to use and apply ISSB Standards and related materials.

Content	Description of applicable CSDS 1 requirements	Relevant CSDS 1 paragraphs
CONCEPTUAL FOUNDATIONS		
Fair presentation		
Fair presentation (including fundamental qualitative characteristics of useful sustainability-related financial information)	CSDS 2 requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users for their decision-making. CSDS 1 explains the conceptual foundations that govern the provision of useful information and apply to climate-related risks and opportunities. For example, CSDS 1 explains that useful information is relevant and faithfully represents what it purports to represent. These paragraphs explain the concepts of relevance and faithful representation, in part by discussing: • the relationship between materiality and relevance; and • the circumstances in which information, in addition to that required to meet the specifically applicable requirements in CSDSs, must be disclosed.	CSDS 1 Para 10-16, B1-B5, D1-D15
Enhancing qualitative characteristics of useful sustainability-related financial information	CSDS 1 explains that, in addition to relevance and faithful representation, the usefulness of financial information about sustainability-related risks and opportunities (which includes climate-related information) is enhanced if the information is comparable, verifiable, timely and understandable. These paragraphs explain the enhancing qualitative characteristics of useful sustainability-related financial information.	CSDS 1 Para D16-D33

Content	Description of applicable CSDS 1 requirements	Relevant CSDS 1 paragraphs
Reasonable and supportable information	CSDS 1 provides proportionality mechanisms to support the application of specific requirements, including those in CSDS 2. These paragraphs explain one proportionality mechanism – the requirement to use "reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort." These paragraphs explain how this mechanism works, which is useful for entities applying the relevant requirements in CSDS 1 and CSDS 2. CSDS 1 includes a requirement that applies this mechanism in a context that is also relevant for CSDS 2 – when determining the scope of an entity's value chain in relation to its sustainability-related risks and opportunities. CSDS 2 also applies this mechanism in the application of the following requirements: • identifying climate-related risks and opportunities; • preparing disclosures about anticipated financial effects; • performing climate-related scenario analysis; • measuring Scope 3 greenhouse gas emissions; and • preparing disclosures about particular cross-industry metrics.	CSDS 1 Para B6(b), B8-B10
Reassessment of the scope of sustainability-related risks and opportunities throughout the value chain	These paragraphs explain when a company is required to reassess the scope of sustainability-related risks and opportunities (including climate-related risks and opportunities) throughout its value chain. This is relevant to CSDS 2 requirements on reassessing the scope of all climate-related risks and opportunities throughout the value chain, including reassessing which Scope 3 categories and entitles throughout its value chain to include in the measurement of its Scope 3 greenhouse gas emissions.	CSDS 1 Para B11-B12
MATERIALITY		
Materiality	CSDS 2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or its cost of capital over the short, medium or long term. CSDS 1 explains that an entity is required to provide material information (including when providing information on climate-related risks and opportunities). These paragraphs define "material information" and describe the needs of primary users and the decisions they make.	CSDS 1 Para 17-19, B13-B18

Content	Description of applicable CSDS 1 requirements	Relevant CSDS 1 paragraphs
Identifying material information	These paragraphs explain that materiality judgments are specific to an entity and that material information cannot be obscured. They also explain both how to assess when information is material and how information that is not material is not required to be disclosed. They provide examples of circumstances that could lead to material information being obscured.	CSDS 1 Para B19, B21-B28
Aggregation and disaggregation	These paragraphs set out requirements applicable to information provided in accordance with CSDS 2 that relate to the aggregation and disaggregation of information. The paragraphs discuss considerations about obscuring material information, explain when information needs to be aggregated or disaggregated and include examples to show how these requirements are applied.	CSDS 1 Para B29-B30
Interaction with law or regulation	These paragraphs explain how the requirements in CSDSs interact with law or regulation. For example, these paragraphs would apply if a jurisdictional law or regulation prohibited the disclosure of information that would otherwise be required by CSDSs.	CSDS 1 Para B31-B33
Commercially sensitive information	These paragraphs explain the exemption that an entity can apply in limited circumstances when it determines that information about a sustainability-related opportunity (e.g., a climate-related opportunity) is commercially sensitive. The paragraphs outline the conditions in which the exemption can be used and set out the disclosure requirements that apply if an entity chooses to use the exemption.	CSDS 1 Para B34-B37

Content	Description of applicable CSDS 1 requirements	Relevant CSDS 1 paragraphs
Reporting entity		
Reporting entity	These paragraphs describe the reporting entity for which climate-related disclosures need to be provided.	CSDS 1 Para 20, B38
Connected information		
Connected information	These paragraphs explain the types of connections about which an entity is required to provide information. In the case of reporting on only climate-related risks and opportunities, these connections would include those between: • the items to which the information relates, such as connections between various climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects; and • disclosures provided by the entity within and outside its (climate-focused) sustainability-related financial disclosures. These paragraphs also include other connected information requirements, such as requirements related to the consistency of the data and assumptions used in preparing sustainability-related financial disclosures with those used in preparing the related financial statements.	CSDS 1 Para 21-24, B39-B44
CORE CONTENT		
Strategy This section includes requirements on strategy to be applied in addition to the requirements in CSDS 2 that relate to the disclosure of information about climate-related risks and opportunities.		
Sustainability-related risks and opportunities	This paragraph explains the factors that an entity is required to consider when identifying the time horizons over which the effects of each sustainability-related risk and opportunity, including climate-related risks and opportunities, could reasonably be expected to occur and as a result be reported, as required in accordance with CSDS 2.	CSDS 1 Para 31
Strategy and decision-making	This paragraph explains the disclosure requirement on trade-offs between sustainability-related risks and opportunities an entity considered as part of its strategy and decision-making. It also describes what trade-offs are through an example. This disclosure requirement could be relevant if there are trade-offs between climate-related risks and opportunities and such information is material.	CSDS 1 Para 33(c)

Content	Description of applicable CSDS 1 requirements	Relevant CSDS 1 paragraphs
Metrics and targets This section includes requirements on metrics and targets to be applied in addition to the requirements in CSDS 2 that relate to the disclosure of information about climate-related risks and opportunities.		
Metrics and targets	This paragraph sets out an additional disclosure requirement related to metrics an entity uses to measure and monitor climate-related risks and opportunities and its performance in relation to those risks and opportunities, including progress against relevant targets.	CSDS 1 Para 46(b)[7]
	This paragraph sets out a disclosure requirement that applies if a metric is taken from a source other than CSDSs (including CSDS 2).	CSDS 1 Para 49
	This paragraph sets out disclosure requirements that apply if a metric has been developed by an entity.	CSDS 1 Para 50
	This paragraph sets out requirements related to the consistent definition and calculation of metrics over time.	CSDS 1 Para 52
	This paragraph sets out a requirement related to presenting metrics and information about those metrics, including definitions.	CSDS 1 Para 53
GENERAL REQUIREMENTS		
Sources of guidance		
Identifying sustainability-related risks and opportunities	This paragraph lists the sources of guidance an entity may refer to and consider in identifying its climate-related risks and opportunities (in addition to sources set out in CSDS 2).	CSDS 1 Para 55(b)
Disclosure of information about sources of guidance	This paragraph sets out requirements for disclosure of information about the sources of guidance that an entity has applied in preparing its disclosures. These disclosures include the industry or industries specified in CSDS 2, the Sustainability Accounting Standards Board (SASB) Standards or other sources of guidance relating to a particular industry or industries that the entity has applied in preparing its sustainability-related financial disclosures.	CSDS 1 Para 59

[7] Although CSDS 2 does not include an equivalent requirement to paragraph S1.46(b) of CSDS 1, paragraphs 27 and 28 of CSDS 2 require related disclosures. Both CSDS 1 and CSDS 2 include equivalent overarching objectives for disclosures on metrics and targets. Specifically, paragraph 27 of CSDS 2 sets out the objective of climate-related disclosures on metrics and targets, which is equivalent to the objective for metrics and targets in paragraph 45 of CSDS 1, except focused on climate-related risks and opportunities. Paragraphs 28(a) and 28(b) of CSDS 2 require companies to disclose cross-industry and industry-based metrics. These metrics include those used by the company to measure and monitor climate-related risks and opportunities. Paragraph 28(c) of CSDS 2 requires companies to disclose metrics used by the governance body or management to measure progress towards the targets set by the entity and any targets it is required to meet by law or regulation.

Content	Description of applicable CSDS 1 requirements	Relevant CSDS 1 paragraphs
Location of disclosures		
Location of disclosures	These paragraphs set out requirements for the location of disclosures provided in accordance with CSDSs. These include the requirement that information provided in accordance with CSDSs (including climate-related information prepared in accordance with CSDS 2) be included as part of the general-purpose financial reports, and requirements related to the clear identification of the sustainability-related financial disclosures that cannot be obscured by additional information.	CSDS 1 Para 60-62
Information included by cross-reference	These paragraphs set out requirements that apply when an entity chooses to include information by cross-reference to another report it has published.	CSDS 1 Para 63, B45-B47
Timing of reporting		
Timing of reporting	These paragraphs explain when an entity is required to report climate-related disclosures and for which reporting period. These paragraphs also explain: • the disclosure requirements that apply when an entity changes its reporting period; and • the requirements related to information obtained after the end of the reporting period but before the date on which the climate-related disclosures are authorized for issue, including when disclosures are required to be updated.	CSDS 1 Para 64-68
Interim reporting	These paragraphs set out considerations related to interim reporting using CSDSs, including considerations relating to the provision of a climate-related disclosures interim report.[8]	CSDS 1 Para 69, B48
Comparative information[9]		
Comparative information	These paragraphs set out requirements for disclosing comparative information, including the type of information for which an entity is required to provide prior period information, and the prior periods for which comparative information is required.	CSDS 1 Para 70-71, B49

[8] Note that CSDSs do not mandate interim reporting, so these paragraphs apply when a company chooses to provide an interim report or is required to do so.

[9] Note that if a company applies the climate-first transition relief in its first two years of application, it is not required to disclose comparative information (paragraph E3 of CSDS 1). Therefore, the requirements for comparative information would apply in the third year of application.

Content	Description of applicable CSDS 1 requirements	Relevant CSDS 1 paragraphs
Metrics	These paragraphs set out when an entity is required to revise comparative amounts, what information it is required to provide about those revisions and when it is permitted not to revise comparative amounts. These paragraphs also set out disclosure requirements that apply if an entity redefines or replaces a metric in the reporting period.	CSDS 1 Para B50-B54
Statement of compliance		
Statement of compliance	These paragraphs explain when an entity is required to provide a statement of compliance with CSDSs and when it is not permitted to provide such a statement. An entity providing only climate-related information can do so only in its first two years of reporting using CSDSs.	CSDS 1 Para 72-73
JUDGMENTS, UNCERTAINTIES AND ERRORS		
Judgments		
Judgments	In the process of preparing climate-related disclosures, an entity will probably make various judgments. These paragraphs explain when an entity is required to provide disclosures about judgments made in preparing its climate-related disclosures. These paragraphs also include examples of judgments entities might make.	CSDS 1 Para 74-75
Measurement uncertainty		
Measurement uncertainty	When amounts reported in climate-related disclosures cannot be measured directly and can only be estimated, measurement uncertainty arises. These paragraphs set out requirements for disclosing measurement uncertainty related to preparing climate-related disclosures. They explain when such measurement uncertainty arises and include examples of the type of information that an entity might need to disclose.	CSDS 1 Para 77-81

Content	Description of applicable CSDS 1 requirements	Relevant CSDS 1 paragraphs
Errors		
Errors	These paragraphs set out requirements that apply when an entity identifies prior period errors, including the disclosures required in these circumstances. They also explain what prior period errors are and how to distinguish them from changes in estimates. These paragraphs also explain what an entity is required to do if it is impracticable to determine the effect of an error on all prior periods presented.	CSDS 1 83-86, B55-B59
APPENDICES		
Appendix A – Defined terms	This appendix provides definitions of some of the terms used in CSDS 1 which are applicable when preparing and providing climate-related disclosures – for example, definitions of “material information”, “reporting entity” and “scenario analysis”.	
Appendix E – Effective date	These paragraphs set out the effective date of CSDS 1 and requirements on early application.[10]	CSDS 1 Para E1-E2
Appendix E – Transition	These paragraphs describe the transition reliefs available to an entity within the first three years of applying CSDSs, including reliefs relating to: • the timing of sustainability-related financial disclosures; and • the application of a climate-first approach.	CSDS 1 Para E4-E6

[10] It is up to governments and regulators to determine when to mandate application of CSDSs, or for entities to decide to apply the standards voluntarily.

Appendix A – Paragraphs in CSDS 1 That Are Not Applicable When Using the Climate-first Approach (Not Included in Table 1)

An entity is required to apply CSDS 1 when disclosing information about climate-related risks and opportunities in accordance with CSDS 2. However, some of the requirements in CSDS 1 are not applicable when reporting on only climate-related risks and opportunities (in accordance with CSDS 2) because either:

- specific corresponding requirements for climate-related disclosures are already included in CSDS 2;
- the requirements in CSDS 1 are applicable only in the absence of a specific requirement in another CSDS; or
- the requirements in CSDS 1 refer to specific requirements in another CSDS, for example, CSDS 2.

Table A1 provides the CSDS 1 paragraph references, the topic or section in the standard and the CSDS 2 paragraph references if the requirement is replicated in CSDS 2 or an explanation for excluding it.

Table A1 – Paragraphs in CSDS 1 that are not included in Table 1

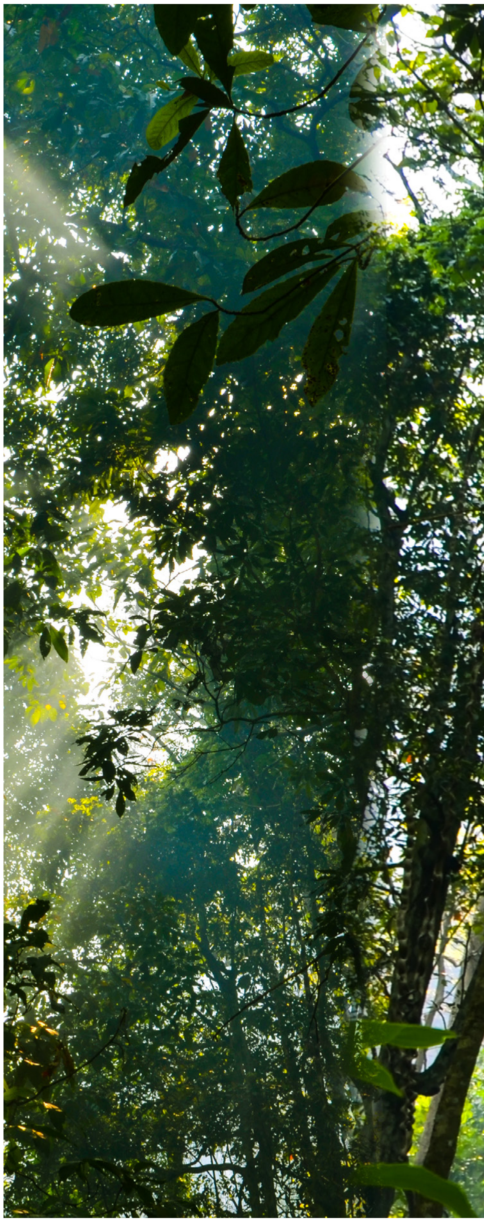
CSDS 1 paragraphs	Topic or section	Replicated paragraphs in CSDS 2 or explanation for exclusion
SCOPE		
CSDS 1 Para 6	Scope	CSDS 2 Para 4
CORE CONTENT		
CSDS 1 Para 25	Core content	CSDS 2 includes specific corresponding requirements for climate-related disclosures on the topics.
Governance		
CSDS 1 Para 26-27	Governance	CSDS 2 Para 5-6
Strategy		
CSDS 1 Para 28-29	Strategy	CSDS 2 Para 8-9
CSDS 1 Para 30	Sustainability-related risks and opportunities	CSDS 2 Para 10
CSDS 1 Para 32	Business model and value chain	CSDS 2 Para 13
CSDS 1 Para 33(a)-(b)	Strategy and decision-making	CSDS 2 Para 14(a), (c)
CSDS 1 Para 34-40	Financial position, financial performance and cash flows	CSDS 2 Para 15-21
CSDS 1 Para 41-42	Resilience	CSDS 2 Para 22-23

CSDS 1 paragraphs	Topic or section	Replicated paragraphs in CSDS 2 or explanation for exclusion
Risk management		
CSDS 1 Para 43, 44	Risk management	CSDS 2 Para 24-25
Metrics and targets		
CSDS 1 Para 45-46(a), 47-48, 51	Metrics and targets	CSDS 2 Para 27-28, 29-32, 33-37
GENERAL REQUIREMENTS		
Sources of guidance		
CSDS 1 Para 54	Identifying sustainability-related risks and opportunities	CSDS 2 Para 11 This paragraph in CSDS 1 refers to specific requirements in other CSDSs, so it is not necessary to apply this paragraph when reporting on climate-related information using CSDS 2.
CSDS 1 Para 55(a)	Identifying sustainability-related risks and opportunities	CSDS 2 Para 12[11]
CSDS 1 Para 56	Identifying applicable disclosure requirements	This paragraph requires an entity to apply the specific CSDS. An entity reporting only climate-related financial information applying CSDS 2 will have applied the specific CSDS; therefore, paragraph 56 of CSDS 1 is not applicable.
CSDS 1 Para 57-58, C1-C3	Identifying applicable disclosure requirements	These paragraphs in CSDS 1 are only applicable in the absence of a specific CSDS.
JUDGMENTS, UNCERTAINTIES AND ERRORS		
Judgments		
CSDS 1 Para 76	Judgments	These paragraphs acknowledge applicability of specific requirements in other CSDSs. An entity reporting only climate-related information applying CSDS 2 will have applied its specific requirements.
CSDS 1 Para 82	Measurement uncertainty	

[11] CSDS 2 requires a company to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the "Industry-based Guidance on implementing Climate-related Disclosures – CSDS 2." This guidance has been derived from SASB Standards. The climate-related metrics in this guidance are identical to corresponding requirements in the SASB Standards. Therefore, for those reporting only on climate-related risks and opportunities (in accordance with CSDS 2), there is no need to also apply paragraph 55(a) of CSDS 1.

CSDS 1 paragraphs	Topic or section	Replicated paragraphs in CSDS 2 or explanation for exclusion
APPENDIX B – APPLICATION GUIDANCE		
CSDS 1 Para B6(a)	Identifying sustainability-related risks and opportunities	CSDS 2 Para 11
CSDS 1 Para B7	Identifying sustainability-related risks and opportunities	This paragraph refers to other paragraphs in CSDS 1 that are either replicated in CSDS 2 or addressed in Table 1.
CSDS 1 Para B20	Identifying material information	This paragraph requires an entity to apply the specific CSDS. An entity reporting only climate-related information applying CSDS 2 will have applied its specific requirements.
APPENDIX E – EFFECTIVE DATE AND TRANSITION		
CSDS 1 Para E3	Comparative information	CSDS 2 Para C3

Appendix B – Additional Resources



- Resource Hub on the CSSB website.
- CPA Canada Handbook – Sustainability: Available on Knotia.ca where you can access CSDS 1 and CSDS 2.
- To access CSDS 1 and CSDS 2 on Knotia.ca, follow these three steps:

  1. **Subscribe on CPAStore**
     - Visit CPAStore and subscribe to the CPA Canada Handbook – Sustainability.
  2. **Receive an email to access Knotia**
     - After subscribing, you will receive an email with instructions to access Knotia.ca.
  3. **Create an account on Knotia.ca**
     - Follow the prompts in the email to create an account on Knotia.ca.

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