

June 5, 2024

Dear CCGG Members,

Re: CCGG's Response to the Canadian Sustainability Standards Board (CSSB)'s Consultation on Canadian Sustainability Disclosure Standards

Attached as Appendix B, please find CCGG's substantive responses to the Canadian Sustainability Standards Board's (CSSB) consultation survey which were submitted today through the CSSB's survey tool, as follows:

- CSSB Exposure Draft – Proposed Canadian Sustainability Disclosure Standard (CSDS 1), *General Requirements for Disclosure of Sustainability-related Financial Information*;
- CSSB Exposure Draft – Proposed Canadian Sustainability Disclosure Standard (CSDS 2), *Climate-related Disclosures*; and
- CSSB Consultation Paper – *Proposed Criteria for Modification Framework*.

CCGG's Members are Canadian institutional investors that together manage approximately \$5.5 trillion in assets on behalf of pension funds, mutual fund unit holders, and other institutional and individual investors. CCGG promotes good governance practices, including the governance of environmental and social matters, at Canadian public companies and assists institutional investors in meeting their stewardship responsibilities. CCGG also works toward the improvement of the regulatory environment to best align the interests of boards and management with those of their investors and to increase the efficiency and effectiveness of the Canadian capital markets. A list of our Members is attached in this letter.

Please feel free to contact either me, at cmccall@ccgg.ca or our Director of Policy Development, Sarah Neville, at sneville@ccgg.ca if you require further information or if we can be of any assistance.

Yours truly,

(original signed by)

Catherine McCall

Catherine McCall
Chief Executive Officer, Canadian Coalition for Good Governance

CCGG MEMBERS 2024

- Alberta Investment Management Corporation (AIMCo)
- Archdiocese of Toronto
- BlackRock Asset Management Canada Limited
- BMO Global Asset Management Inc.
- Burgundy Asset Management Ltd.
- Caisse de dépôt et placement du Québec
- Canada Pension Plan Investment (CPP Investments)
- Capital Group Canada
- CIBC Asset Management Inc.
- Colleges of Applied Arts and Technology Pension Plan (CAAT)
- Connor, Clark & Lunn Investment Management Ltd.
- Desjardins Global Asset Management
- Fiera Capital Corporation
- Fondation Lucie et André Chagnon
- Galibier Capital Management Ltd.
- Healthcare of Ontario Pension Plan (HOOPP)
- Hillsdale Investment Management Inc.
- Investment Management Corporation of Ontario (IMCO)
- Industrial Alliance Investment Management Inc.
- Jarislowsky Fraser Limited
- Leith Wheeler Investment Counsel Ltd.
- Letko, Brousseau & Associates Inc.
- Lincluden Investment Management Limited
- Manulife Investment Management Limited
- Northwest & Ethical Investments L.P. (NEI Investments)
- Ontario Municipal Employee Retirement System (OMERS)
- Ontario Teachers' Pension Plan (OTPP)
- OP Trust
- PCJ Investment Counsel Ltd.
- Pension Plan of the United Church of Canada Pension Fund
- Provident10
- Public Sector Pension Investment Board (PSP Investments)
- Qube Investment Management
- QV Investors Inc.
- RBC Global Asset Management Inc.
- Régimes de retraite de la Société de transport de Montréal (STM)
- RPIA
- Scotia Global Asset Management
- Sionna Investment Managers Inc.
- SLC Management Canada
- State Street Global Advisors, Ltd. (SSgA)
- Summerhill Capital Management
- Teachers' Pension Plan Corporation of Newfoundland and Labrador
- TD Asset Management
- Teachers' Retirement Allowances Fund
- UBC Investment Management Trust Inc.
- University Pension Plan Ontario (UPP)
- University of Toronto Asset Management Corporation (UTAM)
- Vestcor Inc.
- York University Pension

APPENDIX B:

*CCGG RESPONSES TO SURVEY QUESTIONS ON CSDS 1, CSDS 2 AND
CRITERIA FOR MODIFICATION FRAMEWORK:*

SUBMITTED TO CSSB ON JUNE 5, 2024

Part 2: Based on CSSB Exposure Draft, Proposed CSDS 1, General Requirements for Disclosure of Sustainability-related Financial Information

12. Would you like to respond to one or more questions from the Exposure Draft, Proposed CSDS 1, General Requirements for Disclosure of Sustainability-related Financial Information?

- Yes
- No

Scope of proposed CSDS 1 (proposed paragraphs 1-4 of CSDS 1)

Apart from effective date and transition relief, CSDS 1 proposes to adopt IFRS S1 without amendment. The objective of proposed CSDS 1 is to require an entity to disclose information about its sustainability-related risks and opportunities. The proposed standard is based upon the fundamental principle that an entity's ability to generate cash flows over the short, medium, and long terms is inextricably linked to the entity's interactions with society, the economy, the natural environment, and other parties that it may impact.

Proposed CSDS 1 includes:

- definitions and information required to prepare a complete set of sustainability disclosures; and
- a standard for sustainability-related disclosures.

Accordingly, the CSSB proposes that CSDS 1 and CSDS 2, once finalized, become effective on the same date; however, the Board proposes extending the one-year transition relief within IFRS S1 to two years for disclosures beyond climate-related risks and opportunities.

To learn about the factors the CSSB considered in establishing its position, you can refer to question 1 of proposed CSDS 1.

13. Do you agree that the two-year transition relief for disclosures beyond climate-related risks and opportunities is adequate?

- Yes
- No

14. Please provide your reasons for your response to previous question.

CCGG supports CSDS 1 and CSDS 2 becoming effective at the same time for voluntary adoption for reporting periods beginning on or after January 1, 2025. This makes sense given that the

CSSB does not expect to release the final standards until Q4 of 2024.

Given this timing, the CSSB should **not** extend the one-year transition relief within IFRS S1 to two years for disclosures beyond climate-related risks and opportunities under CSDS 1.

CCGG believes that one-year transition relief is sufficient because it is consistent with the approach taken by the IFRS ISSB S1 and supports the timely development of a global baseline; it supports Canadian companies remaining competitive globally; and, the proportionality language in the proposed CSDS 1 already provides time for issuers to build capacity and expertise.

One-year of relief aligns with IFRS S1 and supports the development of a global baseline:

CCGG recommends that the CSSB aligns with the one-year transition relief period provided for in IFRS ISSB S1. The CSSB's proposed effective date of January 1, 2025 already provides a one year extension from the IFRS S1 effective date of January 1, 2024.

A core rationale for the creation of ISSB S1 and S2 was to establish a globally consistent and interoperable baseline of disclosures. An additional year of relief leads to delays in establishing this global baseline and interferes with comparability, which investors have been urgently requesting.

Supports Canadian issuers remaining competitive globally:

Canadian issuers must remain competitive globally. Other global jurisdictions, including Japan and Europe, are already moving forward with general sustainability disclosure regimes aligned with the ISSB as a global baseline.

Delaying the implementation of CSDS S1 may detrimentally impact the attractiveness of Canadian capital markets to both global investors and domestic Canadian investors, who are themselves also global investors. To remain competitive, Canada must keep pace with global developments and not lose sight of the ISSB's core mission which is to establish a global baseline of disclosures that is consistent, comparable and decision-useful to investors.

To support its proposed two-year relief period prior to full implementation of CSDS 1, the CSSB highlights challenges raised by some Canadian respondents to the ISSB's IFRS S1 Exposure Draft first published in the Fall of 2021. These challenges include concerns about increased reporting burdens; staffing constraints; and heightened consulting and insurance costs. The consultation notes that respondents anticipate these challenges to be most significant during the initial years of standards' implementation.

CCGG recognizes that these challenges do exist, but the landscape has shifted significantly since the ISSB's S1 Exposure Draft was published for comment over two years ago.

Voluntary global standards, which were developed after extensive consultation, were issued by the IFRS ISSB in June 2023 after an equally extensive period of public deliberation by the Board. The final standards will have been publicly available in the global capital marketplace for nearly a year as of the closing date of the CSSB's consultation. Concerns with respect to implementation burden were thoughtfully considered by the ISSB and were addressed, at the international level, through the various reliefs offered in the final standards, including the one year transition relief requiring only climate-related disclosures under IFRS S1 for the first year.

This one year relief endeavors to balance the implementation burden on companies by allowing them to prioritize climate-related disclosures in the first year. It also recognizes that in order to effectively identify material climate-related risks and opportunities, other material sustainability considerations will naturally also be considered, especially when establishing and implementing governance oversight mechanisms and risk management frameworks that will apply to manage material issues beyond climate such that CSDS 1 and CSDS 2 are complementary. In addition, as is discussed in more detail below, the standard’s proportionality provisions respond to concerns about staffing constraints and reporting burden.

Proportionality language facilitates entities ‘getting started’ and evolving disclosures:

Investors, as the primary users of the disclosure, understand that entities are at various stages of capability and preparedness to implement a sustainability disclosure standard such as CSDS 1. Investors recognize that it will take time for companies to fully implement the standard and that disclosure best practices including for data collection and data quality will advance over time. Investors further recognize that disclosures improve iteratively over time and that delaying getting started on making some disclosures does not materially improve disclosures at the outset. Only by getting started and “learning through doing”, can companies build capacity, improve their respective disclosure practices and benchmark against industry peers.

The standards recognize this approach. The CSDS 1 application guidance in respect of proportionality is instructive:

- An entity shall use all reasonable and supportable information that is available to the entity at reporting date without undue cost or effort (CSDS 1 para B6); and
- An entity need not undertake an exhaustive search for information to identify sustainability-related risks and opportunities that could reasonably be expected to affect the entity’s prospects. The assessment of what constitutes undue cost or effort depends on the entity’s specific circumstances and requires a balanced consideration of the costs and efforts for the entity and the benefits of the resulting information for primary users. That assessment can change over time as circumstances change (CSDS 1 para B10).

Disclosures under CSDS 1 are also limited by materiality considerations. Again, the application guidance in CSDS 1 is instructive:

- Materiality judgments are specific to an entity. Consequently, this standard does not specify any threshold for materiality or predetermine what would be material in a given situation (CSDS 1 para B19); and
- An entity need not disclose information otherwise required by a CSDS if the information is not material. This is the case even if the CSDS contains a list of specific requirements or describes them as minimum requirements (CSDS 1 para B25).

Given the significant efforts made by the ISSB to address the concerns of preparers and to encourage iterative and evolving disclosures as capacity, expertise and data quality improve over time, CCGG is of the view that the additional year of transition relief is not needed to implement CSDS 1. Investors are looking for progress over perfection.

Ultimately, the Canadian Securities Administrators (CSA) and other regulators will determine

effective dates for mandated disclosures under CSDS 1, but the CSSB moving forward with only a one-year transition relief will enable investors to engage with and encourage companies to begin to voluntarily implement sustainability disclosures both to remain attractive to global investors and in anticipation of potential mandated disclosures.

Additionally, we would encourage the CSA and other regulators to move quickly to mandate disclosures aligned with CSDS 1 and recognize the implementation timelines set out above. In CCGG's [response](#) to the CSA's proposed National Instrument 51-107 Disclosure of Climate-related matters, we were supportive of the climate first approach, but we also emphasized the importance to investors of consistent, comparable and relevant information on sustainability-related matters beyond climate. The need for this information by investors has only grown since that consultation took place. The publication of the ISSB's S1 and the corollary proposed importation of these standards into Canada through the work of the CSSB, which did not exist at the time of the CSA's climate consultation, now indicate a clear globally recognized path forward for the CSA to mandate disclosures beyond climate. The CSA does not need to and should not reinvent or reshape the wheel.

15. If you do not agree that the two-year transition relief is adequate, what transition relief do you believe is required? Please provide your reasons.

For the reasons noted in our response to questions 13, CCGG does not support the two-year transition relief for CSDS 1 and advocates that the CSSB should follow the ISSB's approach and adopt only one-year of transition relief before requiring sustainability disclosures beyond climate under CSDS 1.

Timing of reporting (proposed paragraphs 64-69 of CSDS 1)

Aligning the timing of sustainability-related financial disclosures and the related financial statements improves connectivity and ensures decision-useful information for users of general-purpose financial reports. Although Canadian respondents to the ISSB's IFRS S1 Exposure Draft expressed broad support for an integrated reporting approach, they noted challenges in aligning timing of reporting sustainability disclosures with the related financial statements.

While the CSSB acknowledges the benefits that integration in reporting provides to users and the long-term benefits it offers to preparers, the Board also recognizes the challenges that preparers face. The Board deliberated on various amendments to address these challenges, including deferring the alignment in timing of reporting requirement for a period of time. However, the Board recognizes that this period may not provide enough time for preparers to fully resolve the issues. On the other hand, deleting the requirement could hinder progress in the sustainability disclosures landscape.

For fuller context on this topic, you can refer to question 2 of proposed CSDS 1.

16. Is any further relief or accommodation needed to align the timing of reporting?

- Yes
- No**

17. If you responded 'Yes' to the previous question, please specify the nature of the relief or accommodation and provide the rationale behind it.

CCGG does not recommend further relief or accommodation to align the timing of reporting.

18. How critical is it for users that entities provide their sustainability-related financial disclosures at the same time as its related financial statement?

- ✓ **Critical**
- Somewhat critical
- Not critical
- Other: _____

19. Please provide your rationale for your response to the previous question.

CCGG's Members, as primary users of sustainability-related financial disclosures, strongly support the provision of sustainability-related financial disclosures at the same time as the financial statements to which they relate. This alignment supports the need investors have for information that is comparable, consistent and decision-useful. Alignment of the sustainability-related financial disclosures and the related financial statements permits investors to obtain a clear picture of the financial impacts and benefits of sustainability-related metrics and targets in the context of the complete financial position of the company.

Delivery of the sustainability-related information at the same time as its related financial statement and the connectivity inherent in that alignment also elevates the level of governance oversight and accountability applied to the disclosures, improving its quality and reliability for investors.

The alignment of the reporting of financial and sustainability disclosures also sends an important signal to the market that the connectivity of the sustainability and financial statement data is as important to the markets as the financial data on its own. This underscores that this data is not secondary information but is material to investor decision-making. In addition, achieving such timing consistency and predictability in reporting would also inform investor evaluations with respect to voting decisions at shareholder meetings, and in respect of matters such as executive performance and related compensation tied to sustainability targets.

While recognizing that this is a challenging exercise for companies, CCGG does not believe that further relief or accommodation is needed to align the timing of reporting.

CCGG is of the view that the proportionality language included in CSDS 1 specifically addresses the concerns of issuers with respect to reporting burden, capacity building and costs:

- The standards are clear that in preparing disclosures about anticipated financial effects of a sustainability related risk or opportunity...an entity shall:
 - use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort;
 - use an approach that is commensurate with the skills, capabilities and resources that are available to the entity for preparing those disclosures (CSDS 1 para 37 (a) and (b)); and

- is not required to provide quantitative information and may provide qualitative in specified circumstances (CSDS 1 para 38-40).
- Relatedly “an entity should not be required to undertake an exhaustive search for information to identify sustainability-related risks and opportunities that could reasonably be expected to affect the entity’s prospects” (CSDS 1 paragraphs B8-B10).

Investors, as primary users of the information, recognize that it will take time for issuers to fully implement the standards and that disclosure best practice including for data collection and data quality will improve over time, but for that process to mature it has to start at a consistent time and be dealt with in a consistent manner. If the expectation is that the timing of sustainability disclosures and the related financial information will align, then that should be integrated from the beginning. To take a different approach potentially adds cost and reporting burden by requiring internal sustainability data collection and reporting systems to be established and then subsequently aligned with financial reporting systems at a later date which seems to add complexity rather than relief.

Other Issues

No additional comments proposed.

20. Do you agree that the requirements in the ‘Scope’ section are appropriate for application in Canada?

- Yes
- No

21. Please explain the rationale for your response to the previous question.

NA

22. Do you agree that the requirements in the ‘Conceptual Foundations’ section are appropriate for application in Canada?

- Yes
- No

23. Please explain the rationale for your response to the previous question.

NA

24. Do you agree that the requirements in the ‘Core Content’ section are appropriate for application in Canada?

- Yes
- No

25. Please explain the rationale for your response to the previous question .

NA

26. Do you agree that the requirements in the ‘General Requirements’ section are appropriate for application in Canada?

- Yes
- No

27. Please explain the rationale for your response to the previous question.

NA

28. Do you agree that the requirements in the ‘Judgements, Uncertainties, and Errors’ section are appropriate for application in Canada?

- Yes
- No

29. Please explain the rationale for your response to the previous question.

NA

30. Do you agree that the requirements in ‘Appendices A-E’ are appropriate for application in Canada?

- Yes
- No

31. Please explain the rationale for your response to the previous question.

NA

Part 3: Based on CSSB Exposure Draft, Proposed CSDS 2, Climate-related Disclosures

32. Would you like to respond to one or more questions from the Exposure Draft, *Proposed CSDS 2, Climate- related Disclosures*?

- Yes
- No

Climate resilience (proposed paragraph 22 of CSDS 2)

The CSSB supports the global baseline requirements on climate resilience. However, it acknowledges that scenario-analysis methodologies are new for Canadian reporting entities, who have concerns about the level of resources, skills and capacity required to prepare these disclosures. Although IFRS S2 does not include transition relief, the Board seeks views on whether transition relief and/or guidance would help preparers and users of proposed CSDS 2-related disclosure in their assessment of climate resilience.

For fuller context on this topic, you can refer to question 1 of proposed CSDS 2.

33. Is transition relief required for climate resilience disclosure.

- Yes
- No**

34. If you responded 'Yes' to previous question please specify for how long and why.

CCGG does **not** believe that additional transition relief is required for climate resilience disclosures. Climate resilience and scenario analysis are not new concepts and are core components of the Task Force on Climate-related Financial Disclosure's (TCFD's) Framework which was first published nearly a decade ago and is not prescriptive.

The purpose of scenario analysis is to facilitate an understanding of the company's strategy in the context of strategic resilience. CSDS 2 is clear that there is no one size fits all approach to scenario analysis and that disclosures may be qualitative, especially in the beginning stages. Climate resilience disclosure expectations are grounded in the proportionality principle and recognize that issuers are at different levels of size, sophistication, and resourcing and that scenario analysis will evolve over time, such that CSDS 2:

- ...requires an entity to use climate-related scenario analysis to assess its climate resilience, using an approach that is commensurate with its circumstances. The entity is required to use an approach to climate-related scenario analysis that enables it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort [CSDS 2 para B1];
- In addition, CSDS 2 further recognizes that an "entity shall consider the available skills, capabilities and resources when determining an appropriate approach to use for its climate-related scenario analysis" and recognizes that "climate-related scenario analysis can be resource intensive and might – through an iterative learning process – be developed and refined over multiple planning cycles" as the entity develops skills and capabilities [CSDS 2 paras B6 and B7]; and
- Further, when determining an approach to climate-related scenario analysis "reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions. It also includes quantitative or qualitative information, and information that is obtained from an external source or owned or developed internally" [CSDS 2 para B9].

Additional transition reliefs for climate resilience would simply push out the imperative for entities to start to develop the skills and capacities needed to develop meaningful climate scenarios.

35. Is further guidance necessary?

- Yes
- No**

36. If you responded 'Yes' to previous question, please specify the specific elements that require guidance and why.

NA

37. Proposed CSDS 2 references the Task Force on Climate-related Financial Disclosures' "Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities" (2017) and its "Guidance on Scenario Analysis for Non-Financial Companies" (2020) for related application guidance.

What additional guidance would an entity applying the standard require? Please be specific.

CCGG is of the view that the existing TCFD guidance referenced in CSDS 2 is sufficient and it is not a good use of resources for the CSSB to contemplate developing its own separate guidance.

However, highlighting the application guidance already in CSDS 2 (as noted above in our response to Q34) which clarifies that scenario analysis may begin with qualitative disclosures and may be refined iteratively over time as skills and capabilities evolve may be beneficial to preparers who are just beginning to develop an approach to climate resilience and scenario analysis. One mechanism to achieve this may be for the CSSB to consider reviewing disclosures and periodically publishing a Canadian best practices for scenario analysis disclosures document.

Furthermore, the Office of the Superintendent of Financial Institutions (OSFI) scenarios, once developed, may be an additional useful reference tools for broader application in the Canadian context.

Scope 3 GHG emissions (proposed paragraph C4 of CSDS 2)

Scope 3 GHG emissions information is critical for investors to understand an entity's exposure to climate-related risks and opportunities within its value chain. Preparers have raised concerns about the measurement uncertainty of Scope 3 GHG emissions, along with challenges related to processes and capacity to deliver disclosures concurrently with general-purpose financial reports. While acknowledging these concerns, the CSSB endeavours to balance this feedback with the realities of the urgent need to address climate-related risks. Given these considerations, this Exposure Draft provides additional transition relief by proposing that in the first two annual reporting periods in which an entity applies the proposed standard, the entity is not required to disclose its Scope 3 GHG emissions.

For fuller context on this topic, you can refer to question 2 of proposed CSDS 2.

38. Is the proposed relief of up to two years after the entity applies proposed CSDS 2 adequate for an entity to develop skills, processes, and the required capacity to report its Scope 3 GHG emissions disclosures at the same time as the general-purpose financial reports?

- Yes
- No

39. Please explain the rationale for your response to the previous question.

CCGG Member positions on Scope 3 emissions disclosures are varied, with some preferring the

IFRS S2 one year transition relief and some who view the CSSB's proposed two-year transition relief as appropriate. After due consideration, however, CCGG supports the CSSB's proposed relief period of up to two-years for entities to report Scope 3 GHG emissions disclosures.

Scope 3 GHG emissions disclosures are globally recognized as a greater challenge for issuers to measure and to obtain relevant and reliable data such that the two-year transition relief is appropriate given the current state of emissions disclosure practices in Canada and given its resource based economy.

CCGG's Members have indicated that the CSSB may wish to consider either guidance or potentially structuring an alternate relief that would enable entities preparing Scope 3 GHG emission disclosures, to initially focus on collecting and disclosing against a smaller number of sector specific, material Scope 3 categories rather than expending time, effort and resources on capturing data for the complete set of Scope 3 categories at once. Such an approach is already embedded in the application guidance under CSDS 2 which states:

- ...an entity shall disclose information about its Scope 3 greenhouse gas emissions to enable users of general-purpose financial reports to understand the source of these emissions. The entity *shall consider* its entire value chain (upstream and downstream) and *shall consider* all 15 categories of Scope 3 greenhouse gas emissions, as described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)...the entity *shall disclose which of these categories are included* in its Scope 3 greenhouse gas emissions disclosures [At CSDS 2 para B32, emphasis added].

Materiality should be self-assessed with disclosure supporting why certain categories were not deemed material (e.g., employee commuting and business travel may not be material for many sectors and therefore such disclosures are not useful to investors, whereas categories such as purchased goods and services, use of sold products and investments are typically of greater utility). This approach would allow preparers to focus on the most meaningful disclosures for their sectors, that are of greatest interest to investors and which would facilitate companies in the same sector building communities of practice and disclosing against consistent categories.

We would also note that the ultimate goal of institutional investors is for CSDS 1 and CSDS 2 to become mandatory through regulation. The CSA's March 13, 2024 [press release](#) in response to the publication of the consultation drafts by the CSSB states that the CSA are "interested in the feedback the CSSB receives generally and specific to certain questions, it may help inform revisions to our proposed climate-related disclosure rule".

The CSA goes on to state that it intends to consult further on a revised rule setting out climate-related disclosure requirements. The CSA already sought and received feedback on the issue of GHG emissions disclosures when it published its proposed climate-related disclosure rule NI 51-107 in the fall of 2021. Investors were strong advocates both for mandating Scope 1, 2 and 3 disclosures and for aligning closely with the ISSB's global standards, which were nascent at the time of the CSA's climate consultation but which are now final and are substantively recommended by the CSSB for adoption in Canada via CSDS 2.

The additional year of relief for Scope 3 GHG emissions disclosures proposed by the CSSB, with an effective date of January 1, 2025 for voluntary implementation, is reasonable given the CSA's stated intention to consult on its climate rule and the implications of such consultation on the

timing of a mandatory rule. The additional relief period would provide preparers with a clear runway for voluntarily building disclosure Scope 3 expertise and capacity during the period of consultation expected by the CSA in 2025, enabling the CSA to implement CSDS 2 with a one year relief period remaining on Scope 3 disclosures which is aligned with the ISSB's approach. This would enable the CSA consultation to focus on topics outside the jurisdiction and bandwidth of the CSSB such as the potential for safe harbours and possible phased implementation for smaller entities, both of which CCGG, and others, supported in principle during the consultation on NI 51-107.

40. If you do not agree that two-year transition relief is sufficient, what relief period do you believe is required? Please provide your rationale for the timing you have provided.

NA

Other Issues

41. Do you agree that the requirements in the 'Objective' section are appropriate for application in Canada?

- Yes
- No

42. Please explain the rationale for your response to the previous question.

NA

43. Do you agree that the requirements in the 'Scope' section are appropriate for application in Canada?

- Yes
- No

44. Please explain the rationale for your response to the previous question.

NA

45. Do you agree that the requirements in the 'Core Content' section are appropriate for application in Canada?

- Yes
- No

46. Please explain the rationale for your response to the previous question.

NA

47. Do you agree that the requirements in ‘Appendices A-C’ are appropriate for application in Canada?

- Yes
- No

48. Please explain the rationale for your response to the previous question.

NA

Part 4: Based on CSSB Consultation Paper, Proposed Criteria for Modification Framework

49. Would you like to respond to one or more questions from the CSSB Consultation Paper, *Proposed Criteria for Modification Framework*?

- Yes**
- No

The CSSB’s proposed Criteria for Modification Framework presents the basis on which the CSSB could introduce changes to the IFRS Sustainability Disclosure Standards as issued by the ISSB. These criteria ensure that Canadian standards align with international standards while addressing Canadian public interest.

For fuller context on this topic, you can refer to question 1 and 2 of proposed Criteria for Modification Framework.

50. Do you agree with the CSSB’s proposed criteria to assess modifications, namely additions, deletions, and amendments to the ISSB’s global baseline standards?

- Yes
- No**

51. Please provide reasons for your response to the previous question.

Compliance with law and regulation

CCGG agrees in principle with the CSSB’s proposal under paragraph 1(a) to limit modifications to IFRS ISSB Standards except in circumstances where “requirements or guidance, the application of which are not permitted by, or require addition, deletion, or amendment to be to be consistent with, applicable Canadian law or regulation”.

One area where the ISSB standards are silent but that is significant in Canadian law is with respect to the rights of Indigenous Peoples in Canada. The CSSB highlights its commitment to “upholding the rights of Indigenous Peoples and ensuring their meaningful participation in shaping sustainability disclosures standards in Canada”; its recognition that “the rights of First Nation, Metis and Inuit Peoples are inherent and specific in Canada”; and its stated priority to “explore how best to address these rights in the context of CSDSs” in the development of its multi-year strategic plan. In the context of the existing laws that recognize such rights in Canada and the CSSB’s recognition that such rights need to be integrated into Canadian sustainability standards, CCGG recommends such laws should be specifically referenced in the criteria for modification

framework under paragraph 1(a) (notably Section 35 of the Constitution, and the federal and BC acts adopting the United Nations Declaration on the Rights of Indigenous Peoples into Canadian and provincial law).

Canadian “practices and procedures”

Further, CCGG seeks clarification with respect to the criteria under paragraph 1(b) that would permit modifications for “requirements or guidance, where the ISSB recognizes that different *provisions or practices may apply in different jurisdictions and Canada is such a jurisdiction*” [emphasis added]. It is unclear what “practices or procedures” are intended to be caught by this proposed modification criteria that would not also already be covered by compliance with law or regulation provided for in paragraph 1(a).

Additionally, the wording of this criteria could create confusion or uncertainty given the division of powers between provinces and the federal government. Additional context or clarification is needed as to how this clause would be used and under what circumstances.

Defining the Canadian public interest

Additionally, CCGG encourages the CSSB to clarify the meaning of the ‘Canadian public interest’ in the context of modifications to the ISSB standards. The objective of CSDS 1 and 2 is “to require an entity to disclose information about its sustainability-related [and climate-related] risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to an entity” [CSDS 1 para 1; CSDS 2 para 1]. Both standards define “primary users of general-purpose financial reports as “existing and potential investors, lenders and other creditors”. Investors are therefore the primary users of this disclosure and require clarity surrounding what factors will be considered by the CSSB when considering modifications based more broadly on the “public interest”. CCGG asserts that one of the key factors the CSSB should use when considering whether to rely on the public interest to modify an ISSB standard should be the informational needs of investors as the intended primary users of the disclosures. Absent guardrails on interpretation anchored in the objective of the disclosures, a broad concept of the public interest risks being politicized, which would be detrimental to the future competitiveness of Canada’s capital markets.

52. Are there other criteria that the CSSB should consider including in its proposed Criteria for Modification Framework?

- Yes
- No

53. If you responded ‘Yes’ to previous question, please explain what criteria and provide the rationale behind it.

CCGG recommends that the CSSB should consider whether a ‘higher bar’ or higher threshold is needed to justify deletions or removals from the ISSB standard, as, unlike modifications that would rely on the building-block approach to address jurisdictional differences and specific needs, deletions would undermine the development of a global baseline.