

CSSB Canadian Consultation on Adoption of CSDS 1 and CSDS 2 based on IFRS S1 and IFRS S2

A public consultation issued by the Canadian Sustainability Standards Board
Comments from ACCA to the Canadian Sustainability Standards Board

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ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We're a thriving global community of **252,500** members and **526,000** future members based in **180** countries and regions, who work across a wide range of sectors and industries. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance, and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business, and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in our purpose. We believe that accountancy is a cornerstone profession of society and is vital in helping economies, organisations, and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

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GENERAL COMMENTS

ACCA welcomes the opportunity to respond to the CSSB's Canadian Consultation on Adoption of CSDS 1 and CSDS 2 based on IFRS S1 and IFRS S2.

Through engagement with members ACCA would like to reiterate their support for the standards to be mandated, recognising this is beyond the remit of the CSSB. We would also like to iterate our support for the proposed CSSB Standards being largely word-for-word the IFRS Sustainability Disclosure Standards.

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

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

ACCA welcomes the transition relief for disclosures but also recognises the timely adoption of the International Sustainability Standards Board (ISSB) standards, driven by the need for a global baseline. The additional time for non-climate-related disclosures enables users of the standards to phase in the data collection and reporting approaches whilst also meeting the demand for climate-related information from investors. We do ask that the CSSB clarify that the transition relief only begins once the standard is applied by the entity, rather than finalised by the CSSB. We also highlight to readers that assuming that CSSB's proposals fall under the jurisdictional approach of 'adopting ISSB Standards with limited transition', the 2-year transition relief will need be removed or expire within 1-3 years. (see [IFRS Foundation Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards](#), section 3.4.5).

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.

N/A

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

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

ACCA believes that given global adoption and jurisdictional requirements beyond Canada that will affect companies across supply chains and those businesses that operate internationally, the transition relief is adequate as entities will have to report and collect data to meet other demands.

Further, the transition relief is sufficiently generous given at present the adoption is voluntary and the relief only kicks in at point of adoption.

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

Somewhat critical

ACCA believes that for information to be useful, timely and comparable sustainability related reporting and financial reporting should be at the same time, however as the required disclosures are located within the financial statements/annual reports, they will be subject to the same strict regulatory timeframe, which can be challenging particularly in the early years of implementation. As such, our initial recommendation is that the required disclosures, while being part of an entity's general purpose financial reporting, are not expected to be made in the financial statements.

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

Yes

The section is verbatim to the IFRS S1 standard and ACCA believes the requirements are appropriate for the target entities.

Do you agree that the requirements in the 'Conceptual Foundations' section are appropriate for application in Canada?

Yes

The section is verbatim to the IFRS S1 standard and ACCA believes the requirements are appropriate for the target entities.

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

Yes

The section is verbatim to the IFRS S1 standard and ACCA believes the requirements are appropriate for the target entities.

Do you agree that the requirements in the 'General Requirements' section are appropriate for application in Canada?

Yes

The section is verbatim to the IFRS S1 standard and ACCA believes the requirements are appropriate for the target entities.

Do you agree that the requirements in the 'Judgements, Uncertainties, and Errors' section are appropriate for application in Canada?

Yes

The section is verbatim to the IFRS S1 standard and ACCA believes the requirements are appropriate for the target entities.

Do you agree that the requirements in 'Appendices A-E' are appropriate for application in Canada?

Yes

The section is verbatim to the IFRS S1 standard and ACCA believes the requirements are appropriate for the target entities.

Climate resilience (proposed paragraph 22 of CSDS 2)

Is transition relief required for climate resilience disclosure?

No

Climate resilience testing and scenario analysis is an important tool to ensure meaningful reporting on relevant risks and opportunities. As there are options for both qualitative and quantitative analysis which also ensures improved reporting year on year as expectations change and time to pick appropriate data and scenarios. It also improves global interoperability which assists in improving the availability of transition financing leading to the action intended as the outcome of reporting.

Is further guidance necessary?

Yes

ACCA thinks that guidance such as sector specific examples and scenarios would be useful to those carrying out climate resilience assessments, particularly for financial services. However, care is needed to ensure that such guidance does not introduce additional disclosure requirements that might inadvertently conflict with or obscure information required by the IFRS Sustainability Disclosure Standards.

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.

The TCFD released sector specific guidance to accompany its requirements for scenario analysis and guidance for its strategy pillar specific to Canada. ACCA does not see a need for any additional guidance beyond that already suggested.

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

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?

ACCA believes that given global adoption and jurisdictional requirements beyond Canada that will affect companies across supply chains and those businesses that operate internationally, the transition relief is adequate as entities will have to report and collect data to meet other demands. Further, the transition relief is sufficiently generous given at present the application by the entity is voluntary and the relief only kicks in at point of application by the entity.

Other Issues

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

Yes

The section is verbatim to the IFRS S2 standard and ACCA believes the requirements are appropriate for the target entities.

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

Yes

The section is verbatim to the IFRS S2 standard and ACCA believes the requirements are appropriate for the target entities.

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

Yes

The section is verbatim to the IFRS S2 standard and ACCA believes the requirements are appropriate for the target entities.

Do you agree that the requirements in 'Appendices A-C' are appropriate for application in Canada?

Yes

The section is verbatim to the IFRS S2 standard and ACCA believes the requirements are appropriate for the target entities.

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

ACCA agrees with the CSSB's proposed criteria.

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

ACCA proposes no additional criteria.