CSSB Issues Final Framework For Voluntary Climate-related Disclosures

On December 18, 2024, the Canadian Sustainability Standards Board (CSSB) released its final framework for voluntary climate-related reporting (*CSDS 2, Climate-related Disclosures*). After receiving extensive comments on its proposed framework during the public comment period, the CSSB elected to leave its proposed framework intact, albeit with extended transition periods for certain elements, namely:

- two additional years of relief before the start of reporting that is aligned with the publishing of financial statements, with such reporting being required within the first six months following the second- and third-year end, respectively
- three years of relief for only the quantitative aspects of scenario analysis data reporting (not qualitative aspects)
- an additional year of transition relief for Scope 3 greenhouse gas (GHG) emissions reporting

During the public comment process, the CSSB received significant input from a range of constituencies, with the public comments focusing on topics including whether Scope 3 GHG emissions reporting and scenario analysis should be included in the final framework and whether there should be scaled disclosure based on the size of the reporting company and its available resources. In deciding to preserve all components of the proposed CSDS 2 framework, the CSSB appears to have prioritized consistency and cross-comparability with other jurisdictions that also decide to align with the climate-related reporting framework issued by the International Sustainability Standards Board's (ISSB) IFRS S2 – *Climate-related Disclosures*.

Upon issuance of the final CSSB framework, the only substantive differences between CSDS 2 and IFRS S2 relate to slightly longer transition periods provided under CSDS 2. The CSSB's decision to leave CSDS 2 untouched is perhaps not particularly surprising, given that the ISSB's objective to create a consistent global reporting baseline would be thwarted by substantive modifications on a per-country basis.

The more interesting decision, however, now sits with the Canadian Securities Administrators (CSA). The CSA is in the process of preparing its revised proposed climate-related disclosure rules that will apply to Canadian reporting issuers on a mandatory basis. Promptly upon the release of the final CSDS 2, the CSA issued a statement acknowledging the final CSDS 2 and reiterating that the CSA continues to work towards a balanced approach to a mandatory reporting framework that "supports the assessment of material climate-related risks, responds to requests for consistent, comparable and decision-useful climate-related disclosures, and contributes to efficient capital markets, including considering the needs and capabilities of issuers of different sizes." The CSA also noted that it will consider the public feedback that the CSSB received during its consultation process and will also be carefully considering developments in the United States, given the interconnectedness of the Canadian and U.S. markets.

We see the CSA's statement as a signal that its proposed rules, when released, may not fully align with the ISSB and CSSB standards and may provide accommodations to reporting issuers on topics that were spotlighted in comments during the

CSSB’s consultation process, potentially including Scope 3 GHG emissions reporting and quantitative scenario analysis. How far any such accommodations (if there will be any) may go remains to be seen. The CSA’s proposed rules are expected in 2025.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

Authors: John Valley, Jason Comerford

Osler, Hoskin and Harcourt LLP