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Emmanuel Faber
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International Sustainability Standards Board
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Subject: Request for Information - Consultation on Agenda Priorities

Dear Mr. Faber,

The Canadian Sustainability Standards Board (CSSB) congratulates the International Sustainability Standards Board (ISSB) on the successful launch of its inaugural standards, IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 – Climate-related Disclosures. We commend the ISSB for its continued efforts in creating a global baseline of sustainability-related financial disclosures.

As the CSSB was established to support the uptake of ISSB standards in Canada, we welcome the opportunity to respond to the Request for Information (RFI) - Consultation on Agenda Priorities. We appreciate the ISSB's commitment to foundational work that will drive the successful implementation of the ISSB Standards and to the advancement of sustainability standards beyond climate.

Our survey response to the RFI submitted on the project page reflects the input and perspectives of Canadian individuals and groups who were consulted between May and August 2023. Our outreach encompassed a diverse range of interested and affected parties, including investors, preparers, consultants, enablers, public sector organizations, not-for-profit groups, advocacy groups, public interest organizations and Indigenous Peoples.

While we have included detailed responses to selected questions in the appendix, I would like to provide an overview of three of the messages that were communicated in our survey response.

Firstly, our market outreach revealed strong support for the implementation of ISSB Standards as top priority. However, potential obstacles such as limited business processes, human resources, and relevant expertise may hinder the uptake of these standards. For successful implementation, we recommend that the ISSB provides interpretive guidance and examples, addresses implementation and application challenges, and actively pursues interoperability with other jurisdictions.

Secondly, we recommend that the ISSB assesses future sustainability reporting matters from a strategic perspective. This should prioritize urgency and wider reach over ease or time-to-market. The approach should be principle-based and include criteria such as importance to society and the environment, interoperability with existing standards and frameworks, advances in the regulatory space, associated costs and benefits to preparers, and auditability of reported data.

Lastly, we recommend including the safeguarding of Indigenous rights as a human rights subtopic, which includes self-determination, cultural identity, access to lands and resources, and protection from discrimination and violence. These rights are enshrined in international treaties, and their recognition is crucial for combating the urgent climate crisis.

We look forward to continued collaboration with the ISSB, and please do not hesitate to contact me if you have any questions regarding any of the points.

Yours sincerely,



Charles-Antoine St-Jean
Chair,
CSSB

CC Mr Jindong Hua, Vice-Chair, ISSB
Mr Michael Jantzi, Member, ISSB

Question 1—Strategic direction and balance of the ISSB’s activities.
Paragraphs 18–22 and Table 1 of the Request for Information provide an overview of activities within the scope of the ISSB’s work.
01-A. (a) From highest to lowest priority, how would you rank the following activities? Please drag and drop to rank, where 1 is the highest priority and 4 is the lowest priority.

Supporting the implementation of ISSB Standards (IFRS S1 and IFRS S2)	1
Enhancing the Sustainability Accounting Standards Board (SASB) Standards	2
Beginning new research and standard-setting projects	3
Researching targeted enhancements to the ISSB Standards	4

01-B. (b) Please explain the reasons for your ranking order and specify the types of work the ISSB should prioritise within each activity.

Supporting the implementation of ISSB Standards (IFRS S1 and IFRS S2)

We received compelling market feedback supporting the implementation of ISSB Standards (IFRS S1 and IFRS S2) as a matter of priority. Respondents across the board noted that current limitations in businesses’ internal processes, human capital, and related subject matter expertise could compromise the efficient and effective uptake of the new standards. Supporting the transition – without the added complication of new sustainability disclosure standards in the near term – is therefore of paramount interest.

Respondents also noted that the seamless implementation of IFRS S1 and S2 is important to the ISSB’s credibility, and that of its sustainability disclosure standards. In particular, the ISSB’s reputation hinges on the widespread attainment of high quality, comparable climate-related information. Attempting to do ‘too much too soon’ could undermine the purpose of IFRS S2 and stall the momentum of climate-related reporting.

To this end, we recommend that the ISSB focus on three key areas:

- Providing interpretive guidance and examples for reporting entities of all sizes
- Addressing implementation and application challenges, for example, the ISSB could consider creating an interpretations committee, similar to the International Accounting Standard’s Board’s [IFRS Interpretations Committee \(IFRIC\)](#)
- Actively pursuing interoperability with other jurisdictions.

Enhancing the Sustainability Accounting Standards Board (SASB) Standards

As a second priority, it is important to enhance the Sustainability Accounting Standards Board (SASB) Standards. While the CSSB acknowledges progress to improve the international applicability of the SASB Standards, as well as plans to maintain those standards, more fundamental updates to those standards should be contemplated. The years following the development of the SASB Standards have seen numerous impactful events (including significant cyberattacks, increased use of artificial intelligence and a greater reliance on remote work) and the emergence of unanticipated industry-specific sustainability risks. It is important to factor these considerations into the SASB Standards to ensure their continued relevance to issuers and investors.

Beginning new research and standard-setting projects

Thirdly, and notwithstanding our earlier remarks on the complications of introducing new standards in the near-term, a segment of Canadian respondents urges a ‘beyond-climate’ roadmap for standards development, underpinned by research. This roadmap should seek to minimize the gap between successfully implementing IFRS S2 and introducing one or more new standards. Deprioritizing new

research and standard-setting projects over the coming two years should, therefore, not amount to halting their progress altogether. Indeed, assigning resources to these projects would send an important signal to the market in terms of what is to come and how to prepare.

Researching targeted enhancements to the ISSB Standards

Lastly, although the CSSB agrees that targeted enhancements to the ISSB Standards will be important, such enhancements can only be borne out by practice. We see a post-implementation review of interpretive and application issues as extending beyond the ISSB's current two-year planning cycle.

01-C. (c) Should any other activities be included within the scope of the ISSB's work? If so, please describe these activities and explain why they are necessary.

No comment

Question 2—Criteria for assessing sustainability reporting matters that could be added to the ISSB's work plan

Paragraphs 23–26 of the Request for Information discuss the criteria the ISSB proposes to use when prioritising sustainability-related reporting issues that could be added to its work plan.

02-A. (a) Do you think the ISSB has identified the appropriate criteria? Please explain your response.

Qualified yes

During market engagement, the CSSB received mixed views on the proposed criteria. While some considered the criteria suitable, others saw those same criteria as highly 'operational' and more conducive to managing or prioritizing existing projects, rather than assessing a range of future strategic imperatives.

02-B. (b) Should the ISSB consider any other criteria? If so what criteria and why?

Further to our part (a) response, the CSSB recommends that the ISSB apply a strategic lens to its assessment of future sustainability reporting matters. This lens would prioritize a matter's urgency and wider reach over characteristics such as ease or time-to-market. This forward-looking approach would be more principle-based in nature and feature such criteria as:

1. Importance to society and the environment, which includes, but is by no means limited to, meeting the information needs of investors.
2. Interoperability with existing standards/reporting frameworks (including, importantly, those of the International Accounting Standards Board), jurisdictional requirements, and emerging voluntary frameworks.
3. Notable advances in the regulatory space, which could compel the ISSB to expedite a particular topic-specific standard to support or keep pace with emerging regulatory requirements.
4. Associated costs and benefits to preparers, considering the anticipated implementation timeline.
5. Auditability of data reported under the topic.

Question 3—New research and standard-setting projects that could be added to the ISSB's work plan

Paragraphs 27–38 of the Request for Information provide an overview of the ISSB's approach to identifying sustainability related research and standard-setting projects. Appendix A describes each of the proposed projects that could be added to the ISSB's work plan.

03-A. (a) Taking into account the ISSB's limited capacity for new projects in its new two-year work plan, should the ISSB prioritise a single project in a concentrated effort to make

significant progress on that, or should the ISSB work on more than one project and make more incremental progress on each of them?

- Single project

03-Ai. (i) If a single project, which one should be prioritised? You may select from the four proposed projects in Appendix A or suggest another project. Please explain your response.

The CSSB considers Biodiversity, ecosystems and ecosystem services (BEES) as the top priority by virtue of:

- The topic's close connection to climate disclosures
- The topic's impact on business resilience (rendering it important to preparers and investors alike)
- The existing body of work, including the Taskforce on Nature-related Financial Disclosures, upon which an ISSB standard could be based.

Question 4—New research and standard-setting projects that could be added to the ISSB's work plan: Biodiversity, ecosystems and ecosystem services.

The research project on biodiversity, ecosystems and ecosystem services is described in paragraphs A3–A14 of Appendix A to the Request for Information. Please respond to these questions:

04-A. (a) Of the subtopics identified in paragraph A11, to which would you give the highest priority? Please select as many as applicable.

Please explain your choice and the relative level of priority with particular reference to the information needs of investors. You may also suggest subtopics that have not been specified.

To help the ISSB analyse the feedback, where possible, please provide:

- a short description of the subtopic (and the associated sustainability-related risks and opportunities); and
- your view on the importance of the subtopic with regard to an entity's sustainability-related risks and opportunities and the usefulness of the related information to investors.

Land-use and land-use change (including deforestation) - Ranked first

On a global scale, this subtopic is characterized by its:

- Widespread prevalence
- Risk to numerous businesses and communities worldwide
- Link to climate change (and, by extension, IFRS S2)
- Connection to other sustainability-related subjects such as soil degradation and local conflict

This subtopic is especially significant in the Canadian context, given the importance of collaborating closely with Indigenous Peoples on land stewardship matters.

Water - Ranked second

Like land-use, water presents substantial risks to businesses and communities globally. It plays a significant role in addressing climate change and biodiversity loss. Both human and natural factors influence the quantity and quality of water, which in turn affects not only BEES but also the society's resilience against physical climate risks (e.g. flooding, drought, wildfires, and rising sea levels). Water-related information is already disclosed by many organizations, so the volume of information available could meaningfully inform the ISSB's research project.

Pollution (including emissions into air, water, and soil) - Ranked third

Given its correlation with IFRS S2 and the magnitude of its impact, this subtopic is also considered important.

Resource exploitation (including material sourcing and circular economy) - Ranked fourth

This subtopic poses a near-term threat to many businesses, whether directly or indirectly. The environmental damage arising from such exploitation can have lasting impacts on businesses and communities.

Other—please specify:

During the course of market engagement, Canadian respondents offered the following additional subtopics for ISSB consideration:

- Climate resilience/transition - Nature-based solutions plays a huge role in building resilience to climate change impacts and meeting greenhouse gas reduction goals.
- Genetic diversity - Genetic diversity is an area in which research and mapping is advancing, leading to its potential to play a role as an indicator within BEES subtopics.
- Environmental conservation and protection - This provides the opportunity for organizations to showcase existing efforts related to conservation and environmental protection.
- Other subtopics to consider include biosecurity, species loss, wildlife and plant life.

04-B. (b) Do you believe that sustainability-related risks and opportunities related to biodiversity, ecosystems and ecosystem services are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

- Yes

04-Bi. (i) Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will be substantially different across different industries, sectors or geographic locations.

The risks/opportunities related to BEES differ by industry, sector and/or geographical location. Even within an industry or a geographic region, risks and opportunities vary depending on the business model, operational context, and lens through which risks/opportunities are assessed.

For example, within Canada's fisheries industry, the risks and opportunities related to BEES may vary between the East and West coasts, as well as among sub-sectors, such as wild capture versus aquaculture, due to their unique challenges. Additionally, the risks and opportunities within a single company can vary based on the perspective taken. For instance, insurance companies encounter distinct risks and opportunities in relation to their clients, operations, and investment portfolio.

04-C. (c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard-setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A13 should be utilised and prioritised by the ISSB in pursuing the project? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors. If you would like to suggest materials that are not specified, please select 'Other' and give your suggestion(s) in the comment box. You can suggest as many materials as you deem necessary.

To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider

- Not applicable

Question 5—New research and standard-setting projects that could be added to the ISSB's work plan: Human capital. The research project on human capital is described in paragraphs A15–A26 of Appendix A to the Request for Information. Please respond to these questions:

05-A. (a) Of the subtopics identified in paragraph A22, to which would you give the highest priority? Please select as many as applicable. Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You may also suggest subtopics that have not been specified.

To help the ISSB analyse the feedback, where possible, please provide:

- a short description of the subtopic (and the associated sustainability-related risks and opportunities); and
- your view on the importance of the subtopic with regard to an entity's sustainability-related risks and opportunities and the usefulness of the related information to investors.

Diversity, equity and inclusion (DEI) – Ranked first

DEI is crucial for fostering a workplace culture that values and includes everyone. It promotes fairness, equality and employee engagement, common precursors to enhanced productivity and profitability. Importantly, the abundance of research already available on this topic, and the ease with which it can be measured quantitatively, make it a viable avenue to explore.

Worker wellbeing (including mental health and benefits) – Ranked second

Prioritizing employees' physical, emotional, and mental well-being fosters a positive and productive work environment. Within this environment, employees are more likely to feel motivated and committed to their work, leading to increased job satisfaction, lower turnover rates, and greater profitability.

Labour conditions in the value chain – Ranked third

Recognizing the impact of labour conditions on human rights is crucial. Such conditions can also have repercussions for businesses, including heightened consumer awareness, consumer choices, and legal oversight. Relative to other subtopics, however, this one seems to lack disclosure, particularly when it comes to supply chain tracking.

Other subtopics to consider include:

- Ethical artificial intelligence, especially given increased automation in the service industry.
- Organizational behaviour and culture

General comment

Given the intersectionality between human rights and human capital, we recommend that the ISSB better distinguish between the two through a holistic scoping exercise. This will identify areas of overlap and ensure each topic is addressed most effectively.

05-B. (b) Do you believe that sustainability-related risks and opportunities related to human capital are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

Yes

05-Bii. (ii) Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will be substantially the same across different industries, sectors or geographic locations.

Human capital risks and opportunities differ across various dimensions, including geography, industry, sector, market maturity, business model, organizational purpose, and short-term versus long-term focus. Notably, the variation differs by subtopic. For example, employee engagement, worker wellbeing, and DEI may not differ in the same way as labour conditions and workforce compensation/costs.

Notwithstanding the above-noted variations, other topics (such as biodiversity) tend to be more sensitive to industry, sector and geographic differences.

05-C. (c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard-setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A25 should be prioritised by the ISSB in pursuing its research? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors. If you would like to suggest materials that are not specified, please select 'Other' and give your suggestion(s) in the comment box. You can suggest as many materials as you deem necessary.

To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

Not applicable

Question 6—New research and standard-setting projects that could be added to the ISSB's work plan: Human rights

The research project on human rights is described in paragraphs A27–A37 of Appendix A to the Request for Information. Please respond to these questions:

06-A. (a) Within the topic of human rights, are there particular subtopics or issues that you feel should be prioritised in the ISSB's research? You can suggest as many subtopics or issues as you deem necessary.

To help the ISSB analyse the feedback, where possible, please provide:

- a short description of the subtopic (and the associated sustainability-related risks and opportunities); and

- **your view on the importance of the subtopic with regard to an entity’s sustainability-related risks and opportunities and the usefulness of the related information to investors.**

The CSSB recommends that the safeguarding of Indigenous rights be included as a subtopic. Indigenous rights include the right to self-determination, cultural identity, language, spiritual beliefs, access to traditional lands and resources, and the right to be consulted and involved in relevant decision-making. Indigenous rights also include freedom from racism, discrimination, exploitation, and violence. These rights are enshrined in many international treaties and conventions, such as the United Nations Declaration on the Rights of Indigenous Peoples.

Recognizing the importance of Indigenous Peoples' rights and title is an essential part of Canadian values and law. Additionally, their well-being and rights are [inherently tied to climate and sustainability risks](#)¹ and opportunities making it crucial to consult, acknowledge and respect them

Other subtopics to consider include forced labor/child labor, rights related to physiological needs (including life, food, water, and shelter), rights related to esteem needs (such as liberty, freedom, equity, and discrimination), the right to education, and the right to health and safety. As noted in our response to Question 5a, we encourage the ISSB to distinguish between the topics of human rights and human capital more clearly, based on the appearance of significant overlap.

Lastly, and consistent with our Question 2b response, we urge the ISSB to consider interoperability with other frameworks and standards. To that end we draw the ISSB's attention to the Modern Slavery Act in Canada, which addresses forced labour and child labour. Consolidating existing reporting requirements and pursuing alignment with other overlapping standards should minimize the confusion and additional disclosure burden experienced by reporting entities.

06-B. (b) Do you believe that sustainability-related risks and opportunities related to human rights are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

Yes

06-Bii. (ii) Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will be substantially the same across different industries, sectors or geographic locations.

There are differences in how human rights risks and opportunities manifest across different industries, sectors and geographies. For example, it is crucial that global manufacturers and retailers consider the risks and opportunities related to workers in their value chain. By contrast, global information technology and communications companies are more significantly impacted by acute digital rights issues.

Human rights issues can also differ regionally. In the Canadian context, for example, Indigenous rights and Indigenous reconciliation are fundamental considerations.

06-C. (c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard-setters and framework providers to expedite the project, while taking into consideration the ISSB’s focus on meeting the needs of investors. Which of the materials

¹ Source : www.un.org/development/desa/dspd/2021/04/indigenous-peoples-sustainability

or organisations referenced in paragraph A36 should be prioritised by the ISSB in pursuing its research? Please select as many as applicable. Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified—please select ‘Other’ and give your suggestion(s) in the comment box. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

Not applicable

Question 7—New research and standard-setting projects that could be added to the ISSB’s work plan: Integration in reporting.

The research project on integration in reporting is described in paragraphs A38–A51 of Appendix A to the Request for Information. Please respond to these questions:

07-A. (a) The integration in reporting project could be intensive on the ISSB’s resources. While this means it could hinder the pace at which the topical development standards are developed, it could also help realise the full value of the IFRS Foundation’s suite of materials. How would you prioritise advancing the integration in reporting project in relation to the three sustainability-related topics (proposed projects on biodiversity, ecosystems and ecosystem services; human capital; and human rights) as part of the ISSB’s new two-year work plan? Please explain your response.

Integration in reporting project is a higher priority.

We recommend that this project be pursued in parallel with topic-specific research/standard development. In doing so, the ISSB can improve the accessibility of information already shared through various reports for investors and other users of corporate disclosure. The path to an enhanced streamlining and integration of disclosure would also encourage assurance and accounting firms, law firms, and consulting firms to align their practices with the ISSB Standards. Finally, the ISSB might consider a modular approach to this project (i.e., whereby small, step-wise components are addressed using existing frameworks and methodologies) so the project can advance in parallel with topic-specific standards.

07-B. (b) In light of the coordination efforts required, if you think the integration in reporting project should be considered a priority, do you think that it should be advanced as a formal joint project with the IASB, or pursued as an ISSB project (which could still draw on input from the IASB as needed without being a formal joint project)? Please explain how you think this should be conducted and why.

Formal joint project

In the spirit of connectivity and interoperability, the CSSB recommends that the IASB and ISSB jointly pursue this project, based on: (1) the ISSB’s acknowledged resource limitations and (2) the IASB’s proficiency in financial reporting and progress to date on the Practice Statement on Management Commentary. Our market engagement affirms that a collaborative strategy, one that capitalizes on the unique knowledge and abilities of both boards, is the most effective and, therefore, the most favoured.

(c) In pursuing the project on ‘integration in reporting’, do you think the ISSB should build on and incorporate concepts from:

07-Ci. (i) the IASB's Exposure Draft Management Commentary? If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why.

In principle, the CSSB encourages the IFRS Foundation to leverage its existing suite of standards and frameworks, including the Exposure Draft Management Commentary. Under this approach, the project can benefit from: (1) the existing and extensive work of staff and volunteer committees, (2) public input already received through formal consultation periods and (3) observed market practice and lessons learned via post-implementation reviews. Notably, this approach also minimizes disruption to those jurisdictions or reporting entities that have adopted, whether voluntarily or on a mandatory basis, the Management Commentary without unduly penalizing those that have not (or for which equivalent or comparable standards/framework exist).

07-Cii. (ii) the Integrated Reporting Framework?

If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why.

In principle, the CSSB encourages the IFRS Foundation to leverage its existing suite of standards and frameworks, including the Integrated Reporting Framework. Under this approach and applying similar logic to that presented in our Question 7C(i) response, the project can benefit from: (1) the existing and extensive work of staff and volunteer committees, (2) public input already received through formal consultation periods and (3) observed market practice and lessons learned via post-implementation reviews. Notably, this approach also minimizes disruption to those jurisdictions or reporting entities that have adopted, whether voluntarily or on a mandatory basis, the Integrated Reporting Framework without unduly penalizing those that have not (or for which equivalent or comparable standards/framework exist).

07-Ciii. (iii) other sources?

If you agree, please describe the source(s) and any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why.

Yes. We believe the project should consider the newly launched IFRS S1, which captures certain core elements of integrated reporting (e.g., the demonstration of connectivity between governance, strategy, risk management, and metrics and targets). This standard, together with the IFRS Foundation's existing Exposure Draft Management Commentary and Integrated Reporting Framework, provide a solid footing on which the project can proceed.

07-D. (d) Do you have any other suggestions for the ISSB if it pursues the project?

Not applicable

08. Question 8—Other comments

Do you have any other comments on the ISSB's activities and work plan?

Not applicable