

AY-2. Are you responding as an individual, or on behalf of an organisation?

- Organisation

AY-3. Please provide the name of the organisation you are responding on behalf of:

Canadian Sustainability Standards Board

Question 1—Methodology objective

The Exposure Draft describes the proposed methodology to amend non-climate-related SASB Standards metrics to enhance their international applicability when they contain a jurisdiction-specific reference.

01-A. (a) Are the scope of the intended enhancements and the objective of the proposed methodology stated clearly in paragraph 8? If not, why not?

- Yes

01-B. (b) Are the constraints of the objective as listed in paragraph 8 (preserving structure and intent, decision-usefulness and cost-effectiveness) appropriate? Why or why not?

- Yes

01-C. (c) Should any other objective(s) or constraint(s) be included in the proposed methodology? If so, what alternative or additional objective(s) or constraint(s) would you suggest? How would these add value to the proposed methodology?

N/A

Question 2—Overall methodology

The Exposure Draft explains the proposed methodology to amend the SASB Standards metrics to enhance their international applicability when they contain jurisdiction-specific references.

02-A. (a) Do you agree that the proposed methodology would enhance the international applicability of the SASB Standards metrics? If not, what alternative approach do you suggest and why?

- Yes

Question 3—Revision approaches

The Exposure Draft explains five revision approaches to enhance the international applicability of non-climate-related SASB Standards metrics. Every disclosure topic, metric and technical protocol amended using the methodology will apply these five revision approaches, either individually or in combination. The methodology begins with Revision Approach 1, which uses internationally recognised frameworks and guidance to define relevant terms of reference.

03-A. (a) Do you agree that replacing jurisdiction-specific references with internationally recognised frameworks and guidance—if identified—should be the first course of action? If not, why not?

- Yes:

There is recognition that the adoption of international frameworks would lead to less prescriptive and more principles-based standards. FRAS Canada received mixed views on whether this shift would be beneficial to preparers and users of sustainability information. The following contrary views were expressed:

- o The SASB standards do not need to be prescriptive in nature and to the current level of granularity to be decision-useful. A more principles-based approach is favourable as it will aid the global adoption of the SASB standards and help alleviate concerns with the use of international references, which the ISSB does not have control over. The loss of international comparability will be outweighed by the continued comparability across companies within jurisdictions and the lack of an increase in reporting burden
- o Adopting less prescriptive and more principles-based frameworks risks compromising the granularity and unique value of the SASB Standards and can introduce comparability issues for users. With this concern in mind:

SUGGESTION #1: ISSB Approach 3 (replace US-specific references with generalized references to jurisdictional laws, regulations, or definitions) could be the default, followed by approach 1 (replace US-specific references with equivalent international references) only if there is no local applicable law/regulation or if the local law/regulation lacks the level of rigor needed to substantively comply with the intention of the SASB metric. Notably, this approach introduces the need to establish 'substantive compliance thresholds' and measure the rigor of each local law/regulation against this threshold. The ISSB should consider the effort and complexity of this approach and decide if/when this approach is suitable.

The ISSB should also consider if/when international references lack the prescriptiveness to enable rigorous and comparable disclosure. If local laws/regulations and international references are not suitable, then approach 5 (remove and replace the metric) should be considered.

- SUGGESTION #2: There should be an option that would allow a jurisdictional reference to apply if that reference is more rigorous than the international framework or guidance.
- There is a risk that using an international standard will be dismissed if a jurisdiction does not subscribe to that standard. For example, the U.S. does not subscribe to some international frameworks.

03-B. (b) If Revision Approach 1 is not feasible, do you agree that using the remaining four revision approaches would enhance the international applicability of the SASB Standards? Why or why not?

- Yes:

- Consideration should be given as to whether the updates would create loopholes if they were not referring to specific laws, policies, or standards.
- Moving straight to generalized definitions risks a diluted standard or metric that allows for significant variation between jurisdictions and could defeat the purpose of having an effective international standard that is comparable across jurisdictions.

03-C. (c) Could the revised metrics resulting from any specific revision approaches or combination of approaches pose problems for the preparers applying them? Why or why not?

- Yes:

- Replacing jurisdiction-specific references will make local interpretation more challenging in certain jurisdictions.
- The amendments could lead to an increase in reporting burden, where local sustainability reporting is based upon the jurisdictional framework required by local authorities.

03-D. (d) Do you agree with the criteria for determining which of the proposed revision approaches applies in different circumstances? Why or why not?

- Yes

Question 4—SASB Standards Taxonomy Update objective

The Exposure Draft describes the proposed approach to updating the SASB Standards Taxonomy to reflect amendments to the SASB Standards.

04-A. (a) Do you agree with the proposed methodology to update the SASB Standards Taxonomy to reflect changes to the SASB Standards? Why or why not?

- Yes

Question 5—Future SASB Standards refinements

The Exposure Draft focuses specifically on the first phase of narrow-scope work to amend the SASB Standards metrics in accordance with the proposed methodology to enhance their international applicability when they contain jurisdiction-specific references. In subsequent phases, the ISSB will consider further enhancements to the SASB Standards to improve their decision-usefulness, balance their cost-effectiveness for preparers and ensure their international relevance.

05-A. (a) What other methods, considerations or specific amendments would be useful to guide the ISSB's future work of refining the SASB Standards to support the application of IFRS S1? Why would they be useful?

- The SASB Standards should be kept intact in basis, sector-specificity, and form to the greatest degree possible in this adaptation.
- For future SASB Standard refinements, it is imperative that the core objectives of decision usefulness, cost-effectiveness, and interoperability with IFRS S1 are maintained.
- As the ISSB looks for further interoperability with other frameworks, it is essential that the SASB Standards are in lock step and align accordingly.
- Some of the standards that deal with technological processes should be reviewed to ensure they are up to date with relevant technology. (For example, the media sector SASB Standards focus only on very large preparers such as broadcasters, but fail to capture emissions from producers of content, which tend to produce large emissions. Based on the cultural reach of industry, the SASB Standards should consider on-screen content from a sustainability lens outside of just editorial independence - which has limited applicability to only some kinds of preparers. Based on the cultural reach of that industry, the SASB Standards should consider on-screen content from a sustainability lens outside of just editorial independence - which has limited applicability to only some kinds of preparers.)

05-B. (b) Do you have any specific comments or suggestions for the ISSB to consider in planning future enhancements to the SASB Standards?

Please see response to 5a) above.