



# Get ready for CSSB sustainability disclosures



Understanding the standards

—  
February 2025



# Get ready for CSSB sustainability disclosures



## What was issued?

- The first Canadian Sustainability Disclosure Standards<sup>1</sup>, which mark the next step towards equal prominence for sustainability and financial reporting in Canada.
- They are aligned with the IFRS<sup>®</sup> Sustainability Disclosure Standards, with the exception of effective date and transition relief.
- They are based on existing frameworks and standards, including TCFD and SASB.
- They are investor-focused.



## What's the impact?

- Companies applying these standards will report on all relevant sustainability topics (not just on climate) under a consistent framework and focus on how these topics impact a company's prospects.
- Reporting will be connected to the financial statements. Therefore, companies will need processes and controls in place so that they can provide sustainability-related information of the same quality, and at the same time, as their financial information.



## What's next?

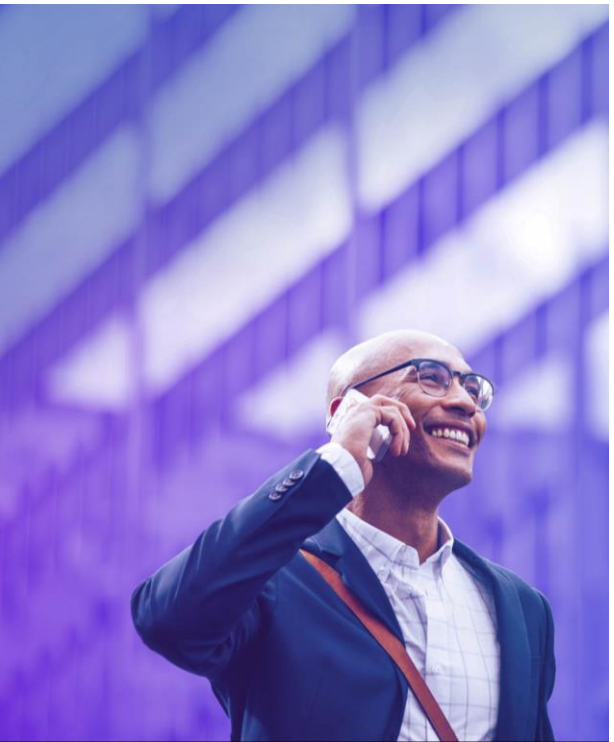
- The standards are effective from January 1, 2025 on a voluntary basis.
- Canada's provincial and territorial regulators and legislators will determine whether application of the standards should be mandated, and if so, who will need to apply them and over what time frame.
- Some public and private companies may choose to apply them voluntarily – e.g., in response to investor or societal pressure.

<sup>1</sup> In this document we use 'the standards' to refer to the first Canadian Sustainability Disclosure Standards – CSDS 1 *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS 2 *Climate-related Disclosures*, both published on December 18, 2024.

[Abbreviations and key terms](#) ►

# 10 questions

## to start getting ready



01

Are Canadian and international standards aligned?

02

What has been released?

03

What will need to be disclosed?

04

What are the standards based on?

05

How and when could they affect you?

06

Will they require scenario analysis?

07

What about topics other than climate?

08

What if you've already applied other frameworks?

09

What do they mean for broader sustainability reporting?

10

What could you be doing now?

# 01 Are Canadian and international standards aligned?

## ► Sustainability disclosure standards rollout

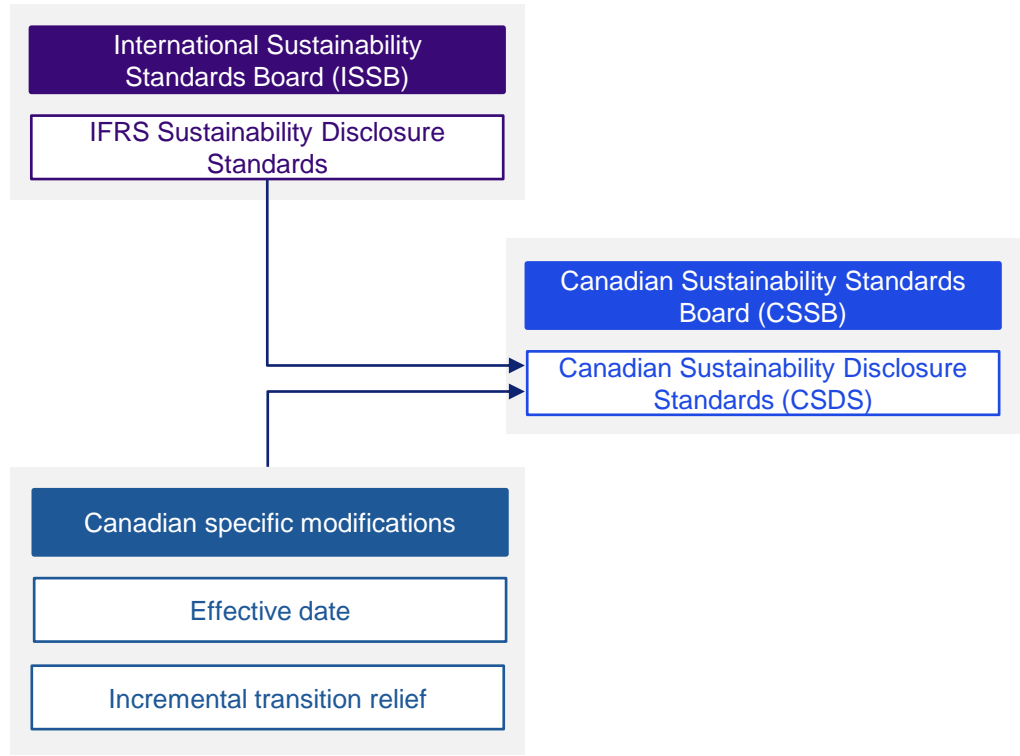
- **June 2023:** The International Sustainability Standards Board (ISSB) released its first two IFRS® Sustainability Disclosure Standards.
- **December 2024:** The Canadian Sustainability Standards Board (CSSB) released its first two Canadian Sustainability Disclosure Standards (CSDS) based on the ISSB Standards.

## ► Alignment with IFRS Sustainability Disclosure Standards

- The CSDS are aligned with the ISSB Standards with the exception of a **Canadian-specific effective date** and **incremental transition relief**<sup>2</sup>.

## ► Voluntary application

- Application of the CSDS is voluntary but they may be incorporated into future mandated reporting (see [Question 5](#)).



<sup>2</sup> Refer to *Appendix: Incremental transition relief* for a summary of the transition relief options available in the CSSB Standards and a comparison to transition relief options available in the ISSB Standards.

# 02 What has been released?

## ▶ The general standard sets the foundation

- General features of sustainability reporting, including on materiality.
- A content structure across the four areas of governance, strategy, risk management, and metrics and targets.
- Practical guidance, including on presentation of information.

## ▶ The climate standard provides additional detail

It builds on the four content areas with additional guidance, particularly in relation to:

- disclosure of risks, climate transition plans, GHG emissions and scenario analysis; and
- general and industry-specific metrics.

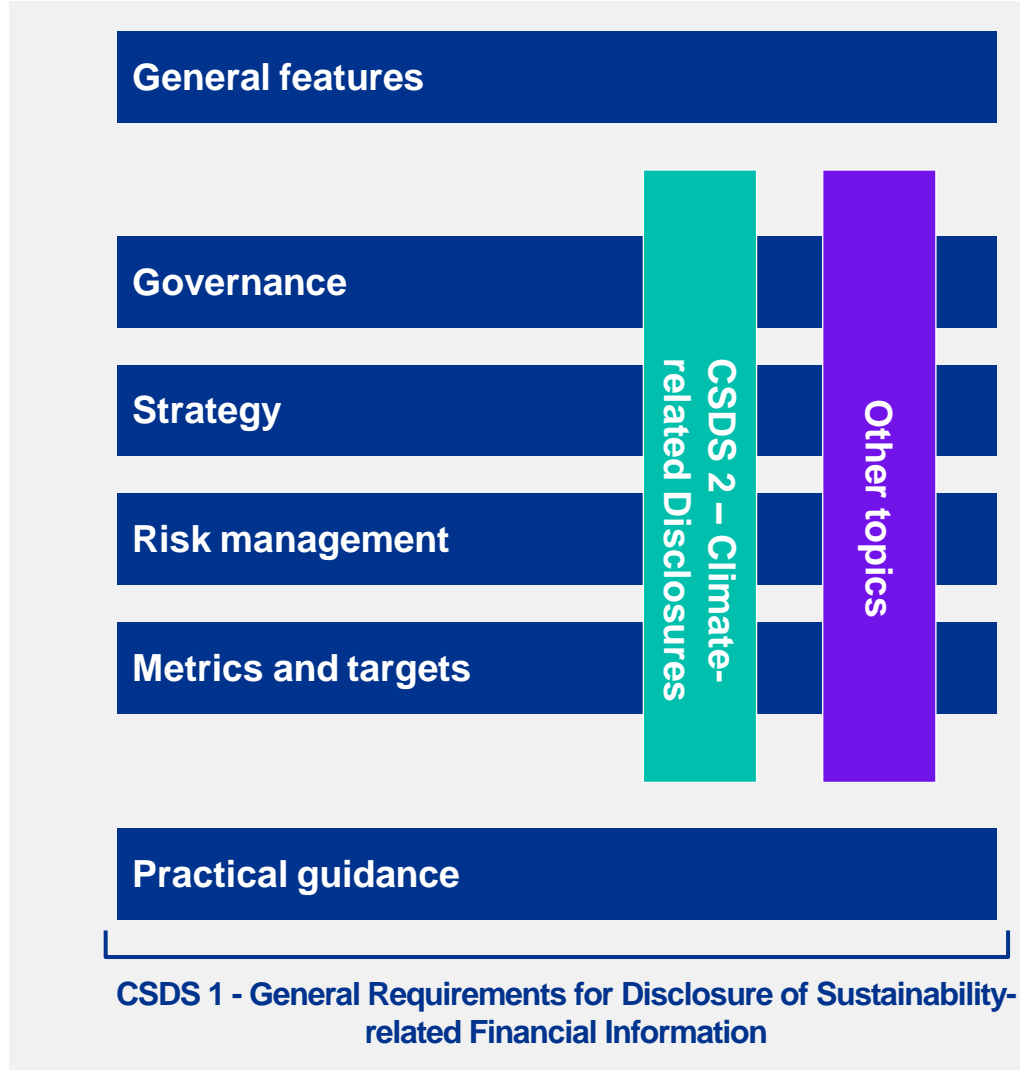
## ▶ Future standards are expected to follow

- Additional standards are expected in the future, providing general and industry-specific guidance on other topics – e.g., biodiversity, ecosystems and ecosystem services (BEES).



### Alignment with ISSB Standards

CSDS 1 and CSDS 2 are aligned with the ISSB Standards, with the exception of a later effective date and additional transition reliefs.



# 03 What will need to be disclosed?

## ► Material information

- Providing a complete and balanced explanation of sustainability-related risks and opportunities.
- Covering governance, strategy, risk management and metrics and targets.
- Focusing on the needs of investors and creditors.
- Reflecting consistent, comparable and connected disclosures.
- Presented across time horizons: short, medium and long term.
- Relevant to the sector and industry.

## ► Material metrics

- Based on measurement requirements specified in the climate standard or future standards.
- Identified from other guidance – e.g. SASB (see **Question 8**).
- Reflecting other metrics used by the company.

Disclosures focus on matters that are critical to the way a company operates



**Additional standards that build on this framework and include industry-specific requirements**



### Transition reliefs<sup>3</sup>

Companies are not required to:

- disclose information on topics other than climate until the third annual reporting period; or
- disclose Scope 3 emissions metrics until the fourth annual reporting period; or
- provide comparative information for any annual period before the date of initial application.

<sup>3</sup> There exists additional transition reliefs. Refer to the Appendix for a list of optional transition reliefs.

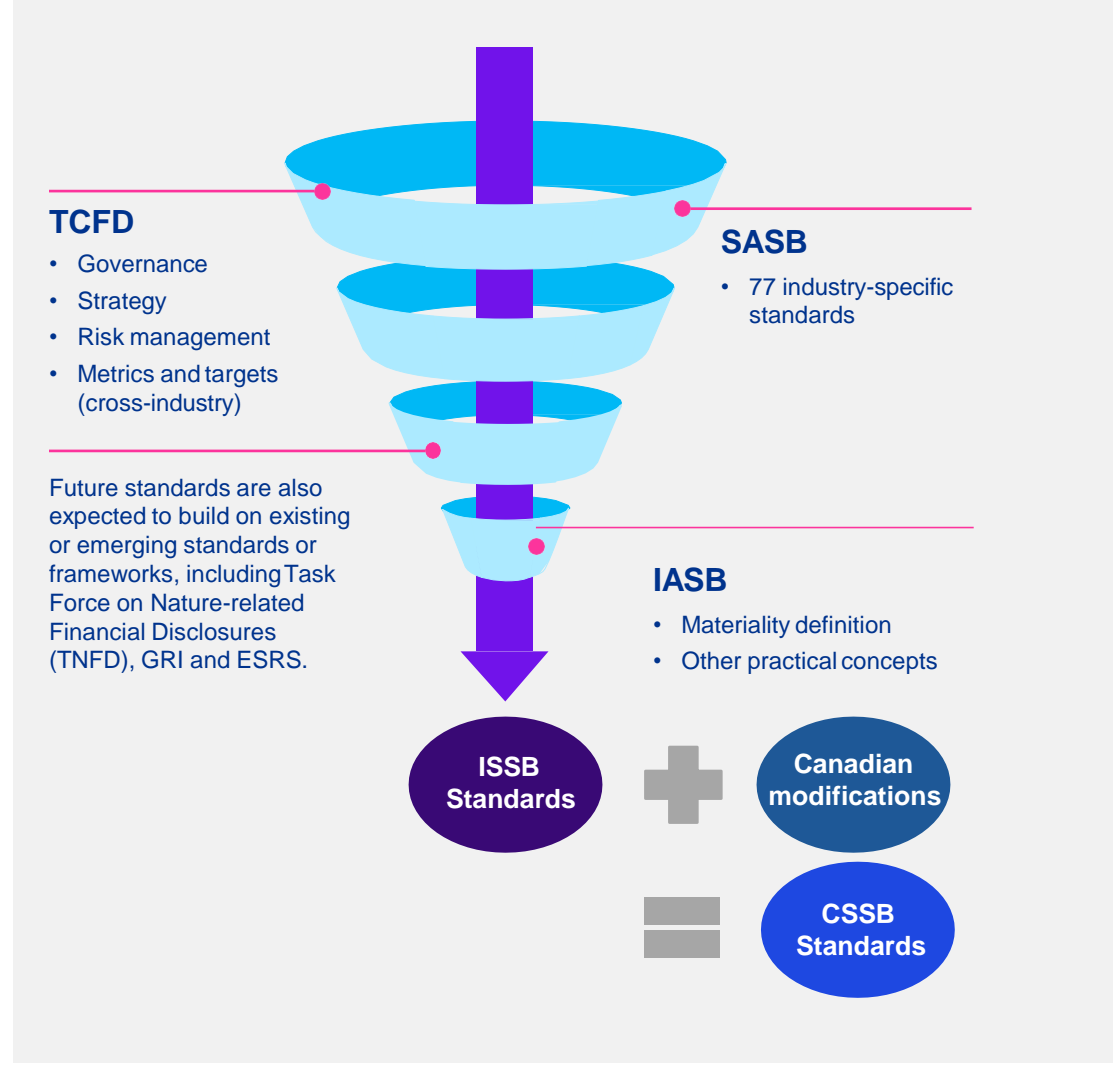
# 04 What are the standards based on?

## ► Consolidating the latest thinking of existing frameworks and standards

- Follow the four pillars of the TCFD's recommended disclosures: governance, strategy, risk management, and metrics and targets.
- Enhanced by climate-related, industry-specific metrics derived from the SASB's 77 industry-specific standards.
- Incorporate concepts and principles used in IFRS Accounting Standards from the IASB.
- Additional input from other frameworks and stakeholders, including CDSB and Integrated Reporting.

## ► Bringing financial reporting concepts to sustainability reporting

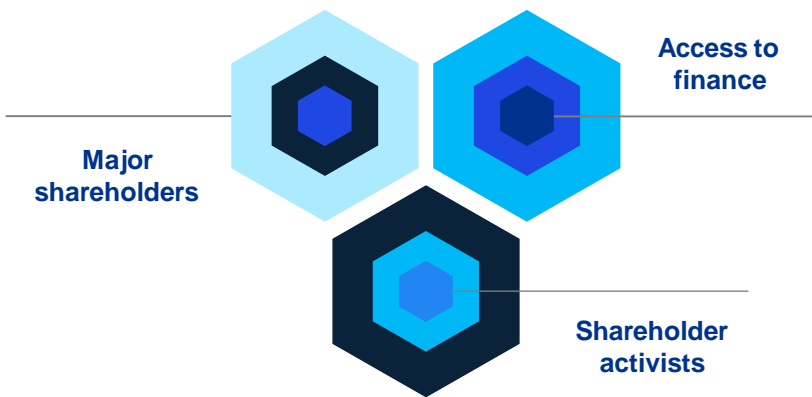
- Built using a similar approach to IFRS Accounting Standards.



# 05 How and when could they affect you?

## ▶ Voluntary application

- The standards are currently voluntary only.
- The standards are effective for annual reporting periods beginning on or after January 1, 2025.
- Investors are increasingly willing to use their voting power to drive transparency over sustainability-related matters, including transition plans and their impact.
- Investors have generally supported the application of TCFD and SASB Standards in the past.
- The ISSB and the CSSB bring the same focus, comparability and rigour to sustainability reporting as the IASB has done for financial reporting.



## ▶ Mandatory application

- Canada’s provincial and territorial regulators and legislators will determine whether application of the standards should be mandated, and if so, who will need to apply the standards and over what time frame.
- In parallel with the release of the standards, the Canadian Securities Administrators (CSA) issued a statement noting it is working towards a revised climate-related disclosure rule that will consider the CSSB Standards.
- The Federal government also announced its intention to amend the Canada Business Corporations Act (CBCA) to require climate-related financial disclosures for large, federally incorporated private companies.
- Currently, Guideline B-15, issued by the Office of the Superintendent of Financial Institutions (OSFI) in Canada, mandates climate risk management disclosure specifically for federally regulated financial institutions (FRFIs). This guideline is broadly consistent with the ISSB Standards.





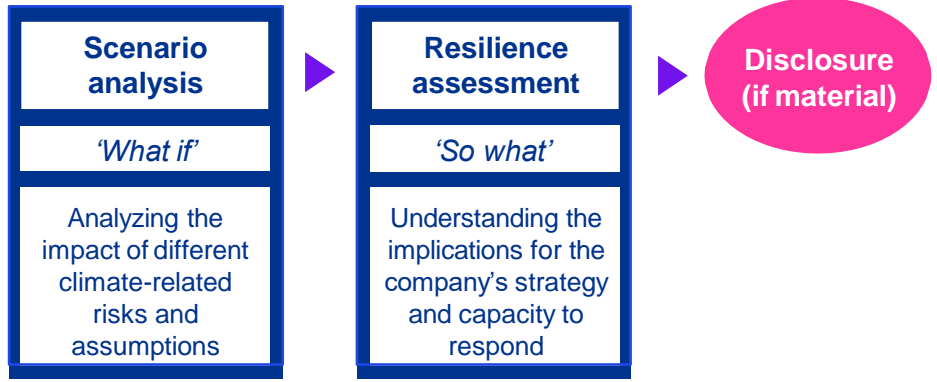
# 06 Will they require scenario analysis?

## ► Scenario analysis is required

- Companies will need to use scenario analysis when describing their assessment of climate resilience.
- The ISSB will provide guidance on the analysis that will be appropriate for different types of companies.
- This guidance will build on existing materials developed by the TCFD.

## ► What is a climate scenario?

- A set of assumptions around how the world may react to achieving different degrees of global warming – e.g. the carbon prices and other factors needed to limit global warming to 1.5°C.
- Scenarios may differ from the assumptions underlying the financial statements. However, management needs to consider carefully whether the extent of the linkage between scenario analyses and these assumptions is appropriate.



### Transition relief over scenario analysis

Companies are not required to use quantitative climate-related scenario analysis for the first three annual reporting periods.



### Why is the disclosure useful?

- It can help investors assess the possible exposures from a range of hypothetical circumstances.
- For companies, discussing impacts under different scenarios can help explain their assessment of resilience.

# 07 What about topics other than climate?

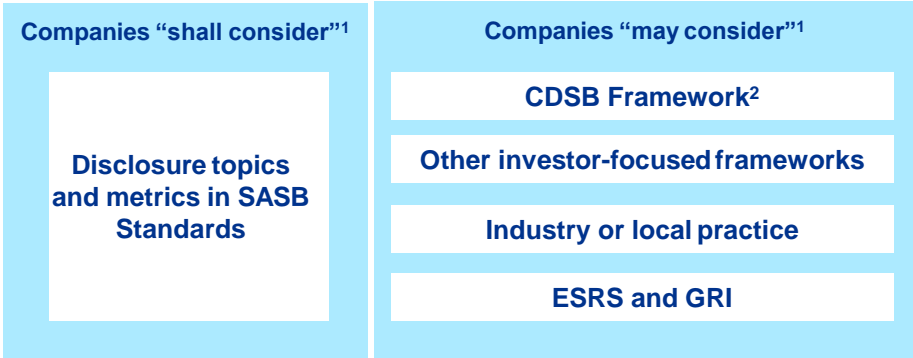
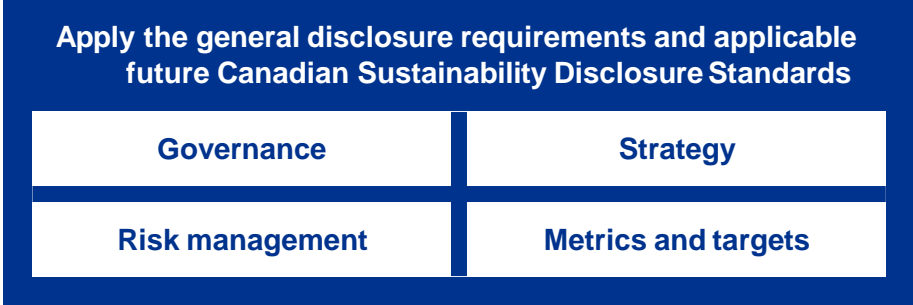
## ▶ The general standard will require disclosure on all relevant topics

This standard helps companies by providing:

- a framework of disclosures relevant for reporting on all sustainability-related topics;
- suggested reference materials for topics other than climate;
- key principles, including materiality and connected reporting; and
- practical details – e.g. how to update estimates or report comparatives.

## ▶ 'Climate first' relief

- The standards introduce a relief from providing disclosures on topics other than climate in the first two years of reporting.
- Companies still need to get ready to report on other topics from the third year.



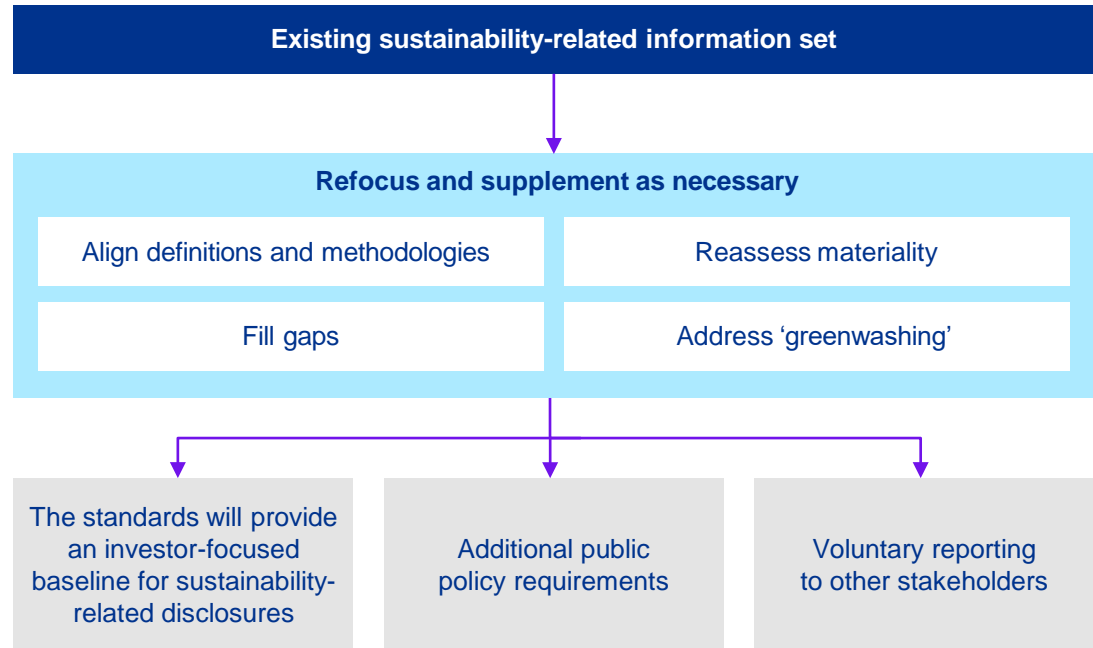
<sup>1</sup> The standards differentiate between sources that companies "shall consider" and those that they "may consider". For further information see [our article](#).

<sup>2</sup> For example, the CDSB Framework application guidance for water- and biodiversity-related disclosures.

# 08 What if you've already applied other frameworks?

## ► Build and adapt.

- Perform a gap analysis and map how the standards differ from current frameworks used.
- Focus on matters that affect the company's prospects and consider what will impact an investor's assessment of those prospects.
- Consider where additional data is needed.



### Transition relief over use of GHG Protocol

Companies are allowed to continue their existing measurement method for greenhouse gas emissions in the first annual reporting period.

## ► Items to consider if previously applied TCFD

- Identify and present material information on topics other than climate and focus on sector and industry metrics.
- For climate-related reporting specifically, prepare for more granular disclosures, and align the bases of calculation and presentation to the climate standard.

## ► Items to consider if previously applied SASB Standards

- Focus on strategic and process-related requirements related to governance, strategy and risk management.
- Use data collection processes for industry-specific metrics.

## 09

# What do they mean for broader sustainability reporting?

## ► Evolution

- The standards are part of the evolution from fragmented, voluntary frameworks to authoritative standard setting.
- The formation of the ISSB provides a natural focal point for the consolidation of investor- and creditor-focused reporting frameworks.

## ► Reporting to meet public policy and other needs

- This is likely to continue as a separate strand of reporting.
- Guideline B-15, issued by the Office of the Superintendent of Financial Institutions (OSFI), mandates climate risk management disclosure specifically for Federally Regulated Financial Institutions (FRFIs). This guideline is broadly consistent with the ISSB Standards.
- Newly enacted anti-greenwashing provisions that amended the *Competition Act* via Bill C-59 are driving Canadian companies to review and potentially revise their sustainability disclosures to mitigate legal risk, ensure compliance and avoid allegations and complaints of greenwashing.

## ► Private companies

- Some private companies are under pressure from investors, lenders, customers and others to improve their sustainability-related credentials and reporting.
- In October 2024, the Canadian federal government announced its intention to amend the Canada Business Corporations Act (CBCA) to require climate-related financial disclosures for large, federally incorporated private companies. It is unclear at this time what these requirements will look like.



# 10 What could you be doing now?

1

## (Re) Establish: Reporting strategy

- Undertake a regulatory impact assessment to determine the sustainability reporting standards that apply to your organization.
- Document your reporting strategy, including any planned voluntary reporting and assurance.
- Conduct a materiality assessment considering the frameworks you plan to comply with.

2

## Assess: Current state

- Identify the differences between all regulations and/or standards you will need/plan to apply and current reporting (including both reporting regulations & anti-greenwashing)
- Conduct a current state maturity analysis of processes, controls, people, technology and governance structures.
- Complete data gap assessment.
- Develop plan to close gaps.

3

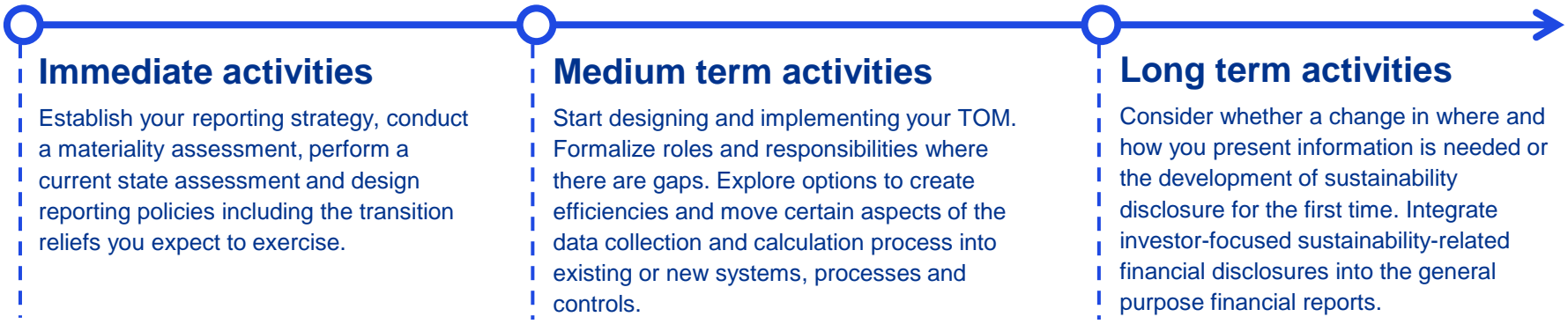
## Design: Reporting policies Target Operating Model (TOM)

- Develop and/or adapt policies, regarding identified material risks and opportunities.
- Develop standard Key Performance Indicator (KPI) definitions and calculation methodologies.
- Determine TOM and solutions to support sustainability reporting and assurance.

4

## Implement: Sustainability reporting roadmap

- Develop roadmap for delivery, identify milestones, interim and final targets.
- Design future reports.
- Rollout of TOM, including implementation and training required.



# Appendix: Incremental transition relief (1/2)

The following table summarizes the transition relief options available in the Canadian Sustainability Disclosure Standards and a comparison to transition relief options available in the IFRS Sustainability Disclosure Standards. The duration of relief is based on the initial year of application.

Relief	Description	Duration of relief in CSSB Standards	Duration of relief in ISSB Standards
<b>Timing of reporting</b>	Companies are not required to publish their sustainability-related financial disclosures at the same time as their general-purpose financial reports for the first three annual reporting periods. <ul style="list-style-type: none"> <li>In year 1, up to 9 months of relief *</li> <li>In year 2 and 3, published within 6 months of a company's year-end</li> </ul>	1 year of up to 9 months relief  2 additional years of up to 6 months relief  <i>* The duration of relief is dependent on the interim information the company provides (required, voluntary or does not provide)</i>	1 year of up to 9 months relief
<b>Comparative information</b>	Comparative information is not required in the first annual reporting period.	1 year	1 year
<b>Non-climate-related risks and opportunities</b>	Disclosure of information about non-climate-related sustainability risks and opportunities is not required in the first two annual reporting periods. <sup>1</sup>	2 years	1 year
<b>Scope 3 GHG emissions</b>	Disclosures of Scope 3 greenhouse gas emissions are not required for the first three annual reporting periods. <sup>1</sup>	3 years	1 year
<b>The use of the GHG Protocol</b>	Companies are allowed to continue their existing measurement method for Scope 1, 2 or 3 greenhouse gas emissions (i.e. measurement other than the GHG Protocol Corporate Standard) in the first annual reporting period. <sup>1</sup>	1 year	1 year
<b>Climate resilience</b>	Companies are not required to use quantitative climate-related scenario analysis for the first three annual reporting periods. <sup>1</sup>	3 years	N/A


<sup>1</sup> Companies are permitted to continue to use this relief when presenting comparative information in subsequent reporting periods.

# Appendix: Incremental transition relief (2/2)

The below illustrates the reporting timeline of a company with a calendar year end applying CSDS 1 and 2 as of January 1, 2025 and utilizing all applicable\* transition relief options



\* Assumes the company has historically used the GHG Protocol Corporate Standard to measure greenhouse gas emissions.

 The CSSB does not have the mandate to require assurance

# Abbreviations and key terms

## CDSB

Climate Disclosure Standards Board – an initiative of CDP (formerly the Carbon Disclosure Project)

## CSSB

Canadian Sustainability Standards Board

## CSSB Standards

Canadian Sustainability Disclosure Standards

## ESRS

European Sustainability Reporting Standards

## GHG

Greenhouse gases

## GRI

Global Reporting Initiative

## IASB

International Accounting Standards Board

## IOSCO

International Organization of Securities Commissions

## ISSB

International Sustainability Standards Board

## ISSB Standards

IFRS® Sustainability Disclosure Standards

## SASB

Sustainability Accounting Standards Board

## TCFD




Task Force on Climate-related Financial Disclosures



# We're here to help

KPMG in Canada is a full-service firm, providing ESG transformation, reporting and assurance services. Our passionate professionals combine deep industry experience and cross-functional business, technology, legal and engineering insights, to help clients stay ahead of the curve at every stage of their ESG reporting journey.

## Insights and resources

<p><b>ESG reporting</b></p> <p>Are you creating long-term value through sustainability reporting?</p>	
<p><b>Mandatory ESG reporting and the audit committee's role</b></p> <p>Mandatory ESG reporting is progressing and audit committees will be pivotal to compliance</p>	
<p><b>Bill C-59: Balancing green goals with economic risks</b></p> <p>What businesses should know about greenwashing under Canada's Competition Act</p>	

## Contact us:

**Katie Dunphy**  
National ESG Reporting Transformation Leader  
[kdunphy@kpmg.ca](mailto:kdunphy@kpmg.ca)

**Farah Bundeali**  
National ESG Assurance Leader  
[fbundeali@kpmg.ca](mailto:fbundeali@kpmg.ca)

**Anthony Buonaiuto**  
National ESG Transformation Leader  
[abuonaiuto@kpmg.ca](mailto:abuonaiuto@kpmg.ca)

**Conor Chell**  
National Leader, ESG Law  
[conorchell@kpmg.ca](mailto:conorchell@kpmg.ca)

**Roopa Davé**  
National Climate Risk Leader  
[rdave@kpmg.ca](mailto:rdave@kpmg.ca)

**Ally Karmali**  
National ESG Data & Technology Leader  
[allykarmali@kpmg.ca](mailto:allykarmali@kpmg.ca)

**Alain Sawaya**  
National Service Line Leader, Supply Chain and Procurement  
[asawaya@kpmg.ca](mailto:asawaya@kpmg.ca)

**Prathmesh Raichura**  
National ESG Governance Leader  
[praichura@kpmg.ca](mailto:praichura@kpmg.ca)

## With thanks to the contributors of this publication:

**Anoosha Lalani**  
Senior Manager, ESG Reporting  
[anooshalalani@kpmg.ca](mailto:anooshalalani@kpmg.ca)

**Trevor Gibbons**  
Director, ESG Reporting  
[tgibbons@kpmg.ca](mailto:tgibbons@kpmg.ca)

**Michael Ort**  
Partner, ESG Reporting  
[mort@kpmg.ca](mailto:mort@kpmg.ca)



[kpmg.com/ifrs](https://kpmg.com/ifrs)



Publication date: February 2025

© 2025 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

*This publication contains copyright © material of the IFRS® Foundation. All rights reserved. Reproduced by KPMG IFRG Limited with the permission of the IFRS Foundation. Reproduction and use rights are strictly limited. For more information about the IFRS Foundation and rights to use its material please visit [www.ifrs.org](http://www.ifrs.org).*

Disclaimer: To the extent permitted by applicable law, the Board and the IFRS Foundation expressly disclaims all liability howsoever arising from this publication or any translation thereof whether in contract, tort or otherwise (including, but not limited to, liability for any negligent act or omission) to any person in respect of any claims or losses of any nature including direct, indirect, incidental or consequential loss, punitive damages, penalties or costs. Information contained in this publication does not constitute advice and should not be substituted for the services of an appropriately qualified professional.

IFRS® Foundation is a registered Trade Mark of the IFRS Foundation and is used by KPMG LLP under licence subject to the terms and conditions contained therein. Please contact the IFRS Foundation for details of countries where its Trade Marks are in use and/or have been registered.