



**Canadian Accounting Standards Board**  
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Submitted by e-mail to [comment@osc.gov.on.ca](mailto:comment@osc.gov.on.ca) and [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

Alberta Securities Commission  
Autorité des marchés financiers  
British Columbia Securities Commission  
Financial and Consumer Services Commission, New Brunswick  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission  
Nova Scotia Securities Commission  
Nunavut Securities Office  
Office of the Superintendent of Securities, Newfoundland and Labrador  
Ontario Securities Commission  
Office of the Superintendent of Securities, Northwest Territories  
Office of the Yukon Superintendent of Securities  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Dear securities administrators,

**Re: CSA Proposed National Instrument 51-107 Disclosure of Climate-related Matters**

This letter is the response of the [Canadian Accounting Standards Board](http://www.frascanada.ca) (AcSB) to the Canadian Securities Administrator's (CSA) Proposed National Instrument 51-107 "Disclosure of Climate-related Matters", issued in October 2021.

**Our process**

As part of developing our response for these proposals, we consulted with our [User Advisory Committee](#). We considered the results of these discussions when developing this letter.

## Our view

The AcSB appreciates the opportunity to comment on the Proposed National Instrument as we support all efforts to improve the quality of financial information that Canadian investors rely on to make decisions. We commend the CSA for taking the initiative to promote consistent and comparable climate-related disclosures among issuers. Through our own consultations, we've observed the growing demand for disclosure of sustainability information from and for a broader range of stakeholders. To this effect, we continue to support the CSA's objective of ensuring investors receive appropriate disclosure on climate-related matters without unduly increasing regulatory burden on issuers.

### *Interaction of these proposals with future climate-related disclosure standards in Canada and globally*

In November 2021, the IFRS Foundation announced the formation of a new International Sustainability Standards Board (ISSB) to develop—in the public interest—a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' information needs. The IFRS Foundation also published prototype climate and general disclosure requirements developed by the Technical Readiness Working Group (TRWG), a group formed by the IFRS Foundation Trustees to undertake preparatory work for the ISSB. The climate-related prototype focusses on disclosures that build on the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations similar to the Proposed National Instrument.

In Canada, the Independent Review Committee on Standard Setting (IRCSS) released its [consultation paper](#) recommending the establishment of a Canadian Sustainability Standards Board (CSSB). The IRCSS proposed that the new board would work alongside Canada's existing standards boards and liaise with the ISSB, ensuring that the Canadian perspective is part of international decision making.

We strongly support consistent and comparable reporting in Canada and globally. As such, we commend the CSA's monitoring of global developments on climate-reporting and the initiative to align the Proposed National instrument with TCFD recommendations similar to the IFRS Foundation's prototype. We encourage the CSA to remain aligned with climate-related disclosure requirements around the world. We also encourage the CSA to monitor the effective dates of new climate-related and broader sustainability standards globally and consider being aligned with those. This will limit the potential for added regulatory burden on reporting issuers in Canada.

Similarly, given the establishment of the ISSB and the potential establishment of the CSSB, we strongly recommend the CSA provide a roadmap on its future direction with climate-related and other sustainability related regulations, as global and Canadian standard setting bodies issue proposals. For example, we heard from our User Advisory Committee that while Scope 3 GHG emissions were important, they are very burdensome for preparers to apply, particularly smaller preparers. These users also thought Scope 1 and 2 should be mandatory disclosures. The proposed rule makes these disclosures optional in a "comply or explain" framework differing from other jurisdictions. However, if GHG emission disclosures are required globally, Canadian companies will benefit from knowing if this optionality may be reversed by the securities administrator in the future. This will help reporting issuers plan for implementation of future standards and establish investor expectations. Further, we encourage the CSA to work closely with these bodies to maintain alignment in the standards to limit the potential for added regulatory burden on reporting issuers in Canada.

We would be pleased to elaborate on our comments in more detail if you require. If so, please contact me or, alternatively, Katharine Christopoulos, Director, Accounting Standards [REDACTED] or Mohamed Hassanali, Principal, Accounting Standards [REDACTED].

Yours truly,

[REDACTED]

Linda F. Mezon-Hutter, FCPA, FCA, CPA (MI), CGMA  
Chair, Canadian Accounting Standards Board

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#### **About the Canadian Accounting Standards Board**

We are an independent body with the legal authority to establish accounting standards for use by all Canadian publicly accountable enterprises, private enterprises, not-for-profit organizations and pension plans in the private sector. We are comprised of a full-time Chair and volunteer members from a variety of backgrounds, including financial statement users, preparers, auditors and academics; a full-time staff complement supports our work.

#### **Our standards**

We have adopted IFRS<sup>®</sup> Standards as issued by the IASB for publicly accountable enterprises. Canadian securities legislation permits the use of U.S. GAAP in place of IFRS Standards in certain circumstances. We support a shared goal among global standard setters of high-quality accounting standards that result in comparable financial reporting outcomes regardless of the GAAP framework applied.

We developed separate sets of accounting standards for private enterprises, not-for-profit organizations and pension plans. Pension plans are required to use the applicable set of standards. Private enterprises and not-for-profit organizations can elect to apply either the set of standards developed for them, or IFRS Standards as applied by publicly accountable enterprises.

#### **Our role vis-à-vis IFRS Standards**

Our responsibility to establish Canadian GAAP necessitates an endorsement process for IFRS Standards. We evaluate and rely on the integrity of the IASB's due process as a whole, and monitor its application in practice. In addition, we perform our own due process activities for each new or amended IFRS Standard to ensure that the standard is appropriate for application in Canada. We reach out to Canadians on the IASB's proposals to understand and consider their views before deciding whether to endorse a final IFRS Standard. A final standard is available for use in Canada only after we have endorsed it as Canadian GAAP.