

Sent via electronic mail and form

June 10, 2024

Lisa French
 Vice-President, Sustainability Standards
 Canadian Sustainability Standards Board
 277 Wellington Street West
 Toronto, Ontario M5V 3H2

Subject: UPP comments on Canadian Sustainability Disclosure Standard Exposure Drafts

Dear Chair St-Jean, other members of the Canadian Sustainability Standards Board and Ms. French:

University Pension Plan Ontario (UPP) is a jointly sponsored defined benefit pension for Ontario's university sector. UPP manages nearly CAD\$11 billion in pension assets and proudly serves over 39,000 members across four universities and 12 sector organizations. UPP is growing a resilient fund to secure pension benefits for members today and for generations to come and is open to all employers and employees within Ontario's university community.

UPP supports the Canadian Sustainability Standards Board's (CSSB) efforts to adopt the International Financial Reporting Standards (IFRS) Foundation's International Sustainability Standards Board (ISSB) IFRS S2 Climate-related Disclosures (IFRS S2) and IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) (ISSB Standards) almost in their entirety for use in Canada. We support the IFRS Foundation's objective of, "delivering timely, consistent and comparable sustainability-related financial information to users of general-purpose financial reports," as outlined in its *Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards*.

Below, we have provided responses to the specific questions posed in the consultation but first, we would like to share some general recommendations on Canadian Sustainability Disclosure Standard (CSDS) 1, General Requirements for Disclosure of Sustainability-related Financial Information and Canadian Sustainability Disclosure Standard (CSDS) 2, Climate-related Disclosures (CSSB Standards) and sustainability disclosure standard setting in Canada.

General recommendations to the CSSB

1. Fully adopt ISSB Standards.

We strongly support the CSSB in its position that: "The CSSB recognizes the benefits of global standardization of sustainability disclosure standards to the Canadian public interest and, therefore, supports the incorporation of IFRS Sustainability Disclosure Standards in Canada to the fullest extent possible" (CSSB, Proposed Criteria for Modification Framework).

2. Only change the effective date and provide no other transition relief.

We agree with the CSSB's proposal that, "CSDS 1 and CSDS 2, once finalized, become effective on the same date". We also recommend that the only changes to the ISSB Standards by the CSSB should be to change the effective dates to January 2025 instead of January 2024. Canada's securities regulators expect to consider the question of

effective dates and transition relief, but the CSSB, as the disclosure standard setter, should not itself weaken the ISSB Standards.

The ISSB provided some temporary, first year, transition standard reliefs in IFRS S1 and IFRS S2 relating to 'climate-first' reporting, the timing of reporting, comparative disclosures, the GHG Protocol and Scope 3 GHG emissions. Those transition reliefs flow through to CSDS 1 and CSDS2 and are sufficient.

3. Prioritize addressing the rights of First Nation, Métis and Inuit Peoples in the context of CSDSs.

We agree that consideration of the rights of Indigenous Peoples is a required and important addition to Canadian sustainability and climate disclosure standards, which is justified by Section 35 of the Canadian Constitution Act, 1982, and by Bill C 15 which provides that the Government of Canada take all measures necessary to ensure Canadian laws are consistent with the United Nations Declaration of the Rights of Indigenous Peoples (UNDRIP). As such, the government has a duty to consult and, where appropriate, accommodate Indigenous Peoples, and in some cases may require consent of Indigenous peoples where conduct may adversely impact treaty or Aboriginal rights and title. The government often delegates some aspects of these obligations to industry. While the rights of Indigenous peoples are not yet covered in the ISSB Standards, we note that the CSSB has committed to creating an engagement plan and has tentatively scheduled a strategic plan consultation to begin in Q4 2024. The CSSB has an opportunity to demonstrate leadership by addressing both the need for standards of disclosure related to the rights of Indigenous Peoples and to establish such standards through a co-development process with Indigenous peoples.

4. Reduce the reporting burden for Canadian entities and support their global competitiveness.

We view adoption of ISSB Standards as issued, as the only credible route, and indeed the only viable route, for Canadian companies to remain globally competitive. Companies often state that the variety and number of different ESG reporting and disclosure standards, frameworks and expectations can be confusing to navigate and resource-intensive to comply with. Adoption of the ISSB Standards across markets, would enable companies operating across different geographies to overcome this challenge and streamline disclosure to what matters most to investors.

Global investors have now coalesced around the ISSB Standards as the preferred standards (as evidenced by the members of the ISSB's Investor Advisory Group). Regulators have done the same: The International Organization of Securities Commissions (IOSCO) issued statement on July 25, 2023 that "After a detailed analysis, IOSCO has determined that the ISSB Standards are appropriate to serve as a global framework for capital markets to develop the use of sustainability-related financial information in both capital raising and trading and for the purpose of helping globally integrated financial markets accurately assess relevant sustainability risks and opportunities"; The European Financial Reporting Advisory Group (EFRAG) has recognized equivalencies with the European Sustainability Reporting Standards; and, some 18 jurisdictions, including major markets in Asia, are already on the path to adopting the ISSB Standards. Failure to adopt the global baseline in Canada may not only risk entities falling short of meeting global and domestic investor's expectations in the near-term, but also risk entities having to implement Canada's final standards as well as European reporting standards, which could be more onerous for entities over time. The full adoption of IFRS S1 and IFRS S2 through CSSB Standards will benefit Canadian entities by providing clarity, simplicity and interoperability of disclosures in the long run.

What is more, Canada and other jurisdictions will have their approach to using the ISSB Standards assessed and publicly described by the IFRS Foundation as outlined in its Inaugural Jurisdictional Guide for the adoption or other

use of ISSB Standards. It can be expected that the primary users of general-purpose financial reports will reference the IFRS Foundation's assessment of a jurisdiction to inform their views of the sustainability-related and climate-related disclosures of entities in the jurisdiction. These primary users will likely look more favourably on entities hailing from jurisdictions that are fully adopting ISSB Standards than entities hailing from jurisdictions that are only partially incorporating the ISSB Standards, adopting the ISSB Standards with limited or extended transition, or only adopting the climate requirements in ISSB Standards.

5. Encourage the Canadian Securities Administrators to move quickly to mandate disclosures aligned with both CSDS 1 and CSDS 2.

While we have supported a 'climate-first' approach to disclosure in the CSA's past consultations, we have also emphasized the importance to investors of consistent, comparable, and relevant industry-specific information on sustainability-related matters beyond climate. The need for this information by investors has only grown in the past few years since the CSA last consulted on the issue. The publication of IFRS S1 and the proposed domestication of these standards into Canada through the work of the CSSB, establish a clear path and case for the CSA to mandate disclosures beyond climate, supported by a strong body of global and domestic evidence.

The CSA does not need to, and should not, reinvent or reshape the globally accepted ISSB Standards once domesticated by the CSSB. We agree with the CSA's statement that: "We think that Canadian sustainability standards should be aligned with international sustainability reporting standards as issued by the International Sustainability Standards Board (ISSB) to the extent possible, however we acknowledge that it may be necessary to adapt the standards developed by the ISSB to the unique considerations of Canada" (CSA, letter to Independent Review Committee on Standard Setting in Canada).

If the CSA is not yet ready to mandate sustainability-related disclosures beyond climate, it should be encouraged to disclose a clear timeline for doing so. We recognize the unique and independent role the CSSB plays in the development of high-quality, internationally recognized sustainability disclosure standards for Canada and encourage Canada's securities regulators to support the CSSB through the implementation of the standards that it adopts.

6. Support the proportionate application of the CSSB Standards to companies of all sizes.

We recognize that small and medium companies may not be able to scale existing systems and reporting structures (like larger companies) or otherwise have the capacity to implement the CSSB Standards to their full extent; however, to support the growth, strong governance, and investment-attractiveness of Canadian companies of all sizes, small and mid-sized companies must be supported to implement the standards as reasonable and proportionate to their size. CSDS 1 and CSDS 2 both provide for proportional application of aspects of the Standards by entities of different sizes and capabilities. They refer to "reasonable and supportable information that is available at the reporting date without undue cost or effort" and "the skills, capabilities and resources available to the entity".

Regulators are well placed to provide guidance on how proportionality-related measures embedded in the CSSB Standards could be implemented by smaller entities to help them address the required time and resource requirements. Guidance from regulators is preferable to amendments of the CSSB Standards directly and the CSSB should support regulators in implementing this approach. The Canadian Securities Administrators differentiate disclosure and governance requirements between Venture and non-Venture companies for the purposes of the public securities markets. Other markets, such as Europe, have adopted a three-pronged approach to defining small companies for sustainability disclosures which considers employees, assets and revenues. No such universally

applicable wholistic measure of size exists in Canada. We encourage regulators to work with each other and with stakeholders, including the CSSB and FRAS Canada to develop a common definition of small companies and guidance on proportionate application of the CSSB Standards to such companies.

7. Support the application of the CSSB Standards to private companies.

The CSSB Standards should eventually apply to both privately held companies and those that have publicly traded securities and the CSSB should work to advance this broad application. CSDS 1 and CSDS 2 will provide investors, boards, and management teams with material sustainability-related and climate-related information to support their management and oversight practices and their usefulness is not limited to publicly traded companies.

Some other jurisdictions have already begun to apply disclosure standards to privately held companies. For example, California's Climate Corporate Data Accountability Act requires U.S. companies, both those that are privately owned and those that have publicly traded securities, to disclose scope 1, 2 and 3 emissions if they do business in California and have annual revenues that exceed USD 1 billion per year. California's Climate-Related Financial Risk Act requires those same companies, as well as those with annual revenues exceeding USD 500 million per year, to prepare and disclose a climate-related financial risk report in accordance with the recommended framework and disclosures contained in the Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures or any successor thereto, which would include ISSB S2.

In another example, the European Sustainability Reporting Standard (ESRS) lays out the framework for mandatory disclosures from companies, including privately held companies, on sustainability issues. The Corporate Sustainability Reporting Directive (CSRD) outlines the content that must be included in corporate sustainability disclosures of these companies. Taken together, these two regulations require large privately held companies to conduct double materiality assessments, disclose Scope 1, 2 and 3 emissions, GHG intensity metrics, and the methodology used to calculate this information. The climate-related disclosure requirements align to the Taskforce on Climate-related Financial Disclosures (TCFD) recommendation structure. The CSSB should promote adoption of CSDS 1 and 2 by Canadian privately held companies to better align with international peers and provided necessary information for private market investors.

8. Support the development of further guidance for pension funds and other entities that are not profit-oriented.

These comments are drafted from our perspective as a primary user and an employer of investment managers that are primary users of sustainability-related financial disclosures. We note however that CSDS 1 and CSDS 2 use terminology suitable for profit-oriented entities and that further guidance could help us as pension fund considering our own disclosures as a reporting entity. As such, we encourage the CSSB to support the development of guidance for pension funds and other entities that are not profit-oriented using the CSSB Standards.

Comments in response to specific questions

Canadian Sustainability Disclosure Standard (CSDS) 1, General Requirements for Disclosure of Sustainability-related Financial Information

1. Scope of proposed CSDS 1 (proposed paragraphs 1-4 of CSDS 1)

(a) Do you agree that the two-year transition relief for disclosures beyond climate-related risks and opportunities is adequate? Please provide your reasons.

No, we do not agree that the two-year transition relief for disclosures beyond climate-related risks and opportunities is appropriate.

The transition relief included in IFRS S1 is sufficient: As noted by the IFRS in its *Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards*, the ISSB already provides some temporary, first year, transition standard reliefs in IFRS S1 and IFRS S2 relating to 'climate-first' reporting, the timing of reporting, comparative disclosures, the GHG Protocol and Scope 3 GHG emissions. The ISSB Standards were first proposed more than two years-ago and the final standards will have been publicly available in the global capital marketplace for nearly a year as of the closing date of the CSSB's consultation. Entities do not require additional transition relief to disclose against the standards.

The Standard addresses proportionality: Proportionality, to address the challenges some entities might face when applying the CSSB Standards, is already included in the proposed CSSB Standards. The flexibility afforded by the concepts of, "reasonable and supportable information that is available at the reporting date without undue cost or effort," and, "the skills, capabilities and resources available to the entity," is sufficient.

Disclosure of material sustainability-related information is already required: Material sustainability-related information is important for investors, boards and management teams and should already be disclosed under Canadian securities law. Notably, CSDS 1 is limited by materiality considerations as outlined in paragraph B25, "An entity need not disclose information otherwise required by a CSDS if the information is not material. This is the case even if the CSDS contains a list of specific requirements or describes them as minimum requirements." Thus, CSDS should be understood as providing clarity to Canadian entities on how to disclose material sustainability-related information for investors, not a requirement for substantively new disclosures.

Canadian companies could be disadvantaged: We caution that this relief may place Canadian companies at a disadvantage relative to foreign entities that are reporting across all sustainability-related issues. The effective date of IFRS S1 has already passed and further delays could cause Canadian companies to deviate further from the global baseline. Delays and deviations from the ISSB Standards may detrimentally impact the attractiveness of Canadian capital markets to both global investors and domestic Canadian investors.

(b) If you do not agree that the two-year transition relief is adequate, what transition relief do you believe is required? Please provide your reasons.

One year of transition relief for disclosures beyond climate-related risks and opportunities, as included in IFRS S1, is sufficient as per above.

2. Timing of reporting (proposed paragraphs 64-69 of CSDS 1)

(a) Is any further relief or accommodation needed to align the timing of reporting? If yes, specify the nature of the relief or accommodation and provide the rationale behind it.

No further relief or accommodation is needed to align the timing of sustainability-related financial disclosures and related financial statements.

Flexibility is already enshrined in the CSSB Standard: While we understand entities, including ourselves, may face challenges during the initial years of implementation, the CSSB Standards already afford flexibility through the

concepts of, “reasonable and supportable information that is available at the reporting date without undue cost or effort,” and, “the skills, capabilities and resources available to the entity.” This flexibility is sufficient.

We emphasize that the end-state should be concurrent reporting in alignment with ISSB Standards and that entities should already be starting efforts to report concurrently. The CSSB could assist entities with additional guidance and support on this important requirement.

(b) How critical is it for users that entities provide their sustainability-related financial disclosures at the same time as its related financial statement?

It is critical for users that entities eventually provide their sustainability-related financial disclosures at the same time as its related financial statements.

As a primary user and an employer of investment managers that are primary users of sustainability-related financial disclosures, we strongly support the provision of sustainability-related financial disclosures at the same time as the financial statements to which they relate. We recognize that this may be a challenging exercise for some companies but we do not believe that further relief or accommodation is needed to align the timing of reporting, beyond what is already provided by the ISSB Standards.

Better information: Alignment of the sustainability-related financial disclosures and the related financial statements is important to address investors’ needs for information that is comparable, consistent and decision-useful. Alignment of timing permits investors to obtain a clear picture of the financial impacts and benefits of sustainability-related metrics and targets in the context of the complete financial position of the company. Delivery of the sustainability-related information at the same time as its related financial statement and the connectivity inherent in that alignment also elevates the level of governance oversight and accountability applied to the disclosures, improving its quality and reliability for investors.

Links between sustainability-factors and financial performance: The alignment of the reporting of financial and sustainability disclosures also underscores to the market that the connectivity of the sustainability and financial statement data is as material to investor decision-making as the financial data on its own. In addition, timing consistency and predictability in reporting can better inform investor evaluations with respect to voting decisions at shareholder meetings and matters such as executive performance and related compensation tied to sustainability targets.

Flexibility is already enshrined in the Standard: The CSSB Standards already afford sufficient flexibility through the concepts of, “reasonable and supportable information that is available at the reporting date without undue cost or effort,” and, “the skills, capabilities and resources available to the entity”.

Delay may add complexity: Investors, as primary users of the information, recognize that disclosure practices including for data collection and data quality will improve over time, but the expectation that sustainability and financial disclosures be issued at the same time should be established from the start to enable improvement. Not establishing this expectation up front will likely add costs and reporting burden if internal sustainability data collection and reporting systems continue to be developed for timelines independent of financial reporting timelines only to be subsequently redeveloped to align with financial reporting systems later. The result is greater overall complexity and cost rather than relief.

Stewardship (engagement and proxy voting) can be less effective without contemporaneous disclosure: Investor stewardship activities are more effective when investors are sufficiently informed about current sustainability and financial information pertinent to the companies in question. Where disclosures are mismatched analysis, voting decisions and engagement activities are conducted based on past risks and information, which may no longer be correct and results in less productive dialogue and decision making for all parties. Further, collaborative engagement initiatives often conduct benchmarking exercises to support their efforts (for example, Climate Action 100+ and CDP). Delays in sustainability disclosures can frustrate these benchmarking exercises. For example, Climate Engagement Canada uses June 1st as its disclosure deadline for benchmarking climate disclosures to create its annual net-zero benchmark. Representing 46 investors with over \$6 trillion in assets under management this June 1st timeline would capture more timely climate disclosures if entities had to provide their sustainability-related financial disclosures at the same time as their related financial statements.

3. Other issues

Do you agree that the requirements in the following sections are appropriate for application in Canada?

Please explain the rationale for your answer.

Yes, the following sections are appropriate for application in Canada: a) Scope, (b) Conceptual Foundations, (c) Core Content, (d) General Requirements, (e) Judgments, Uncertainties and Errors, and (f) Appendices A-E.

As noted above, we support the full adoption of ISSB Standards without amendment.

Canadian Sustainability Disclosure Standard (CSDS) 2, Climate-related Disclosures

1. Climate resilience (proposed paragraph 22 of CSDS 2)

(a) Is transition relief required for climate resilience disclosure? If so, for how long and why?

No, transition relief is not required for climate resilience disclosure.

Entities should start scenario analysis: Scenario analysis was included in the TCFD recommendations in 2017, so many companies have already developed capabilities in this area, and it is not a new ask of entities. Entities, who have not already begun can greatly benefit from starting to conduct scenario analysis, even if just qualitatively, and learn as the practice, vendor capabilities and data evolve. By starting preparations based on existing guidance, Canadian entities can enhance their readiness ahead of mandatory application of CSSB Standards. So long as entities act in good faith and make duly diligent efforts to be as accurate as possible in their disclosures, they should be protected from liability.

Flexibility is already enshrined in the Standard: While we understand entities, including investors and pension plans like UPP, may face challenges in conducting scenario analysis, the CSSB Standards already afford sufficient flexibility through the concepts of, "reasonable and supportable information that is available at the reporting date without undue cost or effort," and, "the skills, capabilities and resources available to the entity".

Scenario analysis is important: Former Governor of the Bank of Canada Mark Carney recently stated that scenario analysis/stress testing is one of the four fundamental building blocks required for boards, management, and prudential supervisors to anticipate and manage climate-related risks.

Other jurisdictions are not providing further relief: Aligned with IFRS S2, international jurisdictions, including Australia and Japan are not granting companies additional transition relief for climate resilience disclosure.

(b) Is further guidance necessary? If so, which specific elements require guidance and why?

No further climate scenario guidance is required from the CSSB or other Canadian entities.

There is already considerable guidance available in Canada and internationally that Canadian entities could apply.

(c) Proposed CSDS 2 references the Task Force on Climate-related Financial Disclosures' "Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities" (2017) and its "Guidance on Scenario Analysis for Non-Financial Companies" (2020) for related application guidance. What additional guidance would an entity applying the standard require? Please be specific.

There is already considerable guidance on scenario analysis, including from the Office of the Superintendent of Financial Institutions, the TCFD, the Bank of England, the UK Institute and Faculty of Actuaries, and the European Union. CPA Canada or the CSSB, could provide an ongoing summary of the international guidance for Canadian users of CSDS 2. However, the requirement to undertake scenario analysis, even if it begins as basic risk analysis of possible scenarios, does not need to wait for this summary guidance.

2. Scope 3 GHG emissions (proposed paragraph C4 of CSDS 2)

(a) Is the proposed relief of up to two years after the entity applies proposed CSDS 2 adequate for an entity to develop skills, processes and the required capacity to report its Scope 3 GHG emissions disclosures at the same time as the general-purpose financial reports? Please provide rationale.

No, the proposed relief of up to two years after the entity applies proposed CSDS 2 to report its Scope 3 GHG emissions disclosures is not required.

Guidance on climate-related disclosure and methodologies have been around for years: The Scope 3 Standard of the GHG Protocol and CSA Staff Notice 51-333 concerning environmental reporting guidance were released more than a decade ago and the TCFD's recommendations to measure and disclose emissions were issued seven years ago. The CSA published proposed National Instrument 51-107 *Disclosure of Climate-related Matters* more than two years ago and while not mandatory, it proposed that both non-venture and venture issuers would disclose Scope 3 GHG emissions and the related risks.

Scope 3 emissions are often material: *CDP Technical Note: Relevance of Scope 3 Categories by Sector* indicates that "Scope 3 emissions represent the majority of emissions for many sectors, so it is crucial that companies are aware of, and are measuring, all relevant sources of Scope 3 emissions in their value chain." Furthermore, the CSSB noted in the CSDS 2 consultation document, "It is widely recognized that, for many entities, Scope 3 GHG emissions make up a significant part of the entity's total GHG emissions inventory. Scope 3 GHG emissions information is, therefore, critical for investors to understand an entity's exposure to climate-related risks and opportunities within its value chain."

A significant proportion of Canadian companies will already need to disclose Scope 3 GHG emissions by the middle of 2026: Domestic systemically important banks and internationally active insurance groups have already been mandated by the Office of the Superintendent of Financial Institutions to disclose absolute Scope 3 GHG emissions for fiscal years ending in 2025 with the remaining federally regulated financial institutions required to disclose for fiscal

years ending in 2026 – all via Guideline B-15: Climate Risk Management. In order to fulfill this disclosure obligation, financial institutions will be turning to their clients, business partners and investees to provide information to inform these calculations. Furthermore, Canadian companies with sufficient operations in California and/or Europe also will be required to provide Scope 3 GHG emission disclosure in the near future.

Canadian companies could be disadvantaged: We caution that any relief that delays Canadian disclosure of Scope 3 GHG emissions may place Canadian companies at a disadvantage relative to foreign entities that are already or will be reporting Scope 3 GHG emissions.

Focus on salient Scope 3 categories: There is more value for both management and investors in an entity identifying the most salient subcategories of Scope 3 GHG emissions for disclosure and management rather than attempting to calculate all categories in detail. We understand that the current CSDS 2 allows for this approach to disclosure: as described in CSDS 2, Section 29 (a) (vi) (1), the reporting entity is not required to report every category of Scope 3 emissions but rather to identify the categories included within the entity's measure of Scope 3 greenhouse gas emissions. The Standard thus allows entities to focus on the most material emissions and identify those for which it has the greatest ability to influence. This focus on salient Scope 3 categories should be reflected in any related regulatory requirements.

Safe harbour: As CSDS 2 is itself a voluntary standard, the question of safe harbour for Scope 3 disclosures made in good faith is an issue for the Canadian Securities Administrators to clarify in regulations for climate-related disclosures. While we support inclusion of Scope 3 data in regulated disclosures, entities should have access to safe harbour provisions for at least a transition period while data availability, capacity and methodologies develop further.

Finally, as noted above, **flexibility is already enshrined in the Standard:** While we understand entities, including ourselves, may face challenges conducting calculating and reporting Scope 3 GHG emissions, the CSSB Standards already afford sufficient flexibility through the concepts of, "reasonable and supportable information that is available at the reporting date without undue cost or effort," and, "the skills, capabilities and resources available to the entity".

(b) If you do not agree that two-year transition relief is sufficient, what relief period do you believe is required? Please provide your rationale for the timing you have provided.

One year of transition relief to provide Scope 3 GHG emissions disclosures, in alignment with IFRS S2, is sufficient as per above.

3. Other issues

Do you agree that the requirements in the following sections are appropriate for application in Canada? Please explain the rationale for your answer.

Yes, the following sections are appropriate for application in Canada: (a) Objective, (b) Scope, (c) Core content, and (d) Appendices A-C.

As noted above, we support the full adoption of ISSB Standards without amendment.

Proposed Criteria for Modification Framework

1. Do you agree with the CSSB's proposed criteria to assess modifications, namely additions, deletions and amendments to the ISSB's global baseline standards? Please provide reasons.

No, we do not agree with the CSSB's proposed criteria and we recommend not having any predetermined criteria for additions to, deletions from, or other amendments of the ISSB Standards in the CSSB Standard Setting Due Process Manual. The manual already contains the requirement to only very rarely modify the ISSB's global baseline standards when it is in the Canadian public interest, and this is sufficient. To underscore the intentionally limited approach to modification, we recommend that the following sentence be inserted into paragraph 33 of the CSSB Standard Setting Due Process Manual, just as it appears in the Accounting Standards Board Standard-setting Due Process Manual (paragraph 30): "This is expected to be rare."

The ISSB developed standards are intended to be the global baseline: The ISSB foresaw that some jurisdictions would want to add incremental disclosure requirements beyond the global baseline and has supported a, "building block" approach that allows for additions to the global baseline but not modifications or deletions. As such, the CSSB should limit additions to the ISSB's global baseline standards to rare circumstances that are required in the Canadian public interest, such as addressing the rights of Indigenous Peoples, and should not make any deletions or modifications.

The CSSB and the Accounting Standards Board should clarify the meaning of "Canadian public interest" in the context of their Due Process manuals and additions to global standards: The objective of CSDS 1 and 2 is to require an entity to disclose information about its sustainability-related and climate-related risks and opportunities that are useful to primary users of general-purpose financial reports. Investors are the primary users of this information and, "Canadian public interest" must be interpreted through the needs of investors as the intended primary users of the disclosures. Absent guard rails on interpretation, a broad concept of the public interest risks being detrimental to the intended primary users of the disclosures and could be detrimental to the future competitiveness of Canada's capital markets.

For example, the ISSB noted in its *Preview of the Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards* that, "in considering the extent to which the benefits of implementing IFRS S1 and IFRS S2 outweigh the implementation challenges and costs, the ISSB has observed that jurisdictional adherence to a global reporting framework can be an important determinant of capital providers' confidence in a capital market's disclosure regime."

In addition to the abovementioned overarching comments, we recommend deleting the proposed criteria for the following reasons:

- We recommend deleting criteria 1.(a) because it is redundant. Paragraphs B31, B32 and B33 of CSDS 1 already address how interactions with laws and regulations should be dealt with.
- We recommend deleting criteria 1.(b) because it could undermine the establishment of a global baseline standard and is not consistent with the ISSB's objectives. The ISSB likely does not have the capacity to establish an adequate global process to recognize that, "different provisions or practices may apply in different jurisdictions." It is also not clear who will determine if Canada is a jurisdiction to which different provisions and practices may apply.

- We recommend deleting criteria 2 because it is redundant. The Canadian public interest consideration is already documented in the CSSB Standard Setting Due Process Manual, and we view maintaining the quality of sustainability disclosure in Canada to be in the Canadian public interest.

2. Are there other criteria that the CSSB should consider including in its proposed Criteria for Modification Framework?

No, as noted above, we recommend not having any predetermined criteria for additions to, deletions from, or other amendments of IFRS Sustainability Disclosure Standards. If the CSSB continues to have Criteria for Modification then we recommend that they should consider requiring a higher threshold to justify deletions from or other amendments to ISSB Standards, as, unlike additions that would rely on the “building block” approach, deletions and other amendments would undermine the development of a global baseline.

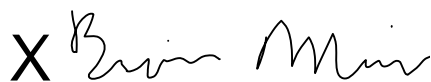
Conclusion

UPP strongly supports proposed CSDS 1 and CSDS 2 and the full adoption of ISSB Standards. It is critically important that Canada adopt a consistent and comparable global baseline of climate-related and sustainability-related financial disclosures to meet the needs of capital and financial markets. CSDS 1 and CSDS 2 will ensure the integrity of sustainability- and climate-related accounting and disclosure, which is in the interests of all Canadians. UPP applauds the work of the CSSB, and we look forward to supporting your efforts as you move forward to finalize and implement the standards with the support of Canada’s securities regulators and governments.

Do not hesitate to contact me at brian.minns@universitypensionplan.ca or +1 416-417-2587 if you require any additional information.

Thank you,

 Recoverable Signature



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Brian Minns

Senior Managing Director, Responsible Investing