

March 2024

Advancing Sustainability Reporting: Canadian Standards Align with Global Framework

On March 13, the [Canadian Sustainability Standards Board \(CSSB\)](#) released its [first proposed Canadian Sustainability Disclosure Standards \(CSDS\)](#), marking a significant advance in sustainability reporting in Canada. CSDS's primary objective is to align with the global baseline standards developed by the [International Sustainability Standards Board \(ISSB\)](#), while also incorporating adjustments tailored to Canadian-specific reporting needs. CSDS alignment with ISSB ensures that disclosures of Canadian companies maintain a level of consistency and comparability with their international counterparts. In addition to facilitating disclosure of sustainability performance, CSDS also aims to encourage more meaningful sustainable action.

Some of the adjustments include the following:

- differences in application dates.
- inclusion of transition relief periods for several requirements, including those on climate-resiliency assessment and scope 3 GHG emissions. These transitional measures are intended to accommodate the relative novelty of scenario-analysis methodologies among Canadian reporting entities and to address existing measurement uncertainties surrounding scope 3 GHG emissions.

The CSSB is inviting comments and feedback from all interested parties on the proposed standards, with submissions due by June 10.

Evolution of Climate Governance: A 2024 Perspective from AICD

The [Australian Institute of Company Directors \(AICD\)](#) released its ["Climate Governance Study 2024"](#), intended to provide a "temperature check" to assess how "perspectives and actions on climate governance are evolving".

The AICD study found that since its inaugural 2021 study, better practices have evolved along several dimensions:

Strategy:

- top company directors are pursuing longer-term strategies;
- transition increasingly perceived as an opportunity, rather than just a risk to business as usual; and
- focus on both climate and nature as holistic topics.

Execution:

- executing climate strategy through a whole organization approach, ensuring the CFO is centrally involved and incentivizing the full leadership teams to address climate issues; and
- externally validating transition plans.

Governance:

- reviewing existing governance structures and processes;
- making climate and sustainability part of regular board calendars; and
- investing in board & senior executive climate upskilling and briefings with experts.

Net-Zero Banking Alliance (NZBA) Strengthens Banking Climate Commitments with Updated Guidelines

On March 13, the [Net-Zero Banking Alliance \(NZBA\)](#) released the [second version of its Guidelines for Climate Target Setting](#), following a comprehensive review led by NZBA member banks. While the release received considerable praise, it also encountered notable criticism. The revisions were lauded for broadening the target scope to include banks' capital markets activities in addition to lending and investment activities, the refinement of technical language to reflect advancements in "practices, methodologies and data availability" and the preservation of the key principles and ambitions of the original guidelines.

However, critics complained about a number of shortcomings and missed opportunities:

1. The guidelines overlook [crucial issues](#), notably the discrepancy between sectoral intermediate targets and net-zero commitments among member banks.
2. [Reclaim Finance](#) (an NGO) raised [concerns](#) that allowing banks to report both facilitated and financed emissions as a single figure makes such data less actionable.
3. Reclaim Finance [found](#) that only requiring banks to "publish a high-level transition plan, which may be a part of existing disclosures" is vague.

Overall, the updated guidelines represent a significant step (or as [some](#) call two steps) forward in strengthening banking climate commitments.