

## Sustainability Reporting in Europe and Its Importance to Canada

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### Abstract

The Canadian Sustainability Standards Board (CSSB) is in charge of establishing all the standards related to sustainability in Canada. All the standards used in Canada are in line with the European standards, which is created by the International Sustainability Standards Board (ISSB). This board is part of the International Financial Reporting Standards (IFRS) Foundation. Companies located in the European Union and the organizations they do business with have to have a sustainability report in accordance with ISSB.

The International Sustainability Standards Board (ISSB) has issued two standards so far, namely IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. The information, which is given by the entity should be comparable, timely, verifiable and clearly understandable by everyone. The sustainability report should be given with related financial statements, and the disclosures should cover the same period as the financial statements.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information mandates that the entity should disclose information related to the sustainability risks and opportunities, which have an effect on the cash flow of the entity. The information should include how to monitor and manage sustainability-related risks and opportunities on:

- (a) the governance processes, controls and procedures
- (b) the strategy of the entity
- (c) its risk management processes
- (d) metrics and targets which reflect the entity's performance

IFRS S2 Climate-related Disclosures requires the entity should disclose information about its climate-related physical risks, climate-related transition risks and climate-related opportunities. The entity needs to reveal all the quantitative and qualitative climate-related targets to accomplish its strategic goals, including greenhouse gas emissions targets.

If Canadian firms plan to do trade with Europe, they have to understand IFRS' sustainability standards. They need to disclose the necessary information by presenting a sustainability report at the customs of the European country.

### Keywords

Sustainability, sustainability standards, CSSB, ISSB, IFRS.