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Re: Proposed amendments to the SASB Standards and IFRS S2 Industry-based Guidance

We appreciate the opportunity to respond to the International Sustainability Standards Board (ISSB) on its proposed amendments to the Sustainable Accounting Standards Board (SASB) Standards and the IFRS S2 Industry based Guidance for the Electric Utilities & Power Generators sector, as outlined in the Exposure Drafts.

Electricity Canada is the national forum and authoritative voice of the electricity sector in Canada. Its members represent approximately 90% of the country's electricity generation, transmission, distribution, and power marketing, as well as leading manufacturers and suppliers to the industry.

The sector has made significant progress in reducing greenhouse gas emissions and advancing climate adaptation. Today, more than 80% of Canada's electricity is generated from renewable and non-emitting sources, including hydro, nuclear, wind, and solar.¹ At the same time, Canada's electricity system remains highly reliable, delivering power 99% of the time². Investment in infrastructure is also strong, with expenditures totalling approximately \$24.14 billion in 2024³, underscoring our sector's commitment to modernizing and upgrading energy systems. These achievements demonstrate the industry's proactive and sustained approach to advancing sustainability at a national scale.

The proposed amendments are a significant increase compared to what is currently required by the SASB standards. It is therefore important that the updates reflect practical, decision useful disclosures

¹ NRCAN. (2025, August 18). Canada's clean electricity future <https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/clean-electricity.html>

² Electricity Canada (March 2026) Electricity 101 Report. <https://www.electricity.ca/publications/electricity-101/>

³ Electricity Canada Staff. (2025). Powering Progress Initiative- 2025 Scorecard. <https://www.electricity.ca/files/SE-Scorecard-2025-v2-FINAL.pdf>



with clearly articulated outcomes. As such, we have identified key areas where reconsideration by the ISSB is required.

Greenhouse Gas Emissions & Energy Resource Planning

Given the scale and distributed nature of utility operations in Canada, clearer guidance is required regarding IF EU 110a.6 and IF EU 110a. 7. The proposed metrics as drafted are onerous and introduce significant uncertainty for our sector. Forward-looking disclosures, such as planned capacity by energy source, would benefit from longer time horizons to balance transparency with commercial sensitivity, evolving assumptions and regulatory context.

IF-EU-110 a.7 requires a subjective narrative in an area without established methods for measuring ‘influence’ of climate-related risks and opportunities. This challenge is particularly acute in Canada’s electricity sector where capital planning is determined through the regulatory approval processes and integrated resource plans, within which climate-related considerations are increasingly being embedded alongside reliability, affordability and policy requirements. Without clear measures, information will neither be comparable, nor auditable and is likely to be overstated.

It's important to note that climate-related risks are weighted differently across Canada i.e. wildfires verses flooding and thus makes standardization difficult unless the denominator is consistent for comparison. Reporting on non-contractual commitments risks disclosing projects that may not be completed and increases the risk of retraction.

Water Management Disclosure

Clarification is needed on the scope and application of the proposed water management metrics (IF EU 140a.1, IF EU 140a.3, and IF EU 140a.4) and whether these metrics apply exclusively to electricity generation activities as other forms of generation that typically have limited or incidental water use may be unintentionally captured by these requirements. Further clarification is also needed regarding the treatment of “discharge in a subsequent reporting period,” and whether water retained in one reporting year for release in a future period would be excluded from discharge calculations until the year of release.

Community Relations & Rights of Indigenous Peoples

Expanded disclosures related to Indigenous engagement are both important and sensitive in the Canadian context. However, we believe the current framing requires adjustment. The duty to consult and, where appropriate, accommodate is well established in Canada, as transmission lines, hydro



projects, and wind and storage developments frequently intersect with Indigenous territories in Canada. While the disclosure references engagement processes, it does not address Indigenous ownership and/or leadership, which is increasingly central to project development in Canada. Additionally, indicators such as proximity to Indigenous lands (IF-EU-210-a.3) do not meaningfully measure risk or impact. In our view, the disclosure would be more effective if it emphasized engagement outcomes and governance arrangements rather than location-based metrics. Furthermore, future consultations on new project development also needs to be considered and measured in this proposed disclosure. In Canada, it can often take decades of engagement prior to project authorization.

Supply Chain and Value Chain Transparency

The introduction of indicators related to supply chain risk management, including audits of high-risk suppliers (IF-EU-430a.1, IF-EU-430a.2), represents a complex and resource-intensive disclosure for our industry. Members express that while there are certain high-level supplier risk management policies in places, most are not equipped to produce reliable quantitative metrics at a level suitable for third-party assurance. Achieving this would require extensive data collection across supply chains where visibility and control are limited.

In Canada, supply chains in the electricity sector have been greatly constricted due to several factors including: electrification, the rapid increase in large load customers, replacement of aging infrastructure, and building out of the economy, to name a few. These factors are putting enormous pressure on supply chains across Canada. Additionally, many of our members operate in vast territories and in remote locations where few suppliers exist to carry out required work and where smaller companies do not have the capability to provide the information requested to support this disclosure.

It is in this context that we recommend that these proposed requirements be reconsidered. At minimum a more explicit application of proportionality is necessary to reflect differences in operational complexity and risk exposure.

Finally, in Canada, supply chain management and forced labour is already adequately accounted for by disclosures pursuant to the *Forced Labour Act*.



Operational Resilience and System Reliability

Electricity Canada members agree that, for the purpose of demonstrating the reliability of electricity distribution assets, the proposed metric IF EU 550a.5 is sufficient to meet this objective. In contrast, tracking the amount and percentage of assets (IF EU 550a.4) is viewed as unnecessary and burdensome and provides limited incremental value.

With respect to disclosing the amount and percentage of assets vulnerable to climate-related physical risks, members state that, in the case of local distribution companies (LDCs), nearly all assets are inherently exposed to such risks. As a result, this metric may not yield decision useful differentiation. There is also a lack of clarity regarding how vulnerability to climate-related physical risks should be categorized, particularly with respect to distinguishing between acute and chronic risks.

Members consider that effective risk management is better demonstrated through performance-based metrics and targets. In this context, IF-EU-550a.5 is viewed as a more practical and meaningful measure, provided it is supported by appropriate monitoring and target-setting.

Workforce Metrics and Employee Retention

The requirement to disclose voluntary and involuntary employee turnover rates (IF-EU-330a.2) is a superfluous requirement. This disclosure has a weak link to financially material utility risk; turnover information in the absence of context is not decision useful. Canadian utility's size and structure vary widely as does the composition of their workforce and turnover does not capture skill attrition or capability gaps; in fact, low turnover can indicate stagnation, and high voluntary turnover is normal in competitive markets. Involuntary turnover increases are to be expected when companies are restructuring and modernizing. The extensive qualitative disclosures required under IF-EU-330a.1 are therefore sufficient to demonstrate how entities successfully maintain necessary employment levels.

Materiality

Electricity Canada recommends that SASB provide greater clarity on how materiality should be applied in the context of these proposed amendments. The electricity sector encompasses a wide range of companies including generation, transmission, distribution, independent power producers and system operators and each have distinct roles, asset bases, and risk profiles. As



currently drafted, the revised definition of in-scope entities may not clearly capture the full breadth of participants across the electricity sector in Canada.

To improve consistency of disclosures, the guidance should more explicitly define which segments of the electricity sector are intended to be covered, including whether both asset-focused entities and system operators fall within scope. Also, clearer direction on the thresholds or characteristics (i.e., scale of assets, operational scope) would help ensure that material information is identified across diverse entity types.

Finally, it's important to mention that several elements of the proposed amendments are already addressed, at least in part, through existing voluntary disclosures, primarily Global Reporting Initiative (GRI) standards. These include disclosures related to installed capacity and electricity generated by energy source, employee, turnover and hiring rates, qualitative biodiversity considerations and quantitative hazardous waste data.

Thank you for this opportunity to comment on the SASB Exposure Drafts. Should you have any questions or require any additional information about this letter, please contact Diana Dominique, Electricity Canada's Senior Director, of Customer, Sustainability and Membership Services. Diana may be contacted at:

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Sincerely,

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