



MAKING SUSTAINABILITY DISCLOSURE IMPLEMENTABLE IN CANADA

What Canada can learn from Hong Kong's
implementation architecture

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About this briefing

The Canadian Securities Administrators (CSA) have paused work on a new mandatory climate-related disclosure rule for reporting issuers, while reaffirming that existing securities legislation continues to require issuers to disclose material climate-related risks. The CSA has also encouraged issuers to refer to the Canadian Sustainability Standards Board's standards, CSDS 1 and CSDS 2, when preparing sustainability and climate-related disclosures. At the same time, OSFI's Guideline B-15 continues to apply climate-risk management and disclosure expectations to federally regulated financial institutions. Together, these developments indicate that Canada has important elements of a sustainability disclosure framework in place, but lacks a clearly articulated implementation pathway for the wider securities market.

The primary audience for this briefing is the Canadian securities regulators. This briefing considers Hong Kong as a relevant comparator for Canada, particularly given the CSA's stated intention to monitor domestic and international developments and the experience of other jurisdictions in implementing sustainability disclosure regimes. Hong Kong is not presented as a template, given differences in regulatory structure, market context and political conditions. However, Hong Kong provides a strong practice example in several respects: it has combined ISSB alignment with a clear regulatory roadmap, phased implementation, proportionality mechanisms, issuer guidance, capacity-building measures, and links to assurance, data and technology infrastructure. For Canada, the key lesson is not to replicate Hong Kong's model wholesale, but to consider how clearer sequencing and market signalling can support a more coherent domestic disclosure pathway.

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To inform this paper, the following group has been consulted: Canada Regional Policy Reference Group

While the policy recommendations herein have been developed to be globally applicable, the PRI recognises that the way in which policy reforms are implemented may vary by jurisdiction and according to local circumstances. Similarly, the PRI recognises that there may be circumstances where there are merits to allowing market-led initiatives to precede regulatory requirements.

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Summary

This briefing considers how Canada can provide greater clarity on the future direction of climate-related disclosure, drawing on Hong Kong's implementation approach as a relevant comparator.

Jurisdictions moving to adopt ISSB Standards represent nearly 55% of global GDP, over 40% of global market capitalization, and more than half of global GHG emissions, rising to around 75% of global market capitalization when excluding the U.S.¹

Hong Kong offers a useful comparator because its approach to sustainability disclosure implementation has been framed not only as a regulatory exercise, but also as part of broader market development. Its roadmap combines a clearly signalled direction of travel with phased application, implementation guidance, proportionality mechanisms, capacity-building, and links to assurance, data, and technology infrastructure. This provides a helpful example of how disclosure implementation can be supported through a broader enabling framework, rather than through rulemaking alone.

Canada's context is materially different, but it faces a related implementation challenge. While the CSA has paused work on a mandatory climate-related disclosure rule, existing securities obligations continue to require disclosure of material climate-related risks, the CSSB has finalized voluntary Canadian standards, and OSFI maintains expectations for federally regulated financial institutions under Guideline B-15. Canada therefore has important building blocks in place, but would benefit from a clearer implementation pathway across the securities market.

This briefing suggests five practical recommendations for Canadian regulators:

1. First, a credible disclosure pathway should embed both **proportionality and phasing**. This would allow larger or more market-significant issuers to move first, while giving smaller issuers appropriate time and support to build capacity.
2. Second, even if the CSA is not ready to resume full rulemaking, the market would benefit from **clearer direction**. Issuers and investors need greater clarity on how materiality-based obligations, voluntary standards, and potential future securities requirements fit together.
3. Third, **standard-setting and regulatory adoption should remain distinct but connected**. Canada now has domestic sustainability standards through the CSSB, and the regulatory pathway should build from that foundation.
4. Fourth, **implementation support** should be part of policy design. A credible pathway should pair expectations with guidance, examples, and ongoing dialogue with relevant securities, prudential, pension, and insurance regulators, coordinated where possible across jurisdictions, alongside capacity-building on challenges such as scenario analysis, Scope 3 emissions, assurance readiness, and data quality.
5. Fifth, sustainability disclosure should be treated as **capital-markets infrastructure**. Decision-useful and internationally comparable disclosure can reduce information gaps, improve comparability, strengthen market confidence, and support Canada's competitiveness in attracting global capital.

This briefing encourages the CSA to provide greater clarity on the expected direction of travel for sustainability-related disclosure in Canada. Clearer regulatory signalling would support issuers, investors, and other market participants in preparing for a more consistent, decision-useful, and internationally aligned disclosure framework.

¹ IFRS Foundation. (2024). <https://www.ifrs.org/news-and-events/news/2024/05/jurisdictions-representing-over-half-the-global-economy-by-gdp-take-steps-towards-issb-standards/>



1. Why Hong Kong is a useful comparator for Canada

Hong Kong is not a constitutional or market-structure analogue to Canada, and it should not be presented as a template. Canada’s securities regulation is coordinated across provincial and territorial regulators; its capital markets are deeply intertwined with the United States; and the political context for sustainability-related regulation is fragmented. Even so, Hong Kong offers a useful comparator. **Among jurisdictions moving to endorse the ISSB baseline, Hong Kong stands out as an early mover that has paired local sustainability disclosure standards with a clear government and regulatory ambition to strengthen its position as a sustainable finance hub.**

The distinctive value of Hong Kong’s approach lies not only in its timeline, but in its coordinated institutional design. The 2024 roadmap was developed with the support of the Green and Sustainable Finance Cross-Agency Steering Group, through a dedicated working group co-led by the Financial Services and the Treasury Bureau (FSTB) and the Securities and Futures Commission (SFC), with participation from financial regulators, HKEX and the Hong Kong Institute of Certified Public Accountants. The roadmap set out a jurisdiction-wide pathway for publicly accountable entities (PAEs), with large PAEs expected to fully adopt Hong Kong Sustainability Disclosure Standards aligned with the ISSB Standards no later than 2028.²

In parallel, HKEX moved ahead with climate disclosure requirements for listed issuers, including a “comply or explain” regime for Main Board issuers (companies listed on HKEX’s primary market, generally larger/more established listed companies) from financial years commencing on or after 1 January 2025 and mandatory climate reporting for Large Cap Issuers from financial years commencing on or after 1 January 2026.³ Additionally, Hong Kong’s large-cap requirement is an initial phase rather than the final scope of the regime. The roadmap signals potential expansion beyond Large Cap Issuers, with HKEX expected to consult in 2027 on mandatory sustainability reporting for listed PAEs under a proportionate approach.

This is significant because Hong Kong did not wait until its final disclosure regime was fully in place before signalling where the market was headed. Instead, it created interim climate disclosure requirements for listed issuers, connected them to a broader jurisdictional roadmap, and treated disclosure as part of Hong Kong’s market infrastructure. This sequencing is highly relevant for Canada, where the absence of a current CSA issuer rule does not remove the need for clearer market direction.

2. What made Hong Kong’s roadmap more implementable

The most important feature of Hong Kong’s roadmap approach is that it addressed implementation conditions, not only reporting content. In this section, “roadmap” refers not only to the official roadmap document, but to the broader implementation pathway it sets out: the sequencing, institutional coordination, interim steps and enabling market infrastructure needed to make ISSB-aligned disclosure workable in practice.

- The roadmap was developed through a **cross-agency process** rather than by a single market regulator acting alone. This matters because implementation of ISSB-aligned disclosure depends on more than listing rules; it also requires coordination across standard-setting, supervision, assurance, data, capacity-building and market infrastructure.
- Hong Kong established a **visible implementation sequence**. The market was given a clear sense of the end-state, the entities expected to move first and the interim architecture that would apply before broader alignment. The roadmap identifies HKEX’s New Climate

² HK FSTB. (2024). Roadmap on Sustainability Disclosure in Hong Kong: Ambition.Assurance.Enablement https://www.fstb.gov.hk/fsb/en/publication/report/docs/FSTB_Roadmap2024_eBooklet_EN.pdf

³ HKEX. (2024). <https://www.hkex.com.hk/News/Regulatory-Announcements/2024/240419news>



Requirements as an interim step for listed companies to begin climate reporting early in accordance with provisions of the ISSB Standards, while large PAEs are given a pathway toward full adoption of Hong Kong Sustainability Disclosure Standards no later than 2028. This reduces uncertainty for both preparers and users of disclosure.

- It embedded **proportionality and phasing** into the design. HKEX explicitly drew on proportionality and **scaling-in measures** associated with the ISSB framework and adopted a phased approach based on issuer type, size and market readiness. This made it possible to accelerate expectations for more advanced issuers while avoiding an immediate uniform burden across the entire market.
- It coupled requirements with **implementation guidance**. HKEX issued implementation guidance alongside the rule changes and incorporated relevant reporting principles from IFRS S1 to support a climate-first approach.⁴ This matters because the most difficult implementation issues are rarely textual. They arise in areas such as scenario analysis, value-chain boundaries, data availability, quantification and use of reliefs.
- The Hong Kong roadmap treated disclosure as **part of a wider ecosystem**. The roadmap linked disclosure rollout to work on sustainability assurance, ethics standards, regulatory oversight, green fintech, free data tools, taxonomy development and capability-building. In other words, it recognized that reporting quality depends not only on issuer intent but also on institutional support and market infrastructure.⁵
- Hong Kong framed improved disclosures in **terms of competitiveness, comparability, and investor confidence**. That framing is not incidental. It helps position disclosure as a tool for improving market quality rather than as an isolated compliance burden. This is particularly relevant for Canada, where policy hesitation around issuer disclosure has often been framed in terms of burden, competitiveness and market fragmentation rather than market infrastructure and improved risk management.

3. Canada's disclosure landscape: current state of play

Canada is not starting from a blank slate. Domestic sustainability disclosure standards have been developed, existing securities-law requirements already require reporting issuers to disclose material risks, including climate-related risks where material, and federally regulated financial institutions are subject to OSFI expectations on climate risk management and disclosure. However, these elements currently operate on different tracks and have not produced consistent, decision-useful climate disclosure across the entire market.

Canada does not currently have a new stand-alone mandatory climate-related disclosure rule under securities law. In April 2025, the CSA paused work on the proposed issuer rule, citing changed global conditions and competitiveness concerns. However, the CSA simultaneously reaffirmed that climate-related risks are a mainstream business issue and that issuers remain subject to existing securities-law obligations to disclose material climate-related risks. The CSA also stated that it will continue to monitor

⁴ Hong Kong Stock Exchange. (HKEX). (2024). "Implementation Guidance for Climate Disclosures under HKEX ESG reporting framework." https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/guidance_enhanced_climate_dis.pdf

⁵ FTSB. (2024). "Roadmap on Sustainability Disclosure in Hong Kong: Ambition.Assurance.Enablement." https://www.fstb.gov.hk/fstb/en/publication/report/docs/FSTB_Roadmap2024_eBooklet_EN.pdf



disclosure practices, address misleading disclosure including greenwashing, and revisit the project in future years.⁶

For standards-setting, the CSSB finalized CSDS 1 and CSDS 2 in December 2024. The standards are generally aligned with IFRS S1 and IFRS S2, but include transition-relief modifications^{7 8}

For federally regulated financial institutions, the position is different. OSFI’s Guideline B-15 is active and continues to shape governance, risk management, transition planning, scenario analysis and disclosure expectations for FRFIs. In February 2025, OSFI updated the disclosure timing in Guideline B-15 to remain interoperable with the final CSSB standards, including shifting the implementation date for Scope 3 greenhouse gas emissions disclosure to fiscal year 2028 and, for the off-balance-sheet component of assets under management, to fiscal year 2029.^{9 10}

Taken together, this means that Canada’s current regime is bifurcated. For most reporting issuers, the framework remains a combination of materiality-based securities disclosure obligations and voluntary reference standards. For FRFIs, climate-risk disclosure has already moved into a more structured supervisory framework. This asymmetry creates uncertainty, but it also provides evidence that a phased Canadian pathway is feasible if properly articulated.

This is also why Hong Kong is a useful comparator. Its relevance lies less in the text of any one requirement than in its ability to connect standards, implementation supports and market sequencing into a single policy narrative.

4. Key features of Hong Kong’s implementation model and relevance for Canada

Hong Kong feature	Why it worked in Hong Kong	Relevance in current Canadian context
A clearly signalled end-state and sequence to 2028	Reduced uncertainty by showing who would move first, what the interim arrangements were and how the regime would mature over time.	Canada has important components already in place - existing issuer obligations, final CSSB standards and active OSFI expectations - but no public pathway that ties them together for the securities market as a whole.
A climate-first interim architecture for listed issuers, with eventual adoption of S1	Allowed early movement through climate requirements for listed issuers while broader sustainability alignment continued to develop.	Canada already has climate-first elements in practice, particularly through OSFI and CSDS 2. The regulatory challenge is less about inventing a starting point than about coordinating these pieces into a more coherent issuer pathway.
Proportionality and phased application	Lowered implementation resistance by differentiating expectations according to issuer size, liquidity and readiness,	This is highly relevant in Canada given the diversity of issuers, the presence of dual-listed companies and the need to

⁶ Alberta Securities Commission. (2025). CSA Updates Market on Approach to Climate-Related and Diversity-Related Disclosure Projects. <https://www.asc.ca/en/news-and-publications/news-releases/2025/04/23-csa-updates-market-on-approach-to-climate-related-and-diversity-related-disclosure-projects>

⁷ Canadian Sustainability Disclosure Standards (CSDS 1 and CSDS 2): Now Available. https://www.frascanada.ca/en/cssb/news-listings/csds1_csds2_launch

⁸ Ontario Securities Commission. (2019). CSA Staff Notice 51-358. https://www.osc.ca/sites/default/files/pdfs/irps/csa_20190801_51-358_reporting-of-climate-change-related-risks.pdf

⁹ OSFI. (2025). Letter to Industry. <https://www.osfi-bsif.gc.ca/en/guidance/guidance-library/letter-industry-we-are-updating-guideline-b-15-final-cssb-standards>

¹⁰ OSFI. (2025). Climate Risk Management. <https://www.osfi-bsif.gc.ca/en/print/pdf/node/571>



Hong Kong feature	Why it worked in Hong Kong	Relevance in current Canadian context
	while preserving the direction of travel toward alignment.	avoid turning proportionality into open-ended voluntarism.
Implementation guidance alongside the rule	Translated disclosure requirements into practical support on issues such as climate-related strategy, data use, value chain considerations and application of reliefs.	Important in Canada because preparedness challenges remain concentrated in scenario analysis, Scope 3 emissions, value-chain information and sector-specific application rather than in the high-level case for disclosure.
Explicit linkage to assurance, data and skills	Recognized that disclosure quality depends on supporting institutions and market infrastructure, not only on issuer compliance.	Canada's current debate often treats disclosure as a rulemaking question. Hong Kong suggests it should also be treated as a readiness question, including assurance capacity, data availability, training and implementation support.
Capital-markets framing	Positioned disclosure as part of market competitiveness, comparability and investor confidence, rather than as a stand-alone reporting burden.	This framing is likely to be more persuasive for Canadian securities regulators because it connects disclosure to market quality, access to capital and confidence in Canadian markets.

5. Strategic considerations for Canadian regulators

1. **Proportionality and phasing should be used as an implementation tool.** A phased pathway could reasonably prioritize more market-significant issuers first, while giving the rest of the market greater time and support. However, the end-state and sequence would need to be made explicit to avoid prolonged ambiguity.
2. **Even if the CSA is not prepared to resume comprehensive rulemaking immediately, the market would benefit from greater clarity** on how current materiality-based obligations, voluntary reference standards and any future securities requirements are expected to relate to one another.
3. **The second implication is that standards-setting and regulatory adoption should be distinguished, but not disconnected.** Canada now has domestic sustainability standards through the CSSB. The policy issue is no longer whether a Canadian baseline exists. It is how, when and for whom those standards, or a subset of them, should be incorporated into regulatory expectations.
4. **Implementation support must be treated as part of policy design.** Canadian discussions increasingly identify the same operational bottlenecks that other jurisdictions have encountered, notably scenario analysis, Scope 3 emissions, assurance readiness and uneven data quality. A credible pathway would therefore need to combine expectations with guidance, examples, supervisory dialogue and institutional capacity-building.
5. **Disclosure should be framed as capital-markets infrastructure.** The practical proposition that decision-useful, internationally legible disclosure can reduce information frictions, support



comparability, strengthen confidence in Canadian markets and improve Canada's ability to remain competitive in attracting global capital

6. Conclusion

Hong Kong's experience is useful for Canada because it demonstrates that the effectiveness of a disclosure regime depends on more than alignment at the level of standards. What distinguishes the Hong Kong model is the effort to connect sequencing, proportionality, implementation guidance, assurance planning and broader market infrastructure into a coherent pathway.

Canada already has many of the necessary components. It has existing securities-law obligations relating to material climate-related risks, final domestic sustainability standards and active prudential expectations for FRFIs. The strategic gap is not the absence of any foundation. It is the absence of a more visible implementation architecture for the wider securities market.

For Canadian regulators and signatories, the point is not to copy Hong Kong's approach. The value is that Hong Kong shows how a phased, well-coordinated approach can shift the conversation from whether sustainability disclosure should happen to how it can be implemented in a credible, proportionate, and decision-useful way.

This briefing uses Hong Kong as a comparator, not a template. It is intended to support practical discussion on implementation design in the Canadian context. The PRI has experience of contributing to public policy on sustainable finance and responsible investment across multiple markets and stands ready to support the work of the Canadian Securities Administrators further to improve climate-related disclosure.

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