

**Submitted via Qualtrics**

**Link Asset Management Limited  
Company / Organisation  
Other (please specify)**

**Question 1**

**Do you agree to upgrade climate-related disclosures to mandatory from "comply or explain"?**

Yes

**Please provide reasons for your views.**

Agree. Climate resilience and decarbonisation are key agenda items for Hong Kong and China. To meet city and country level goals for carbon neutrality by 2050 and 2060, the cooperation of companies and investors is needed. Investors and other stakeholders should be able to access transparent and comparable reporting on climate-related issues from each company listed on the HKEX. As a global financial centre, this upgrade will also allow Hong Kong to keep pace with international requirements for climate-related disclosures.

**Question 2**

**Do you agree to introduce new governance disclosures focusing on climate-related issues as set out in paragraph 1 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. Climate-related issues are inherently complex, cutting across different functions and requires leadership and direction from company boards and top-level management. Enhancing and clarifying governance disclosure requirements focusing on climate-related issues helps to demonstrate whether or not and how much senior level focus and resources on climate-related issues.

We further recommend aligning to ISSB IFRS Standards S2 Final version that emphasizes management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.

**Question 3**

**Do you agree to require disclosure of climate-related risks as set out in paragraph 2 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. Climate-related risks, like any other company risks, should be adequately disclosed for the benefit of investors.

Although the ISSB IFRS Standards S2 Final version omits the 'significant' qualifier, we recommend the HKEX standard to maintain the 'material' qualifier and to further define or require the issuer to define 'material' as part of its disclosure to enhance actionability.

**Question 4**

**Do you agree that issuers may opt to disclose the actual and potential effects of climate-related opportunities they may have identified in response to climate-related risks disclosed as set out in paragraph 3 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. It is important for companies to identify climate-related opportunities and to consider these internally. However, if related strategies are still at nascent stage or under discussion at a company, it may not be appropriate to provide detailed disclosure. Companies should have the option to disclose actual and potential effects of climate-related opportunities.

**Question 5**

**Do you agree that an issuer shall consider the applicability of and disclose the metrics when assessing and making disclosure of climate-related risks and opportunities as set out in paragraph 4 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. The proposed metrics are in line with international standard and largely in line with the ISSB Climate Standard exposure standard with sufficient transition/interim reporting allowances.

**Question 6**

**Do you agree to require disclosure of how the issuer is responding to climate-related risks and, where an issuer chooses to, any climate-related opportunities as set out in paragraph 5 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. Agree, companies should at a minimum respond to how they are responding to identified climate-related risks. Response to identified opportunities should be optional (see response to question 4).

**Question 7**

**Do you agree to require disclosure of climate-related targets set by the issuer as set out in paragraph 6 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Partially agree. In relation to 6(h) disclosing the extent of intended use of carbon credits in relation to targets, companies will likely require some flexibility to increase/decrease use of carbon credits from year to year to achieve net emissions targets.

**Question 8**

**Do you agree that where an issuer has yet to disclose climate-related targets, it should make alternative disclosures as set out in note 2 to paragraph 6 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Partially agree. HKEX should set a time limit for companies to comply.

**Question 9**

**Do you agree to require disclosure of progress made in the most recent reporting year in respect of plans disclosed as set out in paragraph 7 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. This provides transparency and mitigates risk of greenwashing via announcement of ambitious targets with inadequate follow through action.

**Question 10**

**Do you agree to require discussion of the issuer's climate resilience as set out in paragraph 8 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. The assessment is qualitative and not difficult to comply with.

**Question 11**

**Do you agree to require issuers to apply a climate-related scenario analysis that is commensurate with the issuer's circumstances, and to require disclosure of information on climate-related scenario analysis as set out in paragraph 9 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. Scenario analysis provides further quantitative metrics that help investors to understand the scale of impact. Scenario analysis is complex and relatively less well developed: it would be useful for HKEX to provide a list of recommended climate analysis models, service providers and/or trainings to assist issuers.

**Question 12**

**Do you agree to require disclosure of the current financial effects of climate-related risks, and where applicable, climate-related opportunities as set out in paragraph 10 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. The proposed approach is reasonable since it follows accounting standards which currently only requires disclosure of materials impacts. Methodology and practice in measurement of such financial impact is relatively less developed: it would be useful for HKEX to provide more guidance and training. In the longer term, measurement methodology will need to be standardized to be meaningful.

**Question 13**

**Do you agree that during the Interim Period, where an issuer has yet to provide quantitative disclosures pursuant to paragraph 10(a) of Part D of the Proposed Appendix 27, it should make the interim disclosures as set out in the paragraph immediately following paragraph 10 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. This is a reasonable transition.

**Question 14**

**Do you agree to require disclosure of anticipated financial effects of climate-related risks**

**and, where applicable, climate-related opportunities as set out in paragraph 11 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Partially Agree. Methodology and practice in measurement of such financial impact is relatively less developed and disclosures will therefore vary widely. It would be useful for HKEX to provide more guidance and training. In the longer term, measurement methodology will need to be standardized to be meaningful.

**Question 15**

**Do you agree that during the Interim Period, where an issuer has yet to provide information required in paragraph 11 of Part D of the Proposed Appendix 27, it should make the interim disclosures as set out in the paragraph immediately following paragraph 11 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. This is a reasonable transition.

**Question 16**

**Do you agree to require disclosure of the process an issuer uses to identify, assess and manage climate-related risks as set out in paragraph 12(a) of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. Similar to other key company risks, the process an issuer uses to identify, assess and manage climate-related risks should be adequately disclosed.

**Question 17**

**Do you agree that issuers may opt to disclose the process used to identify, assess and manage climate-related opportunities as set out in paragraph 12(b) of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. An issuer's process for identifying climate-related opportunities may be proprietary so optional disclosure is reasonable.

**Question 18(a)**

**Do you agree with the proposed approach for the disclosure of scope 1 and scope 2 emissions and the related information as set out in paragraphs 13 to 14 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. The market is relatively mature for scope 1 and scope 2 GHG emissions reporting. The proposed change allows adequate transition for scope 3 disclosure.

**Question 18(b)**

**Do you agree with the proposed approach for the disclosure of scope 3 emissions and the related information as set out in paragraphs 13 to 15 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. The market is relatively mature for scope 1 and scope 2 GHG emissions reporting. The proposed change allows adequate transition for scope 3 disclosure.

**Question 19**

**Do you agree with the proposed approach for the interim disclosures in respect of scope 3 emissions during the Interim Period as set out in the paragraph immediately following paragraph 15 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. The proposed change provides generous transition allowance for scope 3 disclosure. Recommend that there should be a time limitation to comply.

**Question 20(a)**

**Do you agree to require disclosure of the amount and percentage of assets or business activities vulnerable to transition risks as set out in paragraph 16 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. Recommend that there should be a time limitation to comply. Minimum disclosure

requirements such as location, nature of asset/business activity and transition risk involved should apply to the disclosure itself, not just the interim provision.

**Question 20(b)**

**Do you agree with the proposed interim disclosures during the Interim Period in respect of the metric regarding transition risks as set out in the paragraph immediately following paragraph 16 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. Recommend that there should be a time limitation to comply. Minimum disclosure requirements such as location, nature of asset/business activity and transition risk involved should apply to the disclosure itself, not just the interim provision.

**Question 21(a)**

**Do you agree to require disclosure of the amount and percentage of assets or business activities vulnerable to physical risks as set out in paragraph 17 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. Recommend that there should be a time limitation to comply. Minimum disclosure requirements such as location, nature of asset/business activity and physical risk involved should apply to the disclosure itself, not just the interim provision.

**Question 21(b)**

**Do you agree with the proposed interim disclosures during the Interim Period in respect of the metric regarding physical risks as set out in the paragraph immediately following paragraph 17 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. Recommend that there should be a time limitation to comply. Minimum disclosure requirements such as location, nature of asset/business activity and physical risk involved should apply to the disclosure itself, not just the interim provision.

**Question 22(a)**

**Do you agree to require disclosure of the amount and percentage of assets or business activities aligned with climate-related opportunities as set out in paragraph 18 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. Given this is on business activity that is already aligned with climate-related opportunities, this is reasonable. Minimum disclosure requirements such as location, nature of asset/business activity and opportunity involved should apply to the disclosure itself, not just the interim provision.

**Question 22(b)**

**Do you agree with the proposed interim disclosures during the Interim Period in respect of metrics regarding climate-related opportunities as set out in the paragraph immediately following paragraph 18 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. Given this is on business activity that is already aligned with climate-related opportunities, this is reasonable. Minimum disclosure requirements such as location, nature of asset/business activity and opportunity involved should apply to the disclosure itself, not just the interim provision.

**Question 23(a)**

**Do you agree to require disclosure of the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities as set out in paragraph 19 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. This disclosure provides investor information as to the level of commitment and investment of the issuer. Minimum disclosure requirements for interim provision should apply to the disclosure itself.

**Question 23(b)**

**Do you agree with the proposed interim disclosures during the Interim Period in respect of the metric regarding capital deployment as set out in the paragraph immediately following paragraph 19 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. This disclosure provides investor information as to the level of commitment and investment of the issuer. Minimum disclosure requirements for interim provision should apply to



the disclosure itself.

**Question 24**

**Do you agree that where an issuer maintains an internal carbon price, it should disclose the information as set out in paragraph 20 of Part D of the Proposed Appendix 27?**

No

**Please provide reasons for your views.**

Disagree. This should be an optional disclosure. As internal carbon price is only one method of incentivizing decarbonisation within a company, it may not be widely applicable or effective for all issuers. Making such disclosure a requirement will place undue pressure on all issuers to develop internal carbon pricing.

**Question 25**

**Do you agree with the proposed approach for the disclosure of how climate-related considerations are factored into remuneration policy as set out in paragraph 21 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. The proposed approach is broad and not difficult to comply with.

**Question 26**

**Do you agree with the proposed approach for the industry-based disclosure requirements prescribed under other international ESG reporting frameworks such as the SASB Standards and the GRI Standards as set out in paragraph 22 of Part D of the Proposed Appendix 27?**

Yes

**Please provide reasons for your views.**

Agree. The proposed approach is flexible and reasonable.

**Question 27**

**Do you have any comments regarding whether the manner in which the proposed consequential amendments are drafted will give rise to any ambiguities or unintended consequences?**

Yes

**Please elaborate.**

As stated above, where there are specific minimum requirements for interim disclosures, such minimum should also apply to the disclosure itself. Detailed guidance notes, if any should also state alignment and any specific deviations from the ISSB standard, with more detailed notes on deviations.

**Question 28**

**Do you have any comments regarding the topics/matters that we intend to give guidance on?**

Yes

**Is there any particular topic/matter you consider further guidance to be helpful?**

Yes

**Please elaborate.**

Agree on the proposed guidance areas to be covered in the Implementation Guide.

**Question 29**

**Do you have any feedback on the new developments announced by the ISSB subsequent to the publication of this paper that may impact on the proposals in this paper?**

Yes

**Please share your views with us.**

Comments provided have already taken into account ISSB S2 Final Standard