

Submitted via Qualtrics

**Norges Bank Investment Management
Company / Organisation
Investment Manager**

Question 1

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

Yes

Please provide reasons for your views.

Yes, we strongly agree with the proposal to upgrade climate-related disclosures to mandatory. We rely on companies' disclosures for investment decisions, risk management processes and ownership activities, and have a clear interest in this information being reported in a consistent and comparable manner. Lack of data from portfolio companies hinders our ability to engage with companies, take well-informed investment decisions and manage risk appropriately. We also note that many jurisdictions across the globe, including the US, EU and UK, have introduced or are introducing mandatory 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.

Yes, we agree with the new governance disclosure. Information on the board's oversight and management's role in respect to climate-related risks and opportunities is important for us to assess how a company's climate strategy is embedded in its overall business plan.

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.

Yes, we agree with the proposed disclosure. Information on climate-related risks, their time horizon and their effects on business model and strategy, including access to finance and cost of capital, is essential for assessing portfolio companies' exposure to, and management of climate risk.

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?

Please provide reasons for your views.

We would encourage the HKEX not to deviate from the ISSB standard in relation to disclosures on climate-related opportunities, particularly as the nature of this deviation is not temporary. Any deviation from global standards hinders the comparability of companies' disclosures from the perspective of a global investor like NBIM.

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.

We agree that issuers shall consider the applicability of, and disclose the metrics when assessing and making disclosure of climate-related risks and opportunities. For instance, understanding a company's exposure to climate-related risks without the related information on the amount and percentage of assets or business activities vulnerable to physical or transition risk could be quite challenging.

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?

Please provide reasons for your views.

Yes, we agree with the suggested requirement to disclose how the issuer is responding to climate-related risks, however we would encourage the HKEX not to deviate from the ISSB standard in relation to disclosures on how the issuer is responding to climate-related opportunities. Any deviation from global standards hinders the comparability of companies' disclosures from the perspective of a global investor like NBIM. Companies' transition plans should show the specific measures they plan to use to achieve their emissions targets, including capital allocation and interim targets.

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.

Yes, we agree with the required targets disclosure. Companies should set and disclose short, medium- and long-term emission reduction targets for scope 1, 2 and material scope 3 emissions, and provide information on the scope, baseline year, and use of carbon credits for any of these 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.

The proposal on alternative disclosures under paragraph 6 of Part D, in cases where the issuer has yet to disclose climate-related targets, can give investors information on the company's workplan, programme and timeframe towards setting a target. We note that this relief might not be necessary, as the ISSB standard requires an entity to disclose information on the targets it has set, without requiring entities to set any. However, this alternative disclosure might encourage entities to move towards target setting, which is welcome.

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.

Yes, we agree with the requirement to disclose the progress made on the transition plan in relation to the most recent reporting year. Companies should publish an annual progress report on the delivery of their climate strategy, showing both developments over the last year and planned developments for the coming year. It would also be helpful if issuers were to disclose information on the cumulative progress made on their transition plan since the baseline year.

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.

Yes, we agree with the required discussion of issuers' climate resilience as set out in paragraph 8. Companies should assess the sensitivity and resilience of their business model and long-term profitability to different transition and physical risk scenarios, and be transparent in their application of climate scenario analysis including key assumptions on economic, regulatory, technological changes. We also expect transparency on how the results of scenario analysis are being interpreted and used by the company to adapt the business strategy and model.

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.

Yes, we agree with the flexibility for issuers to apply a method of scenario analysis which is commensurate with their circumstances. This is aligned with the ISSB climate standard and recognises that preparers will have varying degrees of sophistication, and will be at different stages of their journey from a narrative-based qualitative scenario analysis towards quantitative, more advanced exercises. We equally agree with the requirement to disclose the inputs used in the analysis such as the details of the assumptions and the value chain activities covered, and how the analysis has been conducted including the scenarios used and time horizons.

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.

Yes, we agree with the requirement to disclose the current financial effects of climate-related risks, and whether and how they can result in a material adjustment to the carrying amount of a company's assets and liabilities. Climate-related risks can be very material, yet companies rarely disclose any climate-related information on the financial effects of climate change. Information on adjustments to a company's balance sheet and other financial statements is important for investors' valuation models and material to investment decisions. Regarding the proposed modifications to the ISSB climate standard, namely the addition of a reference to materiality, we note that the ISSB standard rests on the financial materiality principle throughout, therefore this specificity should not be necessary.

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?

Please provide reasons for your views.

We recognise that quantitative disclosures about the current financial effects of climate-related risks can be challenging, however we underline the importance of maximising the alignment with global standards. We therefore welcome the proposal to allow alternative qualitative disclosures only during the 2-year interim period.

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?

Please provide reasons for your views.

We agree with the required disclosure of anticipated financial effects over the short, medium and long term. We expect companies to disclose information on the financing required to pursue a company's goals and implement its transition plans, including decisions on capital allocation and R&D expenditure, and expected changes to their operating costs and capital structure. However, we encourage HKEX not to propose a modification from ISSB allowing issuers to only describe in qualitative terms the anticipated financial effects of climate-related risks and opportunities. While we acknowledge that such disclosures and the underlying assessment can be challenging to make, we note that this deviation should not be necessary as the ISSB climate standard already allows entities to only provide qualitative information subject to certain criteria (linked to measurement uncertainty or lack of skills, capabilities or resources to provide that quantitative information). Alternatively, noting HKEX's rationale that this relief is intended to provide more time for issuers to build models for analysing the anticipated financial impact of climate-related risk, we encourage HKEX to turn this into a temporary relief available only during the interim period.

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?

Please provide reasons for your views.

Similarly to our response to question 13 above, we welcome the proposal to allow alternative disclosures only during the 2-year interim period. Should issuers be unable to provide information on the anticipated financial effects of climate-related risks and opportunities, then the information on the progress and timetable towards making such disclosures can be helpful.

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.

Yes, we agree with the requirement to discuss the processes an issuer uses to identify, assess and manage climate-related risks. Information on internal procedures, prioritisation and integration of climate-related risk management into the company's overall risk management processes is a core element of climate disclosures that investors need.

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?

Please provide reasons for your views.

Similarly to our answer to question 6 above, we would encourage HKEX not to deviate from the ISSB standard in relation to disclosure of climate-related opportunities and their management.

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.

We agree with the proposed approaches to both scopes 1 and 2, and scope 3 emissions reporting in paragraphs 13-15. Regarding the proposal to allow a different protocol to the GHG Protocol when prescribed by local legislation, we note that the ISSB climate standard already allows use of a different measurement method when the entity is required to do so by a

jurisdictional authority or exchange, therefore the suggested modification from ISSB should not be necessary.

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?

Please provide reasons for your views.

We agree with the proposed approaches to both scopes 1 and 2, and scope 3 emissions reporting in paragraphs 13-15. Regarding the proposal to allow a different protocol to the GHG Protocol when prescribed by local legislation, we note that the ISSB climate standard already allows use of a different measurement method when the entity is required to do so by a jurisdictional authority or exchange, therefore the suggested modification from ISSB should not be necessary.

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?

Please provide reasons for your views.

We acknowledge that reporting of scope 3 can be challenging for issuers, and therefore acknowledge the proposal to provide a relief in the interim period. However, we note that the International Sustainability Standards Board decided to provide a temporary relief for scope 3 reporting under S2, namely exempting reporting entities from this disclosure in their first year of application of S2. An additional relief from HKEX might therefore not be necessary. Should HKEX decide to go ahead with this, we welcome the time-bound nature of this relief, which would only be available for two years.

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.

We agree with the required disclosure on assets and activities vulnerable to transition risk, and the elements in the proposed interim disclosures such as the location, and nature of the asset or

activity as a minimum. We welcome the temporary nature of the alternative disclosures relief.

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.

We agree with the required disclosure on assets and activities vulnerable to transition risk, and the elements in the proposed interim disclosures such as the location, and nature of the asset or activity as a minimum. We welcome the temporary nature of the alternative disclosures relief.

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.

We agree with the required disclosure on assets and activities vulnerable to physical risk, and the elements in the proposed interim disclosures such as the location, and nature of the asset or activity as a minimum. We welcome the temporary nature of the alternative disclosures relief.

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.

We agree with the required disclosure on assets and activities vulnerable to physical risk, and the elements in the proposed interim disclosures such as the location, and nature of the asset or activity as a minimum. We welcome the temporary nature of the alternative disclosures relief.

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.

We agree with the required disclosure on assets and activities aligned with climate-related opportunities, and the elements in the proposed interim disclosures such as the location, and nature of the asset or activity as a minimum. We welcome the temporary nature of the alternative disclosures relief.

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.

We agree with the required disclosure on assets and activities aligned with climate-related opportunities, and the elements in the proposed interim disclosures such as the location, and nature of the asset or activity as a minimum. We welcome the temporary nature of the alternative disclosures relief.

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.

We agree with the required disclosure on capital expenditure, financing and investment deployed towards climate-related risks and opportunities. Information on an issuer's financing of their transition plans, including capex, is essential to understand whether net zero targets are tied to concrete actions and to the company's financial planning. We welcome the temporary nature of the alternative disclosures relief.

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.

We agree with the required disclosure on capital expenditure, financing and investment

deployed towards climate-related risks and opportunities. Information on an issuer's financing of their transition plans, including capex, is essential to understand whether net zero targets are tied to concrete actions and to the company's financial planning. We welcome the temporary nature of the alternative disclosures relief.

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?

Yes

Please provide reasons for your views.

Yes, we agree with the proposal as information on internal carbon pricing is very useful to assess a company's assumptions about climate transition risks and future operating costs. However, we note that the proposed modifications from the ISSB standard (requiring disclosure of the price per metric tonne of GHG emissions, and an explanation of how the issuer applies the carbon price in decision-making) are already foreseen by ISSB S2.

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?

Please provide reasons for your views.

We recommend minimising deviations from the ISSB standard, and therefore maintaining the requirement for issuers to disclose the percentage of executive management remuneration which is linked to climate-related considerations.

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?

Please provide reasons for your views.

We note that the International Sustainability Standards Board has committed to enhance the international applicability of the SASB standards, and announced that the status of the latter will move from guidance to a binding constituent of the ISSB climate standard in the future. Therefore, we encourage HKSE to support the application of SASB standards for Hong Kong listed issuers, as this will facilitate ongoing alignment with the global baseline.

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?

Please elaborate.

N/A

Question 28

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

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

Please elaborate.

N/A

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.

We strongly encourage HKEX to take into account the final version of the ISSB climate standard S2, which was published after the publication of this consultation paper, when finalising the amendments to its Listing rules. We also encourage the Hong Kong Stock Exchange to adopt the relevant requirements that the ISSB has developed for international application, included in the General Requirements Standard IFRS S1, which provides the foundation for applying the topic-specific standards such as S2. These include requiring that sustainability reporting is aligned with financial statements, and that assumptions underlying climate-related disclosures are consistent with the financial statements to the extent possible.