

Submitted via Qualtrics

**AAC Technologies Holdings Inc.
Company / Organisation
Listed Company**

Question 1

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

No

Please provide reasons for your views.

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.

Issuers should disclose their top-down management plans on managing climate-related issues.

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.

Identification of climate-related risks are both important for an issuer to identify and subsequently manage its company/industry-specific risks and for stakeholders to be aware of how such risks would have a material effect on the issuer over time horizon.

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.

Issuers should have the flexibility to decide whether or not to disclose 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.

Issuers shall consider whether the metrics set out in paragraph 4 are relevant and applicable for disclosures, in particular industry-based metrics, to facilitate meaningful disclosures.

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.

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.

This will allow issuers to monitor its progress in implementing its transition plans and achieving its 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.

Reporting the progress facilitates comparability and encourages transparency for stakeholders'

understanding of issuer's progress in mitigating its climate-related risks.

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.

Assuming disclosures pursuant to paragraph 5 and 6 are mandatory, reporting the progress facilitates comparability and encourages transparency for stakeholders' understanding of issuer's progress in mitigating its climate-related risks.

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?

Please provide reasons for your views.

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?

No

Please provide reasons for your views.

Localised guidance should be provided for issuer's reference by the HKEx before a meaningful climate-related scenario analysis, regardless of it being qualitative or quantitative, can be applied. In addition, requiring qualitative disclosure on scenario analysis in FY2024 Sustainability Report leaves little time for issuers to prepare.

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?

Please provide reasons for your views.

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.

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.

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.

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.

Disclosure of the process of identifying, assessing and managing climate-related risks should align with other enterprise risks identified by the issuer.

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.

Issuers should have the flexibility to decide whether or not to disclose climate-related opportunities.

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.

AAC currently already makes such disclosures.

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?

No

Please provide reasons for your views.

Implementation Guidance and training alone are not sufficient in addressing the practical difficulties in collecting meaningful Scope 3 emissions data for disclosure, as the issuer's supply chain may not have their scope 1 and 2 emissions readily available. Mandating issuers to disclose scope 3 emissions at this juncture may give rise to inaccurate and unreliable disclosure which brings questionable value to investors.

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?

No

Please provide reasons for your views.

As mentioned in Question 18(b), without sufficient availability and reliability of scope 1 and 2 emissions of issuer's supply chain, it is difficult to develop a work plan, progress and timetable to make required disclosures.

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?

Please provide reasons for your views.

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?

Please provide reasons for your views.

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?

Please provide reasons for your views.

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?

Please provide reasons for your views.

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?

Please provide reasons for your views.

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?

Please provide reasons for your views.

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?

Please provide reasons for your views.

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?

Please provide reasons for your views.

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?

Please provide reasons for your views.

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.

As part of maintaining a robust governance structure and a good top-down management approach, climate-related considerations should, together with other performance indicators, be factored into remuneration policy. Requiring such disclosure may also encourage more issuers to factor in climate-related considerations if they have not already done so.

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.

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?

No

Please elaborate.

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.

Please provide some best practices/case studies and localised guidance, by industries, especially on qualitative and quantitative scenario analysis and Scope 3 emissions calculation methodologies.

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.

As mentioned in Question 18(b), regarding Scope 3 emissions disclosure, providing the Implementation Guidance and training alone are not sufficient in addressing the practical difficulties in collecting meaningful Scope 3 emissions data for disclosure, as the issuer's supply chain may not have their scope 1 and 2 emissions readily available. Mandating issuers to disclose scope 3 emissions at this juncture may give rise to inaccurate and unreliable disclosure which brings questionable value to investors. Therefore, HKEx should collaborate with the government and other relevant bodies to facilitate listed companies in collecting necessary information.

We would suggest consideration be given to the size of the issuer and impact of the industry the issuer pertains to. A phased approach can be implemented on mandatory reporting, with mandatory reporting starting at a later date for small and medium-sized issuers and/or industry with lower climate-related impacts. Another option could be to extend the interim period for small and medium-sized issuers and/or industry with lower climate-related impacts.