

Submitted via Qualtrics

**The Canadian Chamber of Commerce in Hong Kong
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.

This Chamber supports the proposal to update climate-related disclosures to mandatory from "comply or explain" which is in line with international developments on climate-related disclosure requirements to facilitate investors to better means assess significant climate-related issues. This development would allow Hong Kong's financial markets to keep pace with global development on climate-related disclosures and to continue to strengthen Hong Kong's position as a financial hub, especially during its post-covid economic recovery.

Moreover, this development will also provide encouragement and targets for issuers to demonstrate and integrate their considerations on climate-related issues into business strategy and corporate governance. The proposed Interim Periods will allow for a timed and planned approach for this transition and to allow a certain degree of flexibility for businesses to adapt.

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.

This Chamber supports the introduction of new governance disclosures focusing on climate-related issues. It is expected that this will provide investors with a better understanding and visibility on the issuer's climate-related strategy, risk management and management approach and enhance Board oversight of and senior management's response to address climate-related risk.

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.

This Chamber supports the requirement to disclose climate-related risks such that investors and the relevant financial players would have the information to understand the relationship between climate-related matters and the broader business context.

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.

This Chamber concurs with maintaining the option for issuers to choose disclosure of actual and potential efforts of climate-related opportunities that may have been identified in response to climate-related risks. The flexibility of the issuer on the timing and nature of disclosure towards climate-related opportunities would be necessary such that a balance between the execution of future business strategy and information transparency can be attained.

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.

This Chamber concurs that the issuer should consider the applicability of and disclose the metrics as set out in paragraph 4 of Part D of the Proposed Appendix 27, including the stated Interim provision.

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.

This Chamber concurs with the view for the issuer to disclose how they would respond to climate-related risks and, per the issuer's discretion, to disclose any climate-related

opportunities as set out in paragraph 5 of Part D of the proposed Appendix 27. The disclosures and plans would allow investors to have a better understanding of the issuer's transition plans as well as business strategy.

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 Chamber concurs with the required disclosure of climate-related targets set by the issuer as set out in paragraph 6 of Part D of the Proposed Appendix 27 as a means for investors to better assess the issuer's transition plans.

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.

This Chamber supports the requirement for alternative disclosures as set out in note 2 to paragraph 6 of Part D of the Proposed Appendix 27, where an issuer has yet to disclose climate-related targets. This will provide the investor with an understanding of the issuer's intended plan to full disclosure.

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.

This Chamber supports the requirement for disclosure of progress made in the most recent reporting year or years to provide investors with an understanding of the issuer's progress in their transition plan as well as their performance on their targets and goals.

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.

This Chamber supports the disclosure of information for investors to understand and evaluate the resilience of the issuer's strategy and operations as set out in paragraph 8 of Part D of the Proposed Appendix.

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.

This Chamber generally agrees that the issuer should be given flexibility to adopt climate-related scenario analysis appropriate and reasonable for the issuer's specific characteristics of its business and industry. Moreover, the Exchange is suggested to provide guidance to both the issuer and investor to prepare disclosures in this area and how to read the climate-related scenarios.

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.

This Chamber generally agrees to the proposed disclosure of the current financial effects of climate-related risks. On the timeline for implementation, the Exchange is recommended to assess the availability of the relevant professional services, their capacity, capability and the time required to develop such capacity and capability in step to implement this requirement.

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.

This Chamber concurs with the qualitative disclosure on current financial effects during the Interim Period as an appropriate balance to allowing the issuer to prepare for the full disclosure in time and to offer the investor qualitative disclosure for the initial assessment.

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.

This Chamber concurs with the proposed requirement for issuers to at least describe in qualitative terms of their anticipated financial effects of climate-related risk, and where the issuer chooses, climate related opportunities. This is an appropriate balance between developing quantitative methodologies and to provide the investor with qualitative disclosure for initial assessment. The Exchange is encouraged to provide further guidance and guidelines on this.

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.

This Chamber concurs with the qualitative disclosure on anticipated financial effects during the Interim Period as an appropriate balance to allowing the issuer to prepare for the full disclosure in time and to offer the investor qualitative disclosure for initial assessment. Moreover, this Chamber agrees that the issuer may want to provide the work plan, progress and timetable for making the required disclosure to allow greater flexibility.

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.

This Chamber agrees to the disclosure requirement for issuers on the process uses to identify, assess and manage climate-related risks. This will provide investors with greater visibility and

clarity in understanding the related disclosure required in this Consultation.

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.

This Chamber concurs that the process used to identify, assess and manage climate-related opportunities can be disclosed, should the issuer choose to. In line with our other responses on climate-related opportunities, disclosure should remain optional to the issuer.

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.

This Chamber supports 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. The information would provide investors with a general understanding of the company's climate-related exposure.

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.

This Chamber is supportive to the proposed approach but also wishes to make note that the disclosure requirements may add significant complexity to the issuer's task of meeting such requirements and the investor's reading of disclosure in scope 3 emissions. Further guidance on the disclosure requirements would help the issuer with disclosure and investors to better assess the implications from the disclosed scope 3 emissions along with the other disclosures proposed in this consultation but in a way that recognises and minimises the complexity involved.

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.

This Chamber supports the proposed approach for the interim disclosure in respect of scope 3 emissions, moreover, suggesting the Exchange to have further discussions with the issuers on the timeline to provide the issuers with time to develop relevant data collection systems given the complexities of this aspect.

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.

This Chamber agrees with the requirement to disclose the amount and percentage of assets or business activities vulnerable to transition risks. This would allow investors to have a better understanding and to allow for assessment of the issuer's transition risk profile.

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.

This Chamber concurs with the proposed interim disclosure requirements, providing a balance to allowing the issuer to prepare for the full disclosure in time and to offer the investor qualitative disclosure for initial assessment. The Interim Period would also allow time for the market capacity and capability to develop to facilitate the issuer's needs, where required.

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.

This Chamber concurs with the requirement to disclose the amount and percentage of assets or business activities vulnerable to physical risks. This would allow investors to have a better understanding and to allow for assessment of the issuer's physical risk profile from climate change.

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.

This Chamber concurs with the proposed interim disclosure requirements, providing a balance to allowing the issuer to prepare for the full disclosure in time and to offer the investor qualitative disclosure for initial assessment. The Interim Period would also allow time for the market capacity and capability to develop to facilitate the issuer's needs, where required.

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.

In relation to our response to Question 6, where the issuer opts to disclose climate-related opportunities and related information, this Chamber concurs with the proposed requirement to disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.

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.

In relation to our response to Question 22a), this Chamber concurs with the proposed interim disclosure, where a business chooses to undertake, providing a balance to allowing the issuer to prepare for the full disclosure in time and to offer the investor qualitative disclosure for initial

assessment.

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.

This Chamber supports the requirement to disclose, what is deemed adequate by the issuer, the amount of capital expenditure, financing or investment deployed towards climate-related risks and, when they choose to do so, opportunities to provide an adequate picture of the issuer's plans.

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.

This Chamber concurs with the proposed interim disclosure requirements, providing a balance to allowing the issuer to prepare for the full disclosure in time and to offer the investor qualitative disclosure for initial assessment. The Interim Period would also allow time for the market capacity and capability to develop to facilitate the issuer's needs, where required.

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.

This Chamber does not recommend the mandatory disclosure of the internal carbon price, by issuers who maintain one, and the explanation of its application in decision making. The proposed disclosure reveals the cost of business for a listed issuer to the market to non-listed companies and other players in the value chain which may take advantage of this to the disadvantage of the disclosing issuer.

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.

This Chamber generally agrees to the proposed approach to disclosing how climate-related considerations are factored into remuneration policy. We do suggest due consideration to balancing practical adoption and the flexibility of such measures and the said needs towards disclosure in this area.

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?

No

Please provide reasons for your views.

This Chamber considers that, with the ongoing development of international ESG reporting framework under the ISSB framework and the proposed approach to follow disclosure requirements under other international ESG reporting frameworks such as the SASB Standards and the GRI Standards, it would be advisable to introduce the said proposed approach when there is greater clarity on this area to avoid the need for realignment in the future.

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.

No comment.

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.

This Chamber suggests that the Exchange works with and engages issuers with regards to the implementation of the proposed disclosures set out in this consultation. This should include more detailed guidance to some of the proposed disclosure. In addition, The Exchange should consider how to enable the climate-related professional market capacity and capability to develop in order to facilitate the issuer's needs, where required.

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?

No

Please share your views with us.

Please refer to this Chamber's comments above.