

Phone Number*:

Email Address*:

Important note: All fields marked with an asterisk (*) are mandatory. HKEX may use the contact information above to verify the identity of the respondent. Responses without valid contact details may be treated as invalid.

Disclosure of identity

HKEX may publish your identity together with your response. Respondents who do NOT wish their identities to be published should tick the box below, otherwise please click "Next":

I/We do NOT wish to disclose my/our identity to the members of the public.

Question 1

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

- Yes
 No

Please provide reasons for your views.

We welcome the HKEX to enhance the ESG disclosure requirement to include climate-related information. However, we do believe the area of climate-related disclosures or reporting still need more time for companies to navigate and verify the climate risks assessment methodology and how to translate it to quantifiable financial impact. HSH has started looking into climate risks and opportunities, and published our first TCFD disclosure in 2018. We believe this is a journey that companies should take seriously as it involves business strategy, financial planning and setting targets, this process would require considerable amount of time to discuss internally and apply a robust methodology in the evaluation, and decide on what information can be disclosed publicly depending on how verifiable the methodology or data is. Hence, we support the addition of more detailed climate-related disclosures in Appendix 27 but we do not agree to upgrade such disclosures from “comply or explain” to mandatory.

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
 No

Please provide reasons for your views.

We agree with the proposal as this would ensure Board and senior management team's oversight and involvement on climate-related topics. It is very important for an organisation to have clear responsibilities assigned in managing climate risks and identify opportunities going forward, especially at the most senior level.

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
 No

Please provide reasons for your views.

Having to identify the qualitative climate risks and anticipated impacts can be achieved by companies as that is typically the first step to take on starting the climate discussion. However, issuers' will need more time to thoroughly understand how these risks interact with the company's strategic planning and capital allocation, as well as the related opportunities. This process requires extensive internal engagement, discussion, as well as the application of research and analysis to integrate climate-related risks into financial planning. Hence, we believe the timeframe proposed to disclose full details of paragraph 2 would be challenging for some companies, especially multinational companies operating in markets globally, such as our business which is located in 12 different cities each facing different climate risks. We also urge HKEX to provide further clarification on the disclosure requirements under the description "this envisages disclosures on:", so issuers may understand whether all sub-paragraphs are required, or only those applicable to the issuer.

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
 No

Please provide reasons for your views.

We agree that issuers can opt to disclose such information. Most companies on their journey to manage climate-related risks are still in the stages of properly understanding their risks and associated impacts first, and will need sufficient time thereafter to explore potential opportunities, especially those would rely heavily on the market and technology availability. It would be challenging to mandate disclosures for all companies on climate-related opportunities at this time.

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
 No

Please provide reasons for your views.

The recommended metrics for considerations are generally well thought of and allow companies to build on that to showcase understanding of their risks. However, it should be acknowledged that a company may not be able to control or drive improvement for some metrics for example the percentage and amount of assets or business activities vulnerable to climate risks. Companies can only implement mitigation and adaptation measures but not to reduce their portfolio risk exposure unless they choose to divest from such assets, which may not be a viable option for all.

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
 No

Please provide reasons for your views.

Transition planning requires extensive time for internal discussion as this is related to business model, strategy and resource allocation, which are not just short term decisions regarding immediate actions to protect our assets but also involve medium to longer term discussions which may include the redesign of existing business processes, service offerings or business development strategy, investment in R&D to develop new products and services etc. At this time, we support the flexibility to allow issuers to disclose their transition planning in stages aligned with their own internal progress.

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

No

Please provide reasons for your views.

All companies should work towards the goal of net zero as most countries have already committed to such target. Therefore, we agree that issuers need to contribute to such efforts by setting carbon reduction targets for Scope 1, 2 and 3, including a long-term roadmap and interim 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

No

Please provide reasons for your views.

Setting carbon emission targets, especially those that are validated by external standards such as the Science-based Target Initiative (SBTi), aligned with science-based scenarios, and have a net zero target which requires inventory of Scope 3 emissions require significant time and resources. Allowing alternative disclosures in note 2 to paragraph 6 will allow companies time to properly undertake this task while ensuring companies are at least starting to work towards setting carbon reduction goals.

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

No

Please provide reasons for your views.

We agree that it is good practice to disclose a company's progress towards their carbon emission targets on an annual basis, and provide explanation for data trends in order for full context to be understood. GHG emission data is typically already collected and tracked within a company so we believe it is achievable to disclose such quantitative data as yearly progress. However, in respect to yearly progress on transition plans per paragraph 5, which are longer-term plans involving significant changes to business model, strategy and resource allocation, we believe a yearly comparison is too frequent and may not yield meaningful information for readers of the report.

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

No

Please provide reasons for your views.

High level discussion of company's climate resilience is necessary in alignment with TCFD. However, more clarification is required from HKEX on the difference in disclosure information expected between paragraph 8 and paragraph 5, particularly what the definition of "climate resilience" is under the context of paragraph 8, and what are the difference in disclosure requirements expected from discussion of "transition planning" versus "climate resilience planning". We recommend paragraph 8 and 5 to be combined or integrated to help streamline the disclosure requirements as the information required for each paragraph are highly interlinked and we believe it may be beneficial to report together versus in silo.

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
 No

Please provide reasons for your views.

While we agree it is important for companies to incorporate climate-related scenario analysis to assess their associated risks, we do not believe it is pertinent for companies to disclose methodologies used in the level of detail currently set out in paragraph 9. This is due to the lack of a commonly agreed methodology for such assessment at this time, leading to a widely varied approach to climate-risks assessments in the market. The comparison of different methodologies used across companies may not be useful as even the accounting sector has still yet to determine what should be the standard for such analysis. Moreover, climate-risk assessment methodologies are very technical, ESG and senior management, as well as investors may not be able to fully understand or even critically assess the accuracy of these modelling results. With this in mind, the need to disclose such detailed information at such early stage seems to be unnecessary.

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
 No

Please provide reasons for your views.

The intention to report on material financial effect is good, however with a lack of commonly agreed methodology to conduct climate-risk assessments as yet, results of climate-risks assessments and the financial effects of such risks may vary significantly depending on the methodology or consultant chosen by each company. Moreover, such information is not yet verifiable with a lack of an auditing standard from the accounting sector. Due to the evolving landscape of climate-risks assessments at this time, we believe it is premature to mandate companies to report on financial data, which is sensitive in nature. There may be significant risks posed to a company by reporting on such financial data to potential investors if the methodology to produce such data is still being developed and evolving on the market.

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
 No

Please provide reasons for your views.

This is pertinent due to reasons detailed in the previous question (Question 12).

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
 No

Please provide reasons for your views.

Climate-risks assessments are currently widely varied, lacking a commonly agreed methodology and not yet verifiable by the accounting sector. However, as the disclosure requirement for paragraph 11 is qualitative, rather than quantitative information, we believe it is still practical for companies to disclose and provide information useful to investors.

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
 No

Please provide reasons for your views.

This will allow companies to have more time to discuss internally on how such financial analysis can be integrated into long term financial planning and how best to reflect such information in financial statements.

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
 No

Please provide reasons for your views.

We generally agree to disclose the process to identify, assess and manage climate-related risks as this will enable a better understanding of how these risks are derived, managed and integrated into a company's overall risk management process. However, it should be acknowledged that companies may only be able to set up a robust risk management process once they have properly assessed their climate-related risks, which is the first step and may take time.

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
 No

Please provide reasons for your views.

Most companies on their journey to manage climate-related risks are still in the stages of properly understanding their risks first, and will need sufficient time thereafter to explore potential opportunities, especially those would rely heavily on the market and technology availability. It would be challenging to mandate disclosures for all companies on climate-related opportunities at this time.

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
 No

Please provide reasons for your views.

Scope 1 and Scope 2 emissions are already tracked and reported by many companies, with clear and established calculation methods that is verifiable with external auditors.

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
 No

Please provide reasons for your views.

While we acknowledge the importance of companies to calculate and track their scope 3 emissions to work towards their net zero goal, we believe the methodologies most companies are currently using to help quantify their scope 3 inventory is based on estimation rather than by absolute calculation. These estimated approaches are accepted by the Science-based Target Initiative (SBTi) as a practical way of quantifying scope 3 emissions while companies work towards improving data accuracy, which can be a long journey given some emission categories involve supply chain data which needs to be collected from external parties. Since most widely used calculation for scope 3 emissions includes estimated figures, we believe the requirement to disclose scope 3 in absolute terms may yield inaccurate representations of estimated data as absolute data. We suggest providing more flexibility to issuers to disclose Scope 3 using other indicators for example using intensity factor, percentage of total GHG emissions (rather than absolute) etc.

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
 No

Please provide reasons for your views.

Scope 3 inventory and calculation can be a time consuming and complex exercise, and the interim disclosures will allow those more time to complete this work.

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
 No

Please provide reasons for your views.

Even though there are still challenges to assess climate-related transition risks due to a lack of commonly agreed methodology, it is feasible for companies to disclose the amount and percentage of assets or business activities potentially vulnerable to such risks, so long as a company is able to determine their own threshold to define “vulnerable assets or business activities”.

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
 No

Please provide reasons for your views.

Agree with the proposed interim disclosures.

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

No

Please provide reasons for your views.

We believe it is feasible for companies to disclose the amount and percentage of assets or business activities potentially vulnerable to physical risks, so long as a company is able to determine their own threshold to define “vulnerable assets or business activities”.

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

No

Please provide reasons for your views.

Agree with the proposed interim disclosures.

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

No

Please provide reasons for your views.

As most companies on their climate-risk assessment journey is still in the stages of properly understanding their risks and associated impacts, climate-related opportunities tend to be an area requiring more time for companies to assess. Even more than methodologies to assess risks, methodologies to assess climate-related opportunities are still evolving in the market and therefore it would be challenging for companies to use such analysis to report on this disclosure item.

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

No

Please provide reasons for your views.

This will allow companies necessary time to better identify and assess any climate-related opportunities in their business portfolio.

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

No

Please provide reasons for your views.

We acknowledge the importance of demonstrating capital expenditure and investment to deploy towards mitigating climate-related risks and capturing opportunities as described by the issuer. However, we urge HKEX to provide more guidance on this disclosure requirement such as: i) whether there is a timeframe of capital deployment to disclose on such as for the short, medium or long term, ii) given the interlinked nature of climate mitigation initiatives with other types of operational initiatives such as engineering, infrastructure development, construction etc., how may a company categorise expenditure items that are deployed towards climate-related risks and opportunities.

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

No

Please provide reasons for your views.

Interim disclosures are helpful in allowing finance teams time to internally discuss categorisation of climate-related expenditure in existing financial statements and planning processes.

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

No

Please provide reasons for your views.

We currently do not maintain an internal carbon price thus do not have the technical knowledge of this subject to comment on this question.

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
 No

Please provide reasons for your views.

We expect this disclosure to form a part of the disclosure under paragraph 1(e) so no further comment on this particular item.

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
 No

Please provide reasons for your views.

Many companies are already referring other international ESG reporting frameworks such as SASB and GRI for their other non climate-related ESG disclosures. It is good practice to reference such standards to ensure all key information relevant to each sector is disclosed in ESG reporting.

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
 No

Please elaborate.

Question 28

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

- Yes
 No

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

- Yes
 No

Please elaborate.

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

No

Please share your views with us.

You are about to submit your response. If you would like to make any amendment prior to submission, you may navigate to the questions through the panel on the left (under the ≡ icon).

After submission, you can download a response summary in PDF format. If you would like to change your response after submission, please contact consultationsupport@hkex.com.hk by specifying the email address, contact person and phone number you have provided in this questionnaire.

Please click the "Next" button when you are ready to submit your response.

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Technical Support:

consultationsupport@hkex.com.hk