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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 appreciate the good intention of the enhancements in aligning with international standards and in seeking to provide higher transparency to investors about listed issuers' ability to deal with climate change risks and opportunities. However, we realise the challenges for us, as an issuer, from the proposed enhancements if adopted in their present format and timetable. Under the existing HKLR Appendix 27 ESG Reporting Guide, the overall ESG governance disclosure prescribes the Mandatory Disclosure Requirements, whilst other environmental and social topics are under the disclosure requirements of "Comply or Explain". As the materiality of ESG topics varies by industries and companies, climate-related matters, to certain issuers, may not be seen as significant as the ones that have more direct and severe impacts on their specific business operations and/or in specific regions. In this submission, we will outline our observations about the proposed enhancements and their respective challenges in compliance, and our recommendations based on those observations.

## 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 proposed governance disclosures. This information is decision-useful to our stakeholders as it would help them to understand the climate-related internal controls within us and our implementation. Additionally, the new governance disclosures, together with other proposed requirements on the qualitative disclosures, appear to be largely achievable for general listed companies in Hong Kong under the proposed timeline.

## 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.

We agree with the proposal and suggest further clarifications and guidance be provided on the following part. Climate-related risks and opportunities often materialise over different time horizons that exceed the typical business planning timeframe. Thus, it may not be easy for an issuer to link climate-related strategy/business model changes and targets in a consistent manner over time, so we suggest more guidelines be provided on 2(b) about the disclosure requirements for the “link” between the definition of time horizons in climate management and the issuer’s strategic planning horizons as well as its capital allocation plans.

#### 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 support the proposal. While risks and opportunities usually co-exist, prioritising the risk disclosure and making opportunity description optional at this stage is appropriate given that converting risks into opportunities may require more advanced knowledge and capability of risk management. Additionally, some opportunities may include confidential and commercially sensitive information (e.g. strategic business planning) which issuers may not wish to disclose.

#### 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.

We support the proposal.

### 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.

We support the proposal.

### 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.

We agree with the proposal and suggest further clarifications and guidance be provided as to how “the extent to which the target relies on the use of carbon credits” in 6(h) can be disclosed in a responsible manner. For issuers with long-term net zero targets and use carbon offset as the last resort to neutralise residual emissions, it is challenging to forecast the intended amount of carbon credits for a point of time that is decades from now precisely and consistently. Hence, it is suggested that the predicted reliance on carbon credits can be updated regularly (e.g. in phases of every five years). Also, more clarification should be provided on the granularity of information that supports the disclosure of the use of carbon credits in the long term.

### 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.

We support the proposal. If the target description in Question 7 is required in Part D, it is necessary to give leeway for issuers whose target preparation, revision and/or upgrade plan are not ready, and allow them to make disclosures about their planning and progress for setting climate-related targets during Interim Period.

### 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 with the proposal and suggest further clarifications and guidance be provided as to how the disclosure of response to climate-related risks and targets should be structured. For example, whether “progress” refers to qualitative description (e.g. improvement/new initiatives in the reporting year) or a more detailed comparison table showing the specific differences under each indicator for two consecutive years is required.

### 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.

We support the proposal.

### 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.

We agree with the proposal and suggest that the disclosure from climate scenario analysis can be qualitative/narrative based. When issuers accumulate more experience in reporting, the use of more quantitative information with greater rigor and sophistication may be warranted. Additionally, we suggest that more guidance be provided as to the selection of scenarios in analysis and reporting as issuers that voluntarily use more severe scenarios (e.g. 4°C or above) may report more significant financial impacts than using milder scenarios (e.g. 2°C or lower).

## 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.

We support the proposal and suggest that more guidance be provided. Information on current financial effects is highly relevant to investors' decision-making, as it provides a needed link between climate-related risks and opportunities and an issuer's financial performance, financial position and cash flows. However, there are several potential challenges for issuers in execution: 1) For conglomerates, this requirement may create disclosure challenges as for their current financial statements, business segment related financial data may not be publicly disclosed; 2) Issuers would have concerns on disclosing financially-related data, including the anticipated financial effect that may also amount to forward-looking statements that would require careful consideration. The interpretation of such data by investors using inaccurate interpretation may result in significant impacts on stock price, capital raising capacity and even company reputation; and 3) There is no standardised internationally recognised valuation methodologies, tools and guidelines in the current market to evaluate the financial effects linked to climate-related risks and opportunities. Hence, the definition and the financial implications of the quantitative data are of much uncertainties that require more guidance for issuers in execution. Meanwhile, we recognize that combining climate and financial information would require to align the timing (both range and resolution) of the sustainability reporting with financial statements. More guidance is needed for issuers in execution.

## 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.

We agree with the proposal and suggest the interim provision shall also apply to 10(b) as it demands an even higher level of a combination of climate and financial knowledge and inter-disciplinary collaboration including triggering an impairment assessment that integrates climate indicators. Since calculating such effects remains an emerging practice, we propose allowing issuers to provide qualitative information where quantitative information cannot be provided.

#### 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.

We agree with the proposal and suggest further clarifications be provided as to the difference of disclosures requirements on time horizons between 11(c) and 2(a). Meanwhile, this requirement may create disclosure challenges as the disclosure of anticipated financial effect may also amount to forward-looking statements which would require careful consideration.

#### 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.

We support the proposal.

### 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 agree with the proposal and suggest further clarifications and guidance be provided on the follow part. 12(a)(iii) is a general description request as it requires issuer to disclose how it monitors and manages its climate-related risks. We suggest that more guidance to be given on how to avoid the duplication among (i) the description of the metrics used for tracking as required under Metrics and Targets section; (ii) the transition plans under Strategy section where it requires the description of adaptation and mitigation efforts to address identified climate-related risks and opportunities, amongst other information on how the issuer is responding to climate risks, and (iii) the Governance section where 1(e) requires the description of how the Board and its committees monitor the progress towards climate targets.

### 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.

We support the proposal.

### 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.

We support the proposal.

### 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.

We agree with the proposal. It would be helpful if the basis for how to define omissions as required under 15(d) is provided, such as whether there is a Scope 3 category pool that issuers need to map against (given that it is not a must to follow GHG Protocol).

### 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.

We generally support the proposal. We suggest more time and guidance be provided for issuers in execution as: 1) the proposed timeline of interim and full compliance of the Scope 3 emissions does appear to be challenging to issuers that require a comprehensive dataset to support meaningful and accurate disclosure of Scope 3 emissions along the complicated supply chains, especially collecting data from those market participants that are not ready to provide relevant data along the value chains. Thus, rushing for mandatory adoption of Scope 3 reporting may result in inaccurate or misleading information; and 2) for compliance of the proposed requirements, issuers need to review the entire upstream and downstream supply chains and seek professional advice from expertise. However, with the expected huge demands of professional advisory service from issuers, whether or not there is sufficient expertise in the market is still in question.

### 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.

We support the proposal. However, for conglomerates, this requirement may create disclosure challenges as for their current financial statements, business segment related financial data may not be publicly disclosed. Also, the mapping of affected assets and business activities may also involve high degree of assumptions, interpretations and other subjectivities made by managements, consultants or other advisors. As a result, estimated financial numbers could be highly incomparable among industry peers since they are dependent on the selection of assumptions and other subjectivities, even under the same climate scenarios. Moreover, while quantification can help issuers in prioritization, we recognize the challenges in quantification, potential breadth of underlying assumptions and also that disclosures of qualitative plans relating to mitigation of risks are equally if not more important than just the quantified impact.

### 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.

We support the proposal.

### 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 support the proposal. However, for conglomerates, this requirement may create disclosure challenges as for their current financial statements, business segment related financial data may not be publicly disclosed. Also, the mapping of affected assets and business activities may also involve high degree of assumptions, interpretations and other subjectivities made by managements, consultants or other advisors. As a result, estimated financial numbers could be highly incomparable among industry peers since they are dependent on the selection of assumptions and other subjectivities, even under the same climate scenarios. Moreover, while quantification can help issuers in prioritization, we recognize the challenges in quantification, potential breadth of underlying assumptions and also that disclosures of qualitative plans relating to mitigation of risks are equally if not more important than just the quantified impact.

### 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.

We support the proposal.

### 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.

We support the proposal. However, for conglomerates, this requirement may create disclosure challenges as for their current financial statements, business segment related financial data may not be publicly disclosed.

## 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.

We support the proposal.

## 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 support the proposal. However, for conglomerates, this requirement may create disclosure challenges as for their current financial statements, business segment related financial data may not be publicly disclosed. Moreover, while quantification can help issuers in prioritization, we recognize the challenges in quantification, potential breadth of underlying assumptions and also that disclosures of qualitative plans relating to mitigation of risks are equally if not more important than just the quantified impact.

## 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.

We support the proposal.

## 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 support that issuers maintain an internal carbon price. However, we suggest that issuers focus on the design and implementation of the internal carbon pricing mechanism. The disclosure of an internal carbon price should not be mandatory, given that disclosing the price may shift stakeholders' concern on price setting only instead of the effectiveness, efficiency and benefits of establishing an internal carbon price. Moreover, while disclosing an internal carbon price is helpful for financial markets to understand how it impacts company's decision-making and operations, we recognize that this can include confidential and commercially sensitive information with degree of complexity and nuance, especially given varying policies across regions.

## 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 support the proposal.

### 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.

We support the proposal.

### 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.

We agree with the proposal and suggest further clarifications and guidance be provided on the following parts. First, for 8(b) “the implications, if any, of the issuer’s FINDINGS for its strategy, including how it would need to respond to the anticipated effects on the issuer during its transition to a lower-carbon economy”, please elaborate “findings”. Second, for 15(c) “the basis for its measurement of scope 3 emissions when it includes information provided by entities in its value chain”, please elaborate “basis”.

### 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](mailto:consultationsupport@hkex.com.hk) by specifying the email address, contact person and phone number you have provided in this questionnaire.

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