

**Submitted via Qualtrics**

**Natixis Corporate and Investment Banking  
Company / Organisation  
Corporate Finance Firm / Bank**

**Question 1**

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

Yes

**Please provide reasons for your views.**

The shift towards mandatory disclosure has advantages as it provides greater standardization to the market on what needs to be disclosed and how this data should be disclosed. While voluntary climate-related disclosure has been positive and have increased over the past five years, the level of reporting worldwide varies as organizations are not reporting equally against available recommendations. For instance, the 2022 TCFD status report highlights a variation in reporting: 80% of companies disclosed in line with one recommendation, 40% disclosed in line with five recommendations, and only 4% disclosed in line with all eleven recommendations. Thus, in terms of comparability and data availability, this shift would be welcome.

**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.**

Setting out the governance structure, roles and decision-making process is aligned to international best practices. It highlights the robustness (or not) of the issuer's structure and skills to respond to climate-related risk and opportunities.

**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.**

Partially. While we agree with the nature of the requirements, perhaps slight changes to the text would make it clearer to issuers:

2. An issuer shall disclose its assessment of any material climate-related risk, which may manifest in the short, medium, or long term, and that is likely to reasonably effect...

- (a) Description of the climate-related risk: - whether the risks identified are physical or transition risk; - whether the risks identified are acute or chronic (Currently c and d)
- (b) The time horizon – short, medium, and long-term - over which the climate-related risk could reasonably effect have material effect on the issuer. (Currently a and b)
- (c) Definition of short, medium, and long term... (Currently b)
- (d) Current and anticipated effects of the material climate-related risks identified... (Currently e)

#### **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.**

Partially. Include examples of opportunities (e.g., resource efficiency, cost saving, adoption of low-emission energy sources, development of new product and services, supply chain resilience) which can refer to the HKEX guidance on climate disclosure. The opportunities could be linked to the Hong Kong Green Taxonomy once it is ready. In the meantime, other Taxonomies (e.g., CGT and CBI) could be used as reference.

#### **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.**

Most of the targets and metrics listed from paragraphs 13 to 22 under the “Metrics and Targets” section should be reported against by issuers (e.g., particularly all emission scopes). Thus, where applicable, when preparing disclosures on climate-related risks and opportunities as set out in paragraphs 2 and 3, the issuer should disclose the referenced metrics. (slight change to wording).

#### **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.**

For transition plans the issuer should include both the material climate-related risks and opportunities identified. Thus, “describe how the issuer is responding to the climate-related risks and opportunities identified in paragraph 2. On (b) indicate examples of the mitigation or adaptation efforts, such as suggested in the ISSB Climate Disclosure Standard (e.g., changes to production process or equipment, relocation of facilities, workforce adjustments, and changes to product specifications).

### **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.**

The list of targets is comprehensive, but a few changes could be made to the text.

Disclose the following information on any climate-related targets the issuer has set for transition plans (paragraph 5) ...

(b) include potential metric (can be expressed in %, tonnes of CO<sub>2</sub>e, t CO<sub>2</sub>e/unit)

(d) scopes 1, 2 and 3

(e) e.g., should include short, medium, and long term

(g) same as above, consider the time horizon that is being considered

(h) (iii) any other significant factor to ensure the credibility and integrity of offsets that the issuer may intend to use. On this point it would be important to highlight the nature of the underlying asset (e.g., CCUS, Forestry, Renewables), prices, geographies, standards, and description (protection, avoidance, reduction). It would also be interesting to capture the types of claims associated to the offset, it is “outside value chain mitigation” or is there a “net neutrality commitment” and compensation claim.

### **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.**

For transparency it is important that issuers disclose information on their intentions and progress around target setting. This is useful to demonstrate if issuers are in the right track and to identify their assumptions. Perhaps include in the Note, making the relevant disclosures as set by this Code.

**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.**

Providing information on the issuers progress is important to demonstrate ambition and whether they are aligned to a low carbon pathway. Could potentially make the text a bit clearer: After the first reporting period, following the effective date, issuers should disclose, by way of comparison, the progress made against the transition plans disclosed as per paragraphs 5 and 6 in the most recent reporting 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.**

Once again, a slight change in wording, as so far, the user of the disclosure had not been emphasized. Disclose information that enables the understanding about the resilience of the issuer's strategy (including its business model) and operations to climate-related changes, developments, and uncertainties.

(b) the implications, if any, of the issuer's findings to its strategy, including how it would need to respond to the anticipated effects on the issuer during its transition to a low carbon economy.

(d) the ability of the issuer to adjust or adapt its business model, in the future, considering, access to finance and the cost of capital...or any other relevant changes.

**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.**

Emphasis should be given to credible pathways that will support the issuer on its transition and better identify and mitigate climate-related risks. (d) which scenarios were used for the assessment, the alignment of these scenarios 1.5oC or well below 2oC, and the sources of such scenarios. (h) time horizons used in the analysis (medium and long-term), highlighting interim targets. A way to simplify is perhaps requiring some type of third-party certification on the alignment of the target with temperature trajectories (e.g., SBTi).

**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.**

However, would suggest a slight change to wording (a) describe and quantify, where material, the effect of climate related risks and opportunities identified... (b) describe whether such risk and opportunities (where applicable) may...

**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.**

Interim disclosures are important to demonstrate efforts from issuers in assessing the financial effects of climate-related risks and opportunities. In addition, interim targets should provide useful information for the issuer to track its progress and highlight its ambition in transitioning to a low carbon future.

**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.**

(c) as this should already be defined within the strategic section of the Proposed Appendix, we would suggest removing the definition of short, medium, and long term and rather refer to Paragraph 2: As per Paragraph 2, include the definition of short, medium, and long-term.

**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.**

As previously mentioned, interim reporting is important to demonstrate the efforts that the issuer is carrying out. On point (2), we would suggest stressing the time horizon "timetable for making the required disclosure (if short, medium, or long-term).

**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.**

Disclosing the risk management process allows for a better understanding how issuers are integrating climate risk. An additional point worth including in (a) are the types of risks, if physical or transition risks. While physical and transition risk are intertwined there may be variations to how they will be managed.

**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.**

Climate-related opportunities are an important element of climate-disclosure as it can indicate how issuers are responding or adapting to climate exposure and changes. Thus, we would suggest, Within the identified material climate-related opportunities, the issuer should describe

the processes used to identify, assess, and manage these opportunities in respect to the provision described in sub-paragraph (a) above.

**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.**

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? Please provide reasons for your views.

Yes. It is best market practice to cover all scopes of emission, thus having scope 3 emissions included is welcome. On paragraph 14 a slight change in wording (a), the protocol required by local legislation for measuring GHG emissions; if possible, it would be interesting to include examples for Hong Kong.

**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.**

It addresses the main aspects of Scope 3 reporting from the GHG Protocol and other frameworks such as the CDP.

**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.**

Interim disclosures will demonstrate the issuers approach and progress to reporting scope 3 emissions. This is a format that is welcome by the market.

**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 should include the description of the assets or business activities identified and the transition risk involved, connecting it to the interim provisions that follow.

**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.**

The level of information required is comprehensive. However, perhaps it should refer to the transition risks identified in Paragraph 2 (c).

**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.**

As for transition risks, these should also include a description of the assets or business activities identified and the physical risks involved, connecting it to the interim provisions.

**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.**

As physical risks particularly include medium and long-term effects, add a parenthesis after disclosure (short, medium, and long-term).

**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.**

As per the transition and physical risk, include a description of the opportunities that have been identified.

**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.**

Following the previous answers, having interim reporting enhances transparency and understanding of the efforts carried out by the issuer. Also include the time horizon for the identified opportunities – short, medium, and long-term.

**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.**

Disclose the amount and percentage of capital expenditure considering the assets and business activities disclosed in paragraphs 16 to 18.

**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.**

Would make an inclusion to (a) describe the type of assets or business activities. On (b) include the time horizon – short, medium, or long-term.

**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.**

In addition to (a) disclosing the price of each metric tonne, also describe the methodology/assumption behind the pricing. Another disclosure point that should be include is the assumption on how this pricing will evolve over time, the geographic scope of implementation.

**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.**

For clarity, remove above and just refer back to paragraph 1 (e) in the strategy section. In addition, to further align to the ISSB also consider “the percentage of executive management remuneration recognized in the current period that 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?**

Yes

**Please provide reasons for your views.**

Rather than keeping it broad for issuers on making disclosures where they see fit, direct this to avoid multiple interpretation and use of a wider variety of criteria. One alternative would be to limit ESG reporting frameworks (incorporate ISSB). Another is to include that the disclosures

made using the ESG reporting framework should be made in accordance with the provided guidance of Proposed Appendix 27.

**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

**Please elaborate.**

There are a few points, as detailed below that could be further clarified to support issuers in their disclosure. Unintended consequences may focus mainly on the cost and effort to disclose climate-related information, as a relatively new requirement. To avoid any ambiguities on the proposed requirements, HKEX could also prepare an application guidance, as done by the ISSB.

**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.**

For the climate-related scenarios, throughout, it would be important to reiterate that the scenarios used to identify risks are from authoritative sources and that these scenarios are aligned with the latest international agreement. While this is mentioned elsewhere in the document, it is not highlighted in Appendix 27. For the transition plan section, it would also be important to highlight how the company's strategy is aligned to a 1.5oC pathway.

**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.**

The proposed requirements are well aligned with the ISSB proposal, including the relief in providing comparative information for the first reporting period.