

Job Title:

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.

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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 believe that Hong Kong, being an international financial hub and a trusted venue for fundraising, should stay abreast of international developments on climate-related matters. We are of the view that the mandating climate related disclosures would effectively drive issuers to align with international reporting standards including IFRS S2 Climate-related Disclosures and TCFD Recommendations to maintain our competitiveness and to meet the growing demand from global investors.

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.

The proposal would heighten the board's awareness of climate-related issues and promote a top-level commitment to mitigating climate change. We acknowledge the need for incorporating climate-related performance metrics into remuneration policies to provide incentives to the issuers' management to address climate-related issues. We anticipate that the Implementation Guidance will offer additional clarity on expectations, depth of analysis concerning climate-related risks and opportunities, as well as a comprehensive definition of significant transactions.

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 believe that the proposal will incentivize issuers to enhance their alignment with internationally recognized reporting standards, such as IFRS S2 Climate-related Disclosures and TCFD Recommendations. The requirement of disclosing the time horizon over which climate-related risks would have a material effect on the issuer serves as a motivation for issuers to assess long, medium, and short-term risks. We are of the view that the proposal could increase transparency by allowing investors and stakeholders to have a more comprehensive understanding of climate-related risks in the supply chain.

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 believe that the uncertainty related to climate risks can potentially lead to loss or gain for an issuer, and in the latter case, it may also create opportunities. Mandatory disclosures on an issuer's exposure to significant climate-related opportunities is decision-useful for investors to thoroughly assess the enterprise value of an issuer.

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 recognize the importance of considering the applicability when assessing and making disclosure of climate related risks and opportunities, as these risks and opportunities can vary depending on the industries, business models and operations of the issuers.

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 are of the view that the proposal could facilitate better resource planning in response to climate-related risks and opportunities. It also enables investors and other stakeholders to understand the transition plan with details on adaption and mitigation efforts of an issuer.

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.

The proposal could foster alignment with government policies and international goals, such as the Hong Kong's goal to reach carbon neutrality before 2050, the Paris Agreement goal of keep global warming to no more than 1.5°C, science-based targets, etc. We acknowledge the inclusion of more rigorous mandates regarding the use of carbon credits, such as disclosing whether carbon credits used are subject to any third-party verification or certification scheme. We believe that requiring issuers to establish both gross and net emission targets could help prevent greenwashing practices and incentivize issuers to actively reduce their operational emissions.

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 believe that the proposal could drive issuers to improve their climate change mitigation plans by ensuring that the setting of climate-related targets would continue to be on issuers' sustainability agenda.

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.

The proposal could increase transparency by providing investors and other stakeholders with a more comprehensive understanding of the issuers' performance, progress, and plans relating to climate change mitigation. It is advisable to consider requiring issuers to provide explanations when targets are not met, along with their mitigation plans. This would ensure that issuers consistently track, review and monitor their progress in relation to the set targets.

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.

Climate resilience disclosure allows investors and stakeholders to evaluate the level of preparedness of a company in addressing the challenges posed by climate change. We are of the view that the disclosure of the implications of the company's findings for its strategy, uncertainties in climate resilience analysis and the ability of the company to adjust or adapt its business model could provide insights into the capacity of an issuer to adjust its strategy and operations to uncertainties related to climate change.

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.

The application of climate-related scenario analysis is a fundamental process and principle outlined in the TCFD Recommendations. The proposal could support both the board and investors in identifying vulnerable assets and business operations, thus enabling them to make well-informed business decisions. It is advisable to provide additional guidance, such as toolkits and guidelines, on the application of climate-related scenario analysis. This would be particularly beneficial for issuers with limited resources.

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 are of the view that describing and quantifying the financial effects of climate-related matters could equip investors with the necessary information to make well-informed and effective capital allocation decisions. It is advisable to provide additional guidance on how to assess the financial impacts associated with climate-related risks and opportunities. More reference materials and case studies on the assessment of financial impacts relating to climate-related risks and opportunities are recommended.

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 believe that some issuers may require more time to develop relevant skills, models and plans to conduct quantitative disclosures.

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.

The proposal could allow investors and stakeholders to have a comprehensive understanding of how climate-related risks could potentially affect the issuers' financial performance over the 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
 No

Please provide reasons for your views.

We believe that some issuers may need time to develop relevant plans and to review the anticipated effects of climate-related risks.

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.

The proposal could increase transparency and allow investors and stakeholders to fully understand how climate-related risks are identified and assessed.

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 believe that the mandating disclosures on the process used to identify, assess and manage climate-related opportunities is decision-useful for investors in conducting a comprehensive assessment of an issuer's enterprise value.

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.

The requirement of Scope 1 and Scope 2 emission disclosure aligns with the existing ESG reporting requirements as stated in the ESG Guide.

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.

The proposal of Scope 3 emission disclosure could also drive issuers to better align with international reporting standards such as IFRS S2 Climate-related Disclosures and TCFD Recommendations. We recognize the significance of the proposal to mandate issuers to disclose the categories of significant upstream or downstream activities throughout their value chain. This would enhance stakeholders' understanding of the issuers' carbon footprint across the value chain.

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.

It is understood that certain issuers may require a reasonable period to establish appropriate plans, processes, and stakeholder engagement channels in order to effectively gather the necessary data for calculating Scope 3 emissions.

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.

The proposed requirement could provide investors and stakeholders with valuable insights into the issuers' exposure to climate-related transition risks and the financial vulnerability of their assets or business activities. It is recommended that more guidance on the methodology of the assessment of the amount and percentage of assets or business activities vulnerable to transition risks should be provided.

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.

Considering limited resources and potential difficulties that some issuers may face, it is advisable to provide them with additional time to develop relevant assessment processes.

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.

The proposed requirement could provide investors and stakeholders with valuable insights into the issuers' exposure to climate-related physical risks and the financial vulnerability of their assets or business activities. It is recommended that more guidance on the methodology of the assessment of the amount and percentage of assets or business activities vulnerable to physical risks should be provided.

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.

Given the limited resources and potential difficulties that some issuers may encounter, it is advisable to provide them with an extended timeline to develop relevant assessment processes.

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 are of the view that issuers should disclose the amount and percentage of assets or business activities aligned with climate-related opportunities. This disclosure enables investors gain insights into the potential trajectories and changes in financial position over time.

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.

In light of the limited resources and potential obstacles that may arise, it is advisable to provide issuers with additional time to develop relevant plans.

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.

The proposed requirement could enhance investors' and stakeholders' understanding of the resources and investment strategies employed by issuers in managing 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.

Given the limited resources and potential obstacles that may arise, some issuers may require extended timeframe to develop appropriate plans and methodologies for analysis.

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 are of the view that the proposed requirement could encourage issuers to establish internal carbon pricing methodologies, facilitating the identification of cost-effective emission reduction opportunities. It is recommended to provide additional guidance on the methodology of developing internal carbon prices, particularly for issuers with limited experience in this area.

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 are of the view that remuneration policies are important incentives for achieving issuer's sustainability goals and objectives and could provide insight to stakeholders on the issuers' governance, oversight, and accountability for managing climate-related issues.

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 are of the view that the the proposed requirement of industry-based disclosure could incentivize issuers to align with international reporting standards and frameworks. By disclosing industry-specific information, companies can offer investors decision-useful insights into a wide range of sustainability-related risks and opportunities. Considering the resource constraints that some issuers may face in developing such disclosures, it is reasonable to allow issuers to disclose industry-based information on a non-mandatory basis.

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.

The amendments are clear, and no ambiguities or unintended consequences are observed.

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.

It is recommended to provide additional guidance, toolkits and/or reference materials with case studies on: (i) climate-related scenario analysis; (ii) quantification of financial impacts associated with climate-related risks and opportunities; (iii) Scope 3 GHG data collection and calculation; and (iv) internal carbon pricing.

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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