



29 April 2025

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

INVITATION TO COMMENT ON THE ISSB EXPOSURE DRAFT
Amendments to Greenhouse Gas Emissions Disclosures
Proposed amendments to IFRS S2

Comments to be received by 27 May 2025

The Sustainability Disclosure Standards Committee (SDSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the International Sustainability Standards Board (ISSB) Exposure Draft *Amendments to Greenhouse Gas Emissions Disclosures—Proposed amendments to IFRS S2 Climate-related Disclosures*. The Exposure Draft is available on the Institute's [website](#).

In response to market feedback, the ISSB has published an [Exposure Draft](#) proposing targeted amendments to IFRS S2 that would provide reliefs to ease application of requirements related to the disclosure of greenhouse gas (GHG) emissions. These proposed amendments, which respond to specific application challenges, are part of the ISSB's commitment to support the implementation of ISSB Standards. The amendments are not focused on reductions in disclosures about GHG emissions but are instead making it easier for companies to apply the Standards while retaining the decision-usefulness of information provided to investors.

Proposals in the Exposure Draft and their impact on entities in Hong Kong

The proposed amendments relate to the application of GHG emissions disclosure requirements in IFRS S2 and their impact on entities in Hong Kong, as outlined below:

Proposed amendments	Impact on entities in Hong Kong ¹
1. Relief from measuring and disclosing Scope 3 Category 15 GHG emissions associated with derivatives and with specific financial activities related to investment banking (facilitated emissions) and insurance and reinsurance underwriting (insurance-associated emissions)	<p>The proposed amendment is expected to reduce the complexity of applying IFRS S2. Entities are expected to benefit from more clarity and certainty about what they are required to include in their Scope 3 Category 15 GHG emissions measurements and disclosures. This proposed amendment is expected to support the consistent application of IFRS S2, reducing diversity in practice. It directly addresses concerns raised by stakeholders in Hong Kong during our previous consultations.</p> <p>The proposed amendment is not expected to result in significant cost to entities applying the requirements because the relief, if applied, would remove a requirement to measure and to disclose specific Scope 3 Category 15 GHG emissions. The amendment would provide an optional relief; thus, entities would be permitted to continue to provide such information.</p>
2. Relief from the use of the Global Industry Classification Standard	<p>The proposed amendment is expected to reduce costs for entities that apply IFRS S2 by reducing the reporting burden associated with applying the requirement. The</p>

¹ Adapted from paragraph BC53 of [Basis for Conclusions on Exposure Draft Amendments to Greenhouse Gas Emissions Disclosures](#).

Proposed amendments	Impact on entities in Hong Kong ¹
(GICS), in some circumstances, in disclosing disaggregated financed emissions information	application challenges are significant and pervasive, particularly for entities that do not use GICS to classify their lending or investment activities. It addresses the concerns of Hong Kong stakeholders raised in previous consultations.
3. Clarification on the jurisdictional relief to use a measurement method other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (GHG Protocol Corporate Standard) for measuring GHG emissions	<p>The proposed amendment is expected to reduce the complexity of applying IFRS S2 and reduce the reporting burden and related costs to do so. Given that some jurisdictions require methods for measuring GHG emissions other than the GHG Protocol Corporate Standard and given the number of entities likely to be subject to multiple jurisdictional or exchange requirements, the proposed amendment is likely to benefit many entities. Furthermore, clarifying the requirements through this proposed amendment would support consistent application of IFRS S2.</p> <p>For example, while there is no law or regulation in Hong Kong stipulating the use of another GHG emission measurement framework other than the GHG Protocol Corporate Standard, it is noted that mainland China does have a framework in place. Given that many Hong Kong-listed entities have operations in mainland China, if they are subject to GHG emission reporting requirements in mainland China, then the proposed amendment will offer relief and clarity to potentially a large number of entities.</p>
4. Permission to use jurisdiction-required Global Warming Potential (GWP) values that are not from the latest Intergovernmental Panel on Climate Change (IPCC).	<p>The proposed amendment is expected to reduce the complexity, reporting burden and related costs for entities applying IFRS S2 by not requiring them to recalculate their GHG emissions using GWP values from the latest IPCC assessment if a jurisdictional authority or an exchange requires the use of other GWP values. It is unlikely to have any significant impact on Hong Kong entities due to the absence of laws specifying the use of a particular GWP value.</p> <p>The relief would be optional; thus, the risk of disruption of implementation processes that are already underway is low.</p>

With optionality embedded in the design of the amendments, entities can choose whether to apply the reliefs, and jurisdictions can choose whether to adopt them without affecting their degree of alignment with ISSB Standards. The reliefs would support preparers in applying IFRS S2 by reducing the risk of potential duplication of reporting and the related costs associated with applying the Standards.

The SDSC invites your comments on the Exposure Draft by **27 May 2025** to allow your comments to be considered in developing its response to the ISSB. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

Standard Setting Department

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.