

III. Comments requested

37. The HKICPA is requesting comments on the HK EDs by 27 October 2024. Stakeholders are strongly encouraged to read the FAQs in Appendix 1 before submitting any comments.
38. The HKICPA is conscious of the fact that:
- (a) Hong Kong stakeholders have undergone multiple consultations on ISSB-related sustainability disclosures in recent years, especially those that are PAEs on climate-related disclosures. Past consultations have indicated that the market is generally supportive of the adoption of the ISSB Standards and the issues raised in various stakeholder engagements over the years have remained largely consistent;
 - (b) stakeholders have finite capacity and there is diminishing incremental value to stakeholders to provide comments on the full set of HK EDs – which are fully converged with IFRS S1 and S2 – given all the previous related consultations;
 - (c) the HKICPA, CASG and other relevant parties have already put in place a series of measures to address concerns gathered from previous consultations (see Part II(f) and (g) as well as Appendices 2 to 4); and
 - (d) the consultation should encourage comments that are in addition to those previously raised (see Appendices 2 and 3) which have been or will be addressed through ongoing capacity building coupled with data and technology initiatives (see Appendices 3 and 4) to enhance efficiency and maximise value for Hong Kong stakeholders.
39. Balancing the above factors and the need for further consultation, the Institute has set a 6-week consultation period for the HK EDs and encourages respondents to take account of the overall developments on the Hong Kong sustainability disclosures ecosystem including capacity building efforts and the close alignment between the enhanced HKEX climate rules and the ISSB Standards as explained in FAQ 2 in Appendix 1 when providing any comments to this consultation.
40. Please provide a rationale for your comments to the following questions, explaining why you agree or disagree with the proposed requirements. If you disagree, kindly specify the parts of the requirements with which you disagree, provide reasons for your disagreement and propose alternative solutions if applicable.

Question 1: Do you agree with the proposal to issue HKFRS S1 and S2 on a fully converged basis with IFRS S1 and S2 with an effective date of 1 August 2025?

Question 2: Do you have any other comments on the HK EDs?

Comments

Question	Response / Comments
Q1: Do you agree with the proposal to issue HKFRS S1 and S2 on a fully converged basis with IFRS S1 and S2 with an effective date of 1 August 2025?	Yes. Given the transition periods, proportionality mechanisms available for corporations, and the similarity of the scope of work to HKEX's climate disclosure guidance, additional disclosures would be manageable.
Q2: Do you have any other comments on the HK EDs?	<ol style="list-style-type: none"><li data-bbox="824 476 1425 982">1. Materiality<ul style="list-style-type: none"><li data-bbox="873 520 1425 751">• According to HKFRS, materiality can be assessed using qualitative factors in accounting. For ESG-related issues, will there be any guidance/ methodology to quantify the material topics related to ESG?<li data-bbox="873 758 1425 982">• It would be helpful if HK ED could provide more guidance on how to determine materiality (e.g. materiality threshold/ material topics by sector)<li data-bbox="824 989 1425 1444">2. Connection with HKEX<ul style="list-style-type: none"><li data-bbox="873 1031 1425 1444">• For listed companies adhering to the HKFRS standards, are they required to follow only the new HKFRS S1 and S2 standards, rather than the HKEX's new climate disclosure standards? Will the HK ED provide additional guidance on the relationship between these two documents and clarify which standard listed companies should comply to?