

Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

25 October 2024

Exposure Draft HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and Exposure Draft HKFRS S2 Climate-related Disclosures

Dear Sir/Madam,

We are pleased to provide our key comments on Hong Kong Institute of Certified Public Accountants (“HKICPA”) exposure drafts, HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and HKFRS S2 Climate-related Disclosures (“HK EDs”) below for your kind consideration.

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?

We agree with the proposal to align HKFRS S1 and S2 fully with IFRS S1 and S2. Aligning these standards ensures that companies in Hong Kong adhere to globally recognized frameworks, facilitating the adoption of international best practices in sustainability-related financial reporting. This convergence will enhance the transparency and comparability of sustainability disclosures, meeting the expectations of international investors and fostering trust in Hong Kong’s financial markets. This convergence strengthens Hong Kong’s position as a sustainable finance hub, enhancing its connectivity with global markets and supporting businesses in attracting capital toward environmentally responsible projects. It also ensures that businesses in Hong Kong communicate sustainability information in a common language, contributing to risk management and informed decision-making. Furthermore, aligning with these standards will help Hong Kong companies participate in the global transition toward low-carbon economies and sustainable business models.

We note that the application of HKFRS S1 and S2 will initially be voluntary until relevant authorities mandate their use, which allows entities to adopt them at their discretion, with publicly accountable entities such as listed companies and regulated financial institutions being prioritized. Therefore, we believe that the proposed effective date of 1 August 2025 provides a reasonable timeline for companies to prepare for the new reporting requirements. The proposed timeframe offers corporates sufficient lead time to strengthen their internal processes, gather necessary data, and build the capacity for high-quality sustainability-related financial reporting. This flexibility will enable

companies to integrate sustainability considerations at their own pace while aligning their practices with international reporting frameworks in the future.

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

We recommend providing additional support, such as guidance materials, toolkits, seminars, and best practice case studies, particularly in the areas of:

- (i) Region / district and industry specific climate-related scenario analysis
- (ii) Scope 3 emission factor data base
- (iii) Quantification of financial impacts associated with climate-related risks and opportunities

Should you have any questions or require further clarification, please do not hesitate to contact Vincent Pang (Managing Partner) at 3702 7388, or Sabrina Lam (Director) at 3702 7330.

Yours sincerely,

AVISTA Risk Advisory Limited