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CDP's comments on the Exposure Drafts for HKFRS S1 and S2

Dear Members of the Hong Kong Institute of Certified Public Accountants,

On behalf of CDP, I would like to congratulate you for on the release of the exposure drafts of the HKFRS S1 and S2. We applaud the Institute for pursuing full convergence with the ISSB standards without modification or additional relief. This commitment to aligning with the global baseline for capital markets reflects Hong Kong's leadership as a global financial centre.

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 700 financial institutions with over \$142 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Over 24,000 organizations around the world disclosed data through CDP in 2023, with more than 23,000 companies – including listed companies worth two thirds global market capitalization - and over 1,100 cities, states and regions. CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative. As of this year, CDP's integrated environmental questionnaire is fully aligned with ISSB S2. Per CDP's agreement with IFRS, CDP functions as the key disclosure key disclosure partner for the IFRS.

CDP believes that adopting the ISSB standards will ensure that Hong Kong companies are on an equal footing with their global counterparts and remain competitive by facilitating continued access to capital and sustainable finance. Likewise, financial market participants depend on the publication of coherent, holistic and relevant data to sustainability performance. The need for comprehensive and consistent set of sustainability-related data sets across jurisdictions provided the impetus for the creation of the ISSB, and we believe the proposed Hong Kong standards further this goal.

The development of fully ISSB-aligned local standards is a key pillar in the aspiration for Hong Kong to become one of the first jurisdictions to fully implement the ISSB standards, as laid out by the Financial Services and the Treasury Bureau in the recent *Vision Statement*. CDP shares this commitment to ensuring that Hong Kong companies are positioned to reap the benefits of disclosure in line with globally aligned standards and frameworks. We look forward to working with HKICPA and other stakeholders in line with the Government's upcoming ISSB Roadmap.

We also comment the Institute for working closely with members of the Green and Sustainable Finance Cross Agency Steering Group (CASG) and others to dialogue with industry and build capacity among stakeholders. CDP is proud to partner with the CASG to improve the state of environmental disclosure

in Hong Kong and with the IFRS to implement the global rollout of the ISSB standards. From this year we are pleased to offer Hong Kong companies use of CDP's ISSB S2-aligned questionnaire, which they can use to disclose in alignment with HKFRS S1. We run regular capacity building workshops and maintain a library of guidance materials regarding our disclosure process, and we would welcome a conversation with the Institute about how we could collaborate on the implementation of the Hong Kong standards.

Yours sincerely,



Pietro Bertazzi
Chief Policy and Projects Officer, CDP