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Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37/F., Wu Chung House
213 Queen's Road East
Wan Chai, Hong Kong

25 October 2024

Dear Sir or Madam:

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

We appreciate the opportunity to comment on the Hong Kong Institute of Certified Public Accountants' ("the HKICPA") exposure drafts of the proposed HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and HKFRS S2 Climate-related Disclosures (collectively referred to as the "HK Standards").

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 support the HKICPA's proposal to issue the HK Standards on a fully converged basis with IFRS S1 and S2 ("ISSB Standards") with an effective date of 1 August 2025. This proposal reaffirmed the HKSAR Government 2023 Policy Address and the Financial Services and the Treasury Bureau's March 2024 Vision Statement's message to align with ISSB Standards. Full convergence with the ISSB Standards as the global baseline is beneficial for Hong Kong SAR to demonstrate its commitment to high-quality, transparent and comparable information in sustainability disclosures, to ensure investors receive consistent and comparable information globally, and to alleviate the reporting burden on companies by minimizing the need to comply with multiple frameworks.

As articulated in the Explanatory Memorandum, the application of HKFRS S1 and S2 will prioritise publicly accountability entities including regulated financial institutions such as banks, fund managers, insurance companies and MPF trustees. Furthermore, the respective authorities/regulators will conduct their own consultations to determine the approach and timing of adopting the HK Standards. As the local sustainability reporting standard setter, we believe that the HKICPA's commitment to continuous capacity-building and implementation support would be valuable to the respective authorities/regulators and their regulated entities. For example, operationalising the ISSB's Transition Implementation Group (TIG) discussions into practical application guidance for HK preparers.

We appreciate the extensive effort HKICPA has taken in the development journey of the HK Standards. We are pleased to participate in the HKICPA's technical feasibility study, and will continue to support any future targeted outreach activities in its future standard-setting activities.



Other comments

We note that the proposal for full convergence relates to IFRS S1 and S2 only and does not extend to any future ISSB Standards at this stage. It is stated in the Explanatory Memorandum that when the ISSB publishes any new standards in the future, the HKICPA will engage with relevant stakeholders to decide on the potential adoption of those new standards locally as appropriate. Similar to IFRS Accounting Standards, we expect there will be ongoing amendments to the ISSB Standards. Regarding this aspect, we emphasize the importance of the HKIPCA's continuous engagement with local stakeholders on any potential developments on the ISSB Standards from time to time. In the case of amendments to existing ISSB Standards as well as publication of future ISSB Standards, we recommend that further guidance is developed and provided by the HKICPA on a timely basis relating to how these future developments will be considered and incorporated into the suite of HK Standards locally.

Please contact Serene Seah-Tan (Serene.seah-tan@kpmg.com) or Irene Chu (Irene.chu@kpmg.com), if you wish to discuss any of the issues raised in this letter.

Yours faithfully

A handwritten signature in black ink, appearing to be 'KPMG' followed by a stylized flourish.