

[Press release]

Climate change reporting is top regulatory concern, and corporates need urgent attention to get transition plans and other moving parts in order, joint report concludes

Climate change reporting is crucial for risk mitigation

12 July 2022, Hong Kong – Listed companies in Hong Kong must make haste and take steps to get their transition plans and other moving parts in order to comply with emerging global sustainability reporting standards as the International Sustainability Standards Board (ISSB Board™) gets ready to finalise them within this year. That is a key conclusion of *Climate Change Reporting: Imminent, Challenging & Mandatory – The Opening Moves*, a report co-authored by The Hong Kong Chartered Governance Institute (HKCGI), CLP Holdings Limited (CLP) and KPMG China.

Ashley Alder, Chief Executive of the Securities and Futures Commission and Chair, Board, International Organization of Securities Commissions commenting on the report stated “Hong Kong’s potential adoption of these standards has enormous significance” and he goes on to note that the joint report “presents a timely perspective on the key issues listed companies will need to consider.” **Bonnie Y Chan, Head of Listing, Hong Kong Exchanges and Clearing Limited (HKEX)** noted that “HKEX will continue to review our Rules and Regulations to further enhance climate disclosures, taking into account the state-of-readiness and capabilities of our issuers”.

The report outlines key challenges and focus areas for companies as they prepare for the upcoming standards. On 31 March 2022, the ISSB Board released two proposed standards, one dealing with general sustainability-related disclosure requirements and the other on climate-related disclosure requirements.

In Hong Kong, the Green and Sustainable Finance Cross-Agency Steering Group expressed its support for adopting the two standards issued by the ISSB Board. The Securities and Futures Commission (SFC) and Hong Kong Exchanges and Clearing Limited (HKEX) are also engaging with industry practitioners on how to best apply the proposed requirements. It is expected that reporting under the ISSB Board’s standards will become mandatory for listed companies.

Pat Woo, Partner / Head of Environment, Social and Governance, Hong Kong / Global Co-Chair, Sustainable Finance, KPMG IMPACT, KPMG China, says: “Climate change is a strategic issue requiring board oversight. Failure to take appropriate steps can expose a company to material business risks. Companies preparing climate reporting under the ISSB Board’s climate proposal to address climate-related disclosures should adopt a strategic lens and ensure their reporting serves as an appropriate risk mitigation.”

As regulators and investors are increasingly demanding transparency on how businesses deliver on climate goals and address climate-related issues, companies should adopt a strategic lens and ensure their climate reporting serves as an appropriate risk mitigation.

Eddie Ng, Partner, Business Reporting and Sustainability, KPMG China says: “The processes underpinning the ISSB Board’s climate reporting involve significant efforts. A light touch approach could result in substantial risk management issues if a company fails to fully understand and act on the impacts of climate change on its business.”



Based on a survey among governance professionals in Hong Kong, held during the Climate Change Reporting – Changes Are Coming Quickly webinar hosted by HKCGI, found that only one in seven respondents (14 percent) expressed that their companies had already set a climate transition plan. In addition, only 17 percent of the respondents advised that their companies had prepared a climate-related scenario analysis.

David Simmonds FCG HKFCG, Vice-President and Chairman of the Membership Committee, HKCGI; Chief Strategy, Sustainability and Governance Officer, CLP says: “Increasing requirements for climate reporting and climate action is the clear direction of travel which no business can ignore and this report contains a host of timely, valuable and practical recommendations for all business in tackling these issues.”

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About HKCGI

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The Hong Kong Chartered Governance Institute (HKCGI), formerly known as The Hong Kong Institute of Chartered Secretaries (HKICS), is the only qualifying institution in Hong Kong and the Mainland of China for the internationally recognised Chartered Secretary and Chartered Governance Professional qualifications.

With over 70 years of history and as the Hong Kong/China Division of The Chartered Governance Institute (CGI), the Institute's reach and professional recognition extends to all of CGI's nine divisions, with more than 40,000 members and students worldwide. HKCGI is one the fastest growing divisions of CGI, with a current membership of over 6,800, 300 graduates and 3,000 students with significant representations within listed companies and other cross-industry governance functions.

Believing that better governance leads to a better future, HKCGI's mission is to promote good governance in an increasingly complex world and to advance leadership in the effective governance and efficient administration of commerce, industry and public affairs. As recognised thought leaders in our field, the Institute educates and advocates for the highest standards in governance and promotes an expansive approach which takes account of the interests of all stakeholders.

Better Governance. Better Future.

For more information, please visit www.hkcg.org.hk.

About CLP

The CLP Group is one of the largest investor-owned power businesses in Asia Pacific with investments across Hong Kong, Mainland China, Australia, India, Southeast Asia and Taiwan. Hong Kong-listed CLP Holdings Limited is the holding company for the CLP Group, which has a diversified portfolio of generating assets that uses a wide range of fuels including coal, gas, nuclear and renewable sources.

Through CLP Power Hong Kong Limited, the Group operates a vertically integrated electricity supply business that provides a highly reliable supply of electricity to 80% of Hong Kong's population. In Mainland China, the CLP Group is the largest external independent power producer with a focus on low-carbon energy. In Australia, the Group's wholly-owned subsidiary EnergyAustralia is a leading integrated energy company, providing gas and electricity to about 2.44 million households and businesses. Aprava Energy (formerly known as CLP India) is one of India's biggest renewable energy producers with operations in power generation and transmission.

CLP Holdings is included in the Global Dow – a 150-stock index of the world's leading blue chip companies, the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific), the Dow Jones Sustainability Asia Pacific 40 Index (DJSI Asia Pacific 40), the Hang Seng Corporate Sustainability Index Series and the FTSE4Good Index series.

Media inquiries:

Dyna Yu

Direct: +852 3927 5798

Email: dyna.yu@kpmg.com



Gemma Ho
Direct: +852 3927 3171
Email: gemma.ho@kpmg.com

Vivian Kwan
Hill+Knowlton Strategies
Direct : +852 2894 6275
Email: vivian.kwan@hkstrategies.com