

## HKFRS S1 and S2 Implementation Platform Panel's Terms of Reference

### *Establishment of a HKFRS S1 and S2 Implementation Platform Panel*

1. The Institute published HKFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and HKFRS S2 *Climate-related Disclosures* (HKFRS SDS) in December 2024. HKFRS S1 and HKFRS S2 are fully aligned with IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* (IFRS SDS), developed by the International Sustainability Standards Board (ISSB).
2. In order to support the implementation of HKFRS/IFRS S1 and S2, the Institute has established a platform (HKIP) for stakeholders to submit technical implementation questions for discussion by the Sustainability Disclosure Standards Committee (SDSC). The HKIP mirrors the ISSB's Transition Implementation Group (ISSB's TIG), and SSD will leverage the HKIP to relay any HK-specific issues to the ISSB as appropriate. In light of the expected depth and intensity of the technical discussions at the HKIP and based on experience from other standard-setting work streams, we believe it would be a better use of SDSC resources to create a panel under its ambit – the HKIP Panel – to support this function.

### *Objectives and scope of activities*

3. The objectives of the HKIP Panel are to:
  - (a) analyse and discuss stakeholder questions submitted to the HKIP;
  - (b) identify implementation issues and provide recommendations to the SDSC which may include submitting a question to the ISSB's TIG or offline discussions with the ISSB staff and board members, as appropriate; and
  - (c) identify areas of focus for educational activities.
4. The scope of the HKIP Panel discussions will be limited to stakeholder questions raised on the implementation of HKFRS/IFRS S1 and S2.
5. The HKIP Panel has no authority. No decisions, interpretation or guidance will be issued by the HKIP Panel.
6. The HKIP Panel is not a formal decision-making group. The HKIP panel members (Panel Members) provide views or recommendations on an issue and those collective views/recommendations may not necessarily be unanimous.

### *Role and expectations of the Panel Members*

7. Panel Members should:
  - (a) have practical and direct knowledge of the ongoing implementation of HKFRS/IFRS SDS, other sustainability reporting standards or regulations;
  - (b) be capable of sharing their views on the questions submitted to the HKIP;
  - (c) be capable of considering different perspectives and have an ability to participate in a free exchange of ideas; and
  - (d) have expertise in a broad range of sustainability-related matters.

8. Acceptance of nomination onto the HKIP Panel will presuppose the Panel Member's availability to participate in most, if not all, the activities of the HKIP Panel.
9. The role of a Panel Member is to act in an advisory capacity to the SSD staff, providing specific and industry technical expertise as well as his/her perspectives and those of his/her organisation, on the issues. It is anticipated that Panel Members will be fully apprised of the content of the issue(s) being considered, and that they will familiarise themselves with other resource material relevant to the matter.
10. Panel Members may also be requested to identify other key stakeholder groups/individuals with whom the SSD staff and SDSC should consult as part of the matter.
11. Panel Members may be requested to contribute to discussion papers or other documents and review draft versions of SSD staff or SDSC publications for the purposes of providing feedback to SSD staff, including identifying any practical implementation issues.

### *Composition and Membership*

12. Panel Members are appointed in their personal capacity and should meet the criteria in paragraph 7.
13. Potential Panel Members are identified by the SSD staff and/or SDSC members. The HKIP Panel is a standing panel under the remit of the SDSC, reviewed at least annually.
14. To balance diversity of views with maintaining the size of the HKIP Panel at a level that is effective and efficient to operate, each SDSC member organisation is entitled to nominate one representative to the HKIP Panel and the HKIP Panel comprises a maximum of 15 members, unless otherwise justified and approved by the SDSC.
15. As the focus is on sustainability-related disclosure implementation questions, priority will be given to individuals who have deep experience in preparing or providing advice or assurance on sustainability reports prepared in accordance with IFRS SDS, the TCFD Recommendations and/or SASB Standards. Consequently, not all applicants will be invited to join the HKIP Panel.

### *Procedures*

16. Questions may be submitted by anyone. The questions must meet the following criteria:
  - (a) The question is related to the implementation of HKFRS/IFRS S1 and S2.
  - (b) The question indicates that HKFRS/IFRS S1 and/or S2 can be applied in different ways resulting in diversity in practice.
  - (c) The potential implementation question is expected to be pervasive, i.e. the question is expected to be relevant to a wide group of stakeholders. A description of why the question is expected to be pervasive should be included with each submission.
  - (d) The submission should include a detailed description of the possible ways in which the Standards can be applied. In other words, the submission must include the following aspects at a minimum to qualify for consideration by the SDSC:
    - (i) Background/context of the issue;
    - (ii) Why the question is expected to be pervasive;
    - (iii) Analysis of the issue;
    - (iv) The different views on how HKFRS/IFRS S1 and/or S2 could be applied to the issue; and
    - (v) Justification for the different views by reference to the relevant paragraphs of HKFRS/IFRS S1 and/or S2.

17. Cross cutting issues between HKFRS/IFRS SDS and HKFRS/IFRS Accounting Standards may be referred to the relevant Financial Reporting Standards Committee Advisory Panel (FRSC Advisory Panel) as appropriate.
18. The HKIP meetings are not open to the public.
19. SSD is the convener of the HKIP meetings. All questions submitted will be evaluated against the submission criteria and relevant questions will be circulated to the HKIP Panel in advance of each meeting.
20. Panel Members will share their views on each submission at the HKIP meetings. Subject to the agreement of SSD staff, Panel Members may send delegates who are knowledgeable of the matters being discussed to present their views at HKIP meetings.
21. Panel Members are expected to analyse and evaluate each submission to determine whether an issue requires further action e.g. discussion with the ISSB staff, submission to the ISSB's TIG, education activities or trainings.
22. A log of all submissions and their resulting outcome will be maintained. Relevant meeting information including meeting summaries will be published on the Institute website for reference only.
23. Panel Members may be called to meet in person, virtually, by phone or other means as and when necessary. Regular communications may also occur via email or other means at other times.
24. Panel Members shall serve on a voluntary, unpaid basis.

#### *Meeting Agenda, Papers and Minutes*

25. SSD staff will organise and facilitate HKIP meetings by preparing agendas, papers and/or meeting summaries as necessary.
26. Meeting summaries of HKIP meetings will reflect the collective views of the Panel Members. Meeting summaries will be provided to Panel Members for comment and thereafter the SDSC as an update.

#### *Confidentiality*

27. Information associated with HKIP meetings apart from those noted in paragraph 22 will not be made public, less the SDSC Chair decides otherwise. Panel Members are encouraged to consult with other experts who may assist in forming their views. Panel Members are permitted to share relevant meeting materials on a needs basis only and on the condition that the materials are not further distributed.

#### *Conflicts of Interests*

28. If a Panel Member believes he/she may have a conflict of interest regarding a matter on which he/she is being consulted, the Panel Member should inform the SSD staff of this fact, who will determine the future participation of the Panel Member on that matter.

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