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

CPA Australia Ltd

ABN 64 008 392 452

Level 20, 28 Freshwater Place
Southbank VIC 3006 Australia

GPO Box 2820 Melbourne
VIC 3001 Australia

P 1300 737 373
Outside Aust +613 7034 9770

cpaaustralia.com.au

Dear Cecilia Kwei

Exposure Draft: HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information; and Exposure Draft HKFRS2 Climate-related Disclosures.

Introduction

As one of the largest professional accounting bodies in the world, CPA Australia represents the diverse interests of over 172,000 members working in 100 jurisdictions and regions around the world. This includes over 15,000 members in Hong Kong.

We make this submission on behalf of our members and in the broader public interest and welcome the opportunity to provide feedback on the two exposure drafts released by the Hong Kong Institute of Certified Public Accountants (HKICPA).

A vote of support

CPA Australia supports the proposed adoption by the HKICPA of the two inaugural sustainability-related standards (IFRS S1 and IFRS 21) issued by the International Sustainability Standards Board (ISSB). This will ensure full alignment of HKFRS S1 and HKFRS S2 to the international baseline set by IFRS S1 and S2.

Globally investors and other providers of capital have been clear that climate-related reporting in the first instance would be a critical component to their own valuation models and decision-making matrices.

It is our belief that alignment will not only provide reporting entities with a clear understanding of the requirements on climate-related and broader sustainability-related reporting requirements but will also help secure the future resilience of Hong Kong's substantial international trade relationships.



Breadth of reporting entities

We note that the determination of the industries and organisational types that will be required to adopt the requirements under HKFRS S1 and HKFRS S2 will be determined by the Hong Kong government. We look forward to having a clearer understanding of the scope of the reporting cohort recognising that the Hong Kong Stock Exchange (HKEX) has moved at speed to enhance the requirement for large, listed entities to report on climate-related impacts under the ESG Code.

Should you have any questions about the matters raised in this submission or wish to discuss them further, please contact Patrick Viljoen at patrick.viljoen@cpaustralia.com.au

Yours sincerely

Ram Subramanian FCPA
Interim Head of Policy and Advocacy
Insert letter content

Allison Zhu
Regional Head Greater China

