

Special issue: April 24 legal and regulatory update

The Appendix Key New Climate requirements:

[Note: we focus on the “governance” aspect and only set out general principles of the other technical requirements. For detailed requirements: see proposed amendments to Listing Rules, Appendix III of consultation conclusions.]

1. Governance

- **Disclose** the governance body(s) (e.g. a **board, committee**) or individual(s) **responsible for oversight of climate-related risks and opportunities**
 - How the board/committee ensure appropriate **skills and competencies** to oversee relevant strategies
 - **How** and **how often** the board/committee is informed about **climate-related risks and opportunities**
 - How the board/committee considers climate-related risks and opportunities when overseeing the issuer’s **strategy, decisions on major transactions, and risk management policies**
 - How the board/committee oversees the setting of, and monitor progress of **targets**, including whether and how related remuneration metrics are included in **remuneration policies**
 - **Management’s roles** in the relevant governance process, controls and procedures

2. Strategy

- **Climate-related risks and opportunities (RELIEFS: RI, (for opportunities) CS)**
 - Disclose information to enable an understanding of **climate-related risks and opportunities** that **could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term**
- **Business model and value chain (RELIEFS: (scope of value chain) RI)**
 - Disclose information that enables an understanding of the current and anticipated **effects** of climate-related risks and opportunities on the issuer’s **business model and value chain**
- **Strategy and decision making**
 - Disclose information that enables an understanding of the **effects** of climate-related risks and opportunities on its **strategy and decision-making**
 - E.g. any **climate-related transition plan (or a negative statement)**

- **Financial position, financial performance and cash flows (RELIEFS: F, (for anticipated effects): RI, C)**
 - Disclose qualitative and quantitative **current and anticipated financial effects** of climate-related risks and opportunities on issuer’s **financial position, financial performance and cash flows**
- **Climate resilience (RELIEFS: (for scenario analysis) RI, C)**
 - **Resilience** of its **strategy and business model** to climate-related changes, developments or uncertainties
 - Assessed using climate-related **scenario analysis**

3. Risk management

- Disclose the **processes and related policies** used to **identify, assess, prioritise and manage climate-related risks and opportunities**; how such process is **integrated** into issuer’s overall risk management process

4. Metrics and Targets (RELIEFS: (for scope 3) RI)

- **GHG emissions** (by GHG Protocol or the protocol the issuer is required to use under its local legislation): **scope 1, scope 2 and scope 3**
- **(i) Climate-related transition risks/physical risks/opportunities: amount and percentage of assets or business activities (RELIEFS: RI)**
- **(ii) capital deployment:** the amount of capital expenditure deployed
- (Where applicable) **internal carbon price**
- **Remuneration:** disclose **how climate-related considerations** are factored into **remuneration policy** (or a negative statement)
- **Industry-based metrics:** issuers are **“encouraged to consider”** industry-based disclosure requirements prescribed under international ESG reporting framework
- **Climate-based targets**

(Under “Disclosure obligations” at the beginning of Part D) It is noteworthy that, where an issuer has yet to disclose information required under any of the provisions, regardless of whether it has (a) opted to **“explain” why it has not** made a particular disclosure **under the “comply or explain”** regime or (b) chosen to **apply an applicable relief** available (whether it is required to report on a mandatory or “comply or explain” basis), **such issuer is encouraged to provide information on the work plan, progress and timetable for making the required disclosure.**