



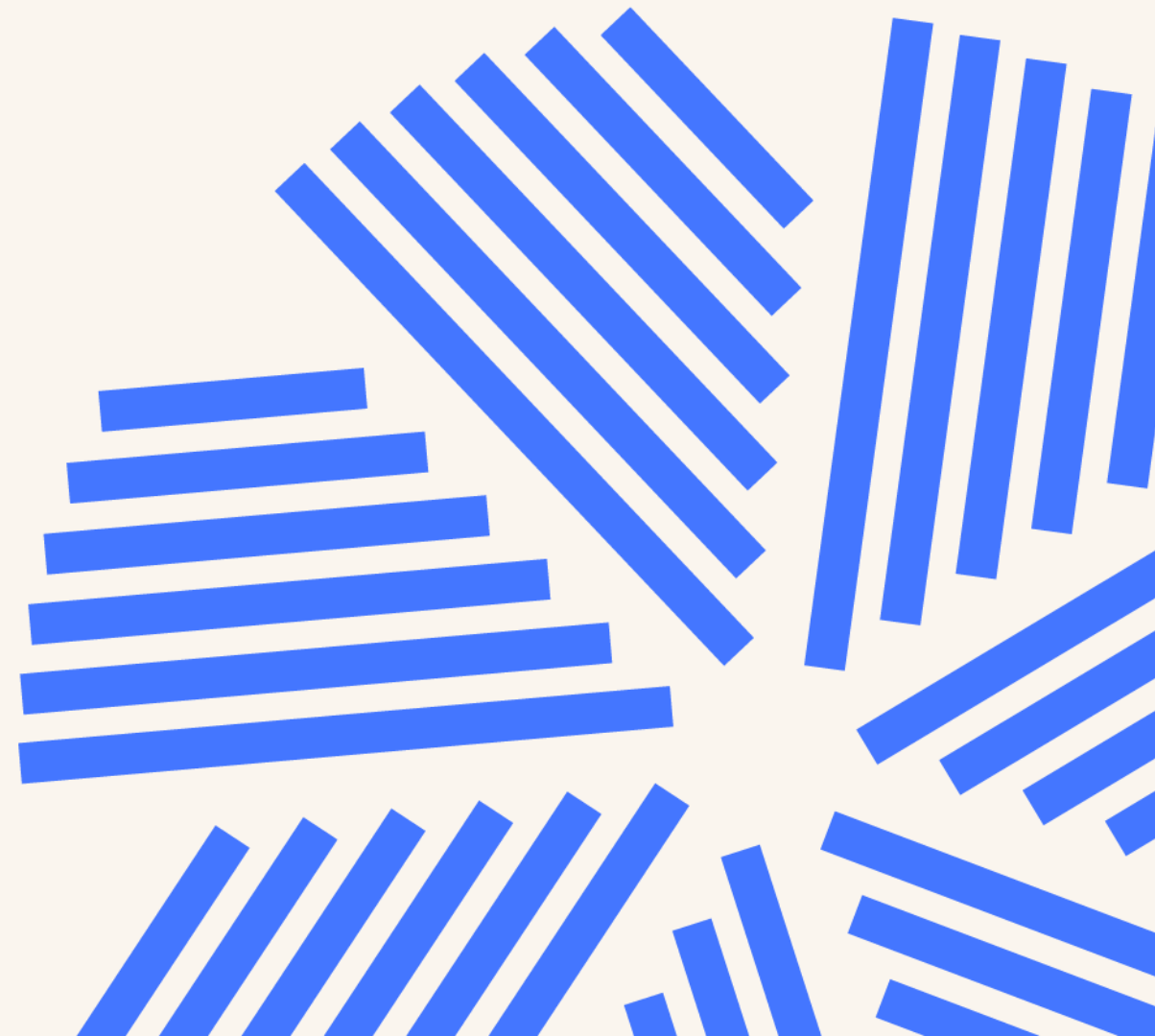
CFA Institute®



CFA Society
Thailand



Sustainability Reporting: Global Trends and Implications for Investment Analysis



Sustainable Investing Certificate Overview

Format: Self-paced online

Length to Complete: 100 - 130 hours

Mode of Exam: 2-hour, 20-minute exam with 100 multiple-choice questions (Testing is conducted in-person through Prometric Test Centers or online through ProProctor)

Participant Profile

Ideal for investment practitioners and professionals working in front/back offices, sales, wealth management, risk, consulting, and anyone seeking better ESG understanding. No formal entry requirements, but it is good to have a basic understanding of investments.

Price is **USD 890** including study materials and exam registration.



Scan Me

ENROLLMENT FOR NEXT COHORT BEGINS 7 JULY

Climate Risk, Valuation, and Investing Certificate Overview



Advanced certificate

Pre-requisite knowledge equivalent to CFA Program Level I, the Sustainable Investing Certificate, or investment industry (or similar) experience recommended



Time commitment

100 hours of study.
Five 4-week courses with 1 week between each course



Cohort-based or Self-paced learning

Progress through courses with professionals around the world, engaging with the curriculum together through discussion forums and peer reviews

- Self-paced version is available now
- Next cohort starts on 7 July 2025



Cost

Members USD 1,272
Non-members USD 1,590



Achievement recognition

Participating professionals receive a digital badge and certificate upon completion of 5 courses and a final assessment



Who should enroll

Professionals who will benefit from developing practical skills and applicable, real-world knowledge in climate-focused investment principles.

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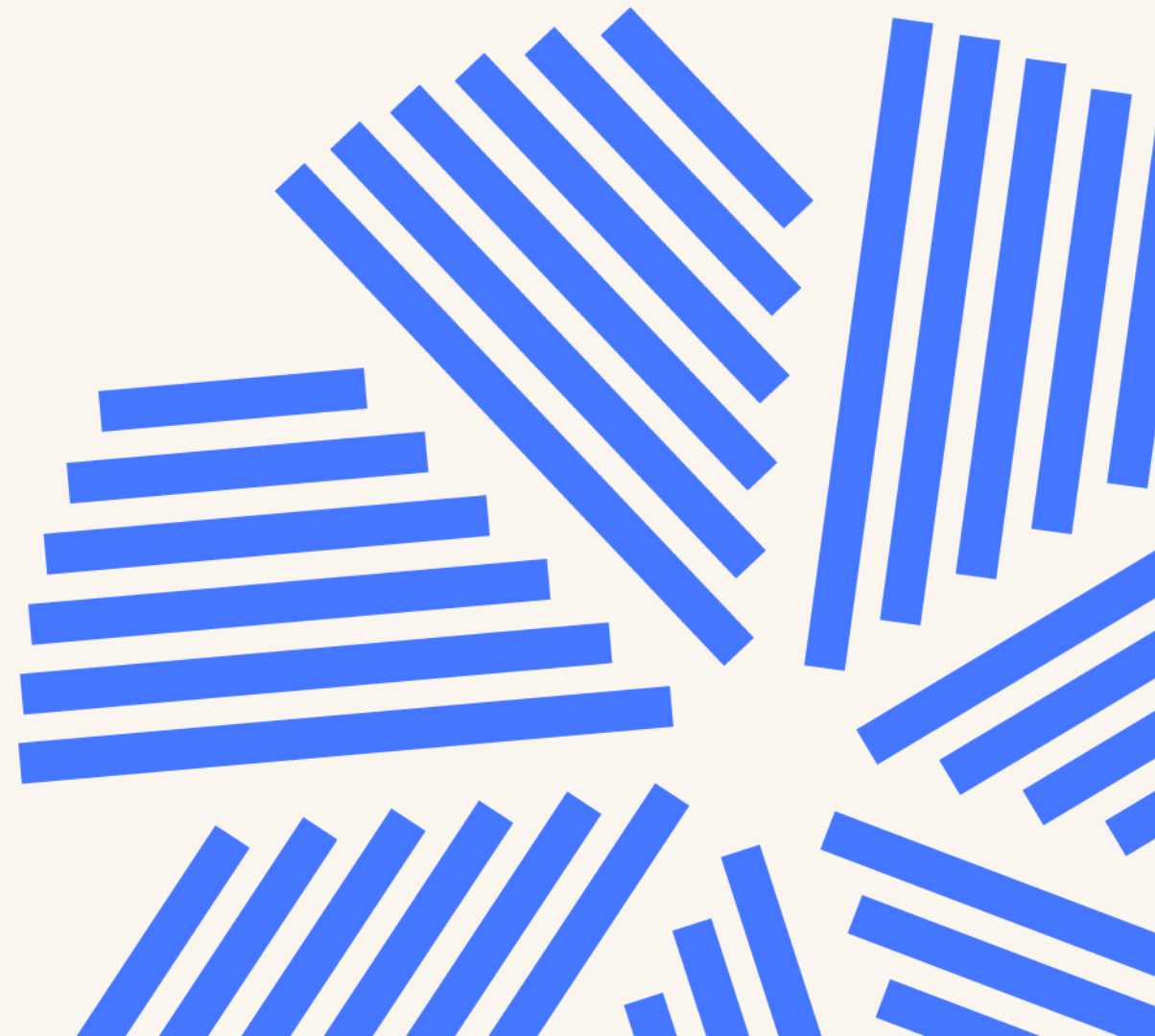
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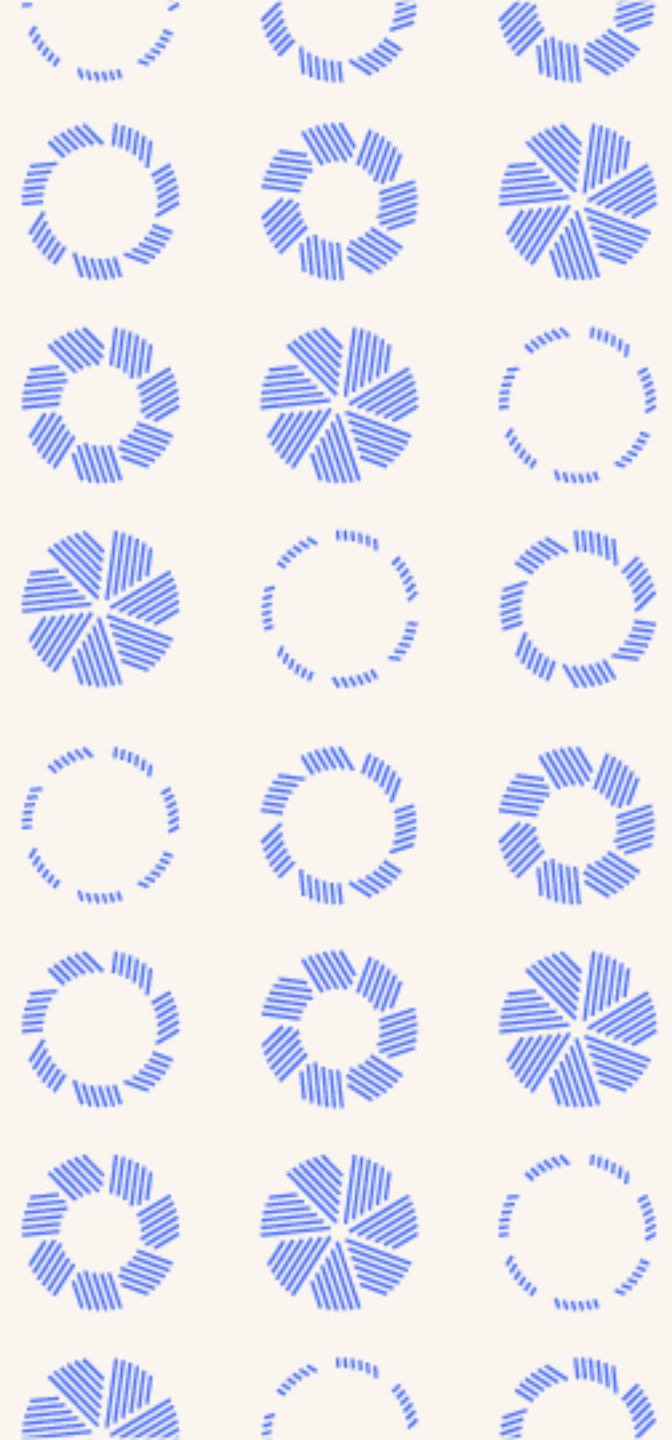


Sustainability Reporting: Global Trends and Implications for Investment Analysis



Housekeeping

- Today's webinar is scheduled for 90 minutes including Q&A.
- All participants are muted throughout the webinar.
- We welcome questions via the Q&A button on your screen.
- Live interpretation is available in  English and  Thai for this webinar.
- This webinar will be recorded and shared once available.



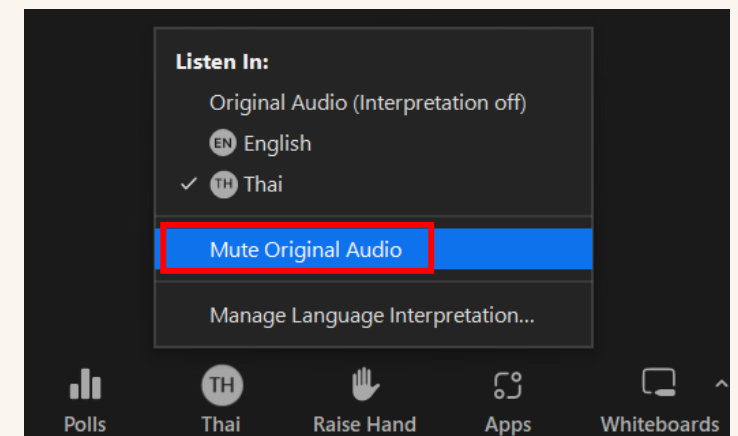
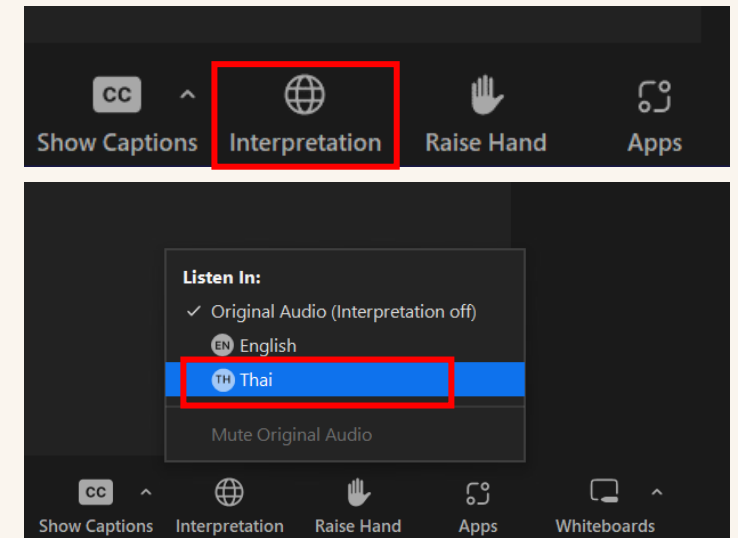
Setting up Thai Interpretation

ฟังการสัมมนาออนไลน์นี้เป็นภาษาไทยด้วยฟังก์ชัน “การแปลภาษา”

- Interpretation button is available at the control panel at the bottom of your screen, for mobile users it will be the “more” button
ปุ่มการแปลภาษาจะอยู่ที่แผงควบคุมที่ด้านล่างของหน้าจอ สำหรับผู้ใช้มือถือ จะเป็นปุ่ม “เพิ่มเติม”
- Select your preferred language as Thai
เลือกภาษาที่คุณต้องการเป็นภาษาไทย
- For better Thai interpretation experience, feel free to mute the original audio
เพื่อประสบการณ์ที่ดีขึ้นในการรับฟังเป็นภาษาไทย คุณสามารถปิดเสียงต้นฉบับได้ตามต้องการ (« mute original audio »).
- If you wish to switch back to the original English channel, simply select 'English' or 'off'
หากคุณต้องการเปลี่ยนกลับไปใช้ช่องภาษาอังกฤษเดิม เพียงเลือก 'อังกฤษ' หรือ 'ปิด'



การสัมมนาผ่านเว็บนี้สามารถฟังเป็นภาษาไทยได้โดยเลือก "ภาษาไทย" จากเมนู "การตีความ" ที่ด้านล่างของหน้าจอ



OPENING REMARKS

Prof. Pornanong Budsaratragoon, Ph.D.

**Secretary-General
SEC Thailand**

KEYNOTE PRESENTATION

Verity Chegar

ISSB Member

ISSB Standards

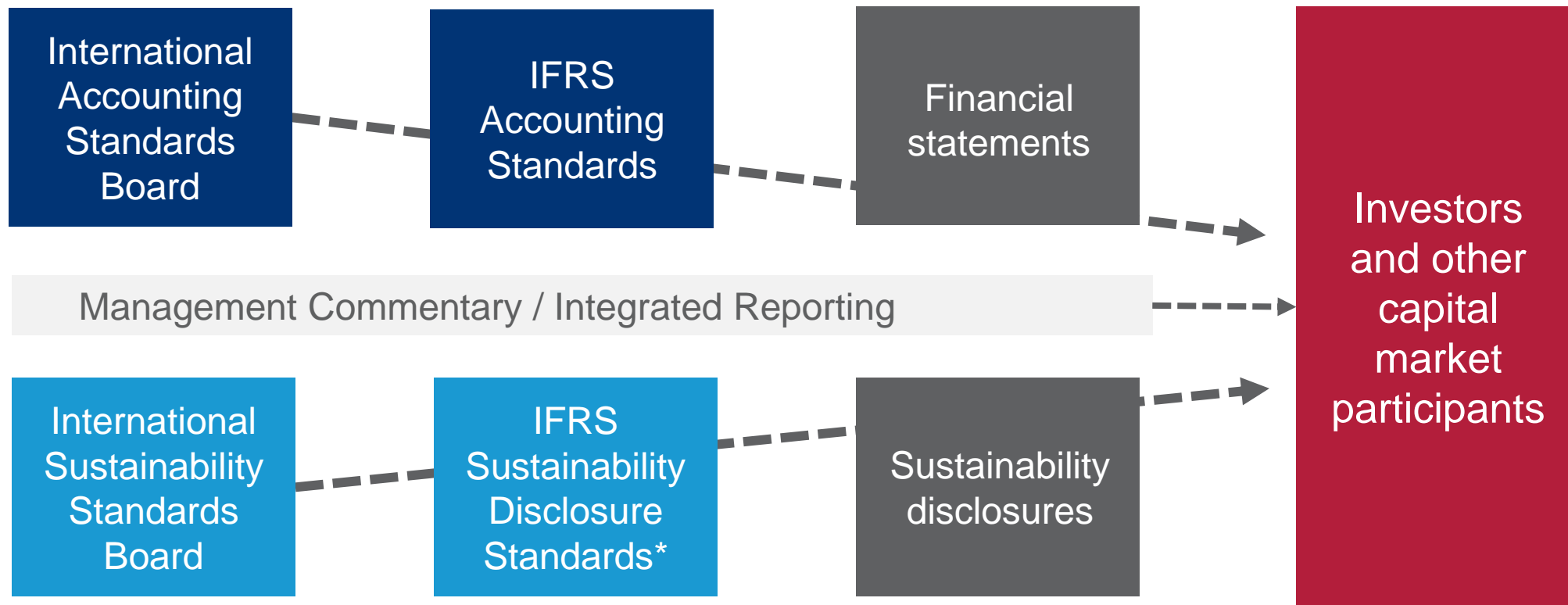
Verity Chegar, ISSB Member

Prepared for *Sustainability Reporting: Global Trends and Implications for Investment Analysis* webinar
co-hosted by the SEC Thailand, CFA Institute, and
CFA Society Thailand

May 2025

The views expressed in this presentation are those of the presenter, not necessarily those of the IFRS Foundation, International Accounting Standards Board or the International Sustainability Standards Board.
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Designed for communication to investors



**GAAP-agnostic but developed
to ensure compatibility with
IFRS Accounting Standards*

IFRS S1 and IFRS S2: the first ISSB Standards



IFRS S1 covers all sustainability-related risks and opportunities

IFRS S2 provides more detailed requirements on risks and opportunities related to climate

Both Standards:

- Require disclosure of information **material** to investors
- Incorporate **TCFD** Recommendations
- Require **cross-industry and industry-specific** information
- Offer guidance from **SASB Standards**

IFRS S1 and IFRS S2 incorporate TCFD Recommendations



Governance

Governance processes, controls and procedures a company uses to monitor, manage and oversee sustainability-related risks and opportunities



Strategy

A company's strategy for managing sustainability-related risks and opportunities



Risk management

The process a company uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities

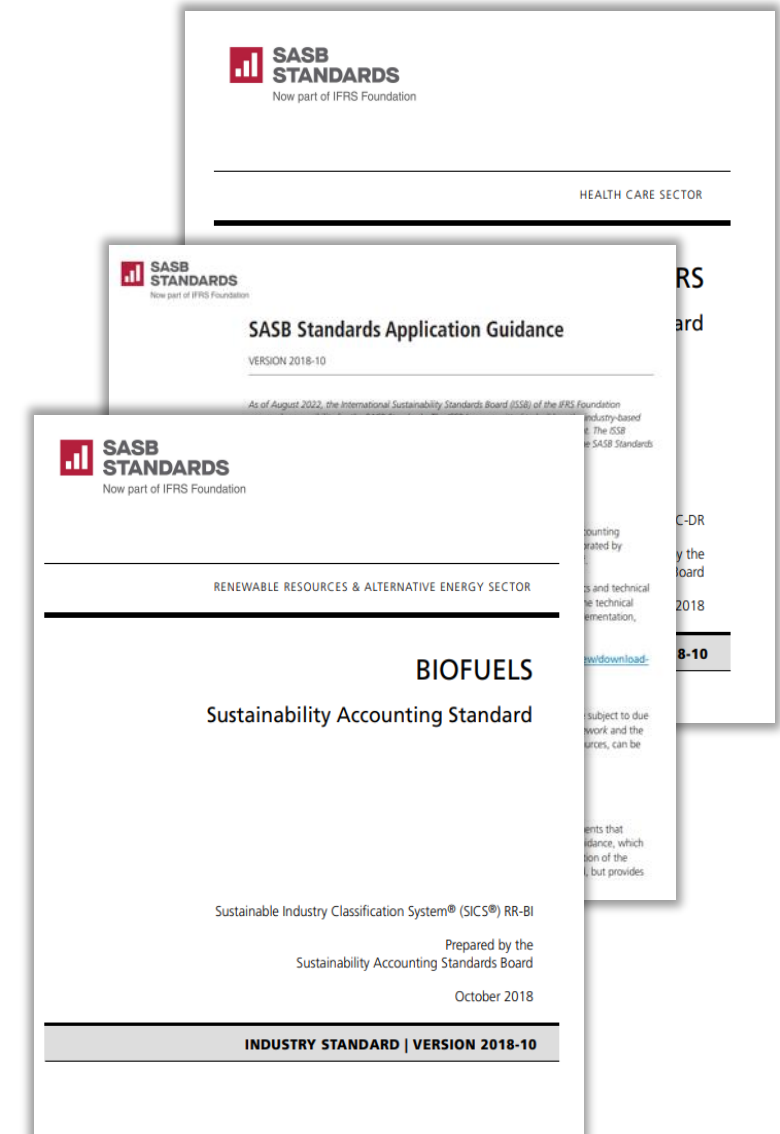


Metrics and targets

A company's performance in relation to sustainability-related risks and opportunities

SASB Standards

- 77 industry-specific disclosure standards
- Guide to identify the sustainability factors most relevant to financial performance and company prospects for the typical company in an industry
- Developed through transparent, market-informed due process
- Around 3,500 companies in over 80 jurisdictions report using SASB Standards
- Result in comparable information for investors and other providers of capital



Sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects

A company's **prospects** refers to the company's cash flows, its access to finance or cost of capital over the short, medium or long term.

The effects of sustainability-related risks and opportunities on a company's cash flows, its access to finance or cost of capital include:

- the **amount, timing and uncertainty** of the company's incoming and outgoing cash flows
- the company's ability to **obtain funding**
- the **cost incurred** by the company to secure funding for its operations and investments.

- The effect of a sustainability-related risk or opportunity on a company's access to finance and cost of capital brings in an **assessment of how other market participants might interact with the company**
- The effects are assessed over the **short-, medium- and long-term time horizons** and the time horizons can vary among companies and depend on many factors.

Sustainability can affect a company's prospects

A company's ability to deliver financial value for **investors is inextricably linked to:**

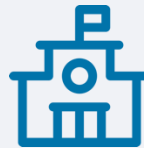
Stakeholders

with whom it works
and serves



Society

in which it
operates



Natural

resources upon
which it draws



Builds on concepts from the **Integrated Reporting Framework**

The definition of ‘material information’

In the **context of sustainability-related financial disclosures**, information is material if **omitting, misstating or obscuring** that information could reasonably be expected to influence **decisions that primary users** of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity.

Connectivity considerations

ISSB Standards and IFRS Accounting Standards use aligned definitions of ‘material information’, thereby facilitating:

- connectivity in a company’s general purpose financial reports
- a closer connection than if the company’s sustainability-related information were provided using another definition of material information

Connected information

IFRS S1 asks for information that helps investors understand the connections between:

- sustainability-related risks and opportunities
- disclosures on core content (governance, strategy, risk management and metrics and targets)
- sustainability-related financial disclosures and financial statements

The disclosures:

- are prepared for the **same** reporting **entity** and reporting **period** as the related financial statements
- are provided at the **same time** as the financial statements and as part of the general purpose financial reports
- include **data** and **assumptions** that are **consistent** with the corresponding data and assumptions in the related financial statements, to the extent possible, considering accounting requirements

Financial position, financial performance and cash flows

A company is required to disclose information that enables investors to **understand:**

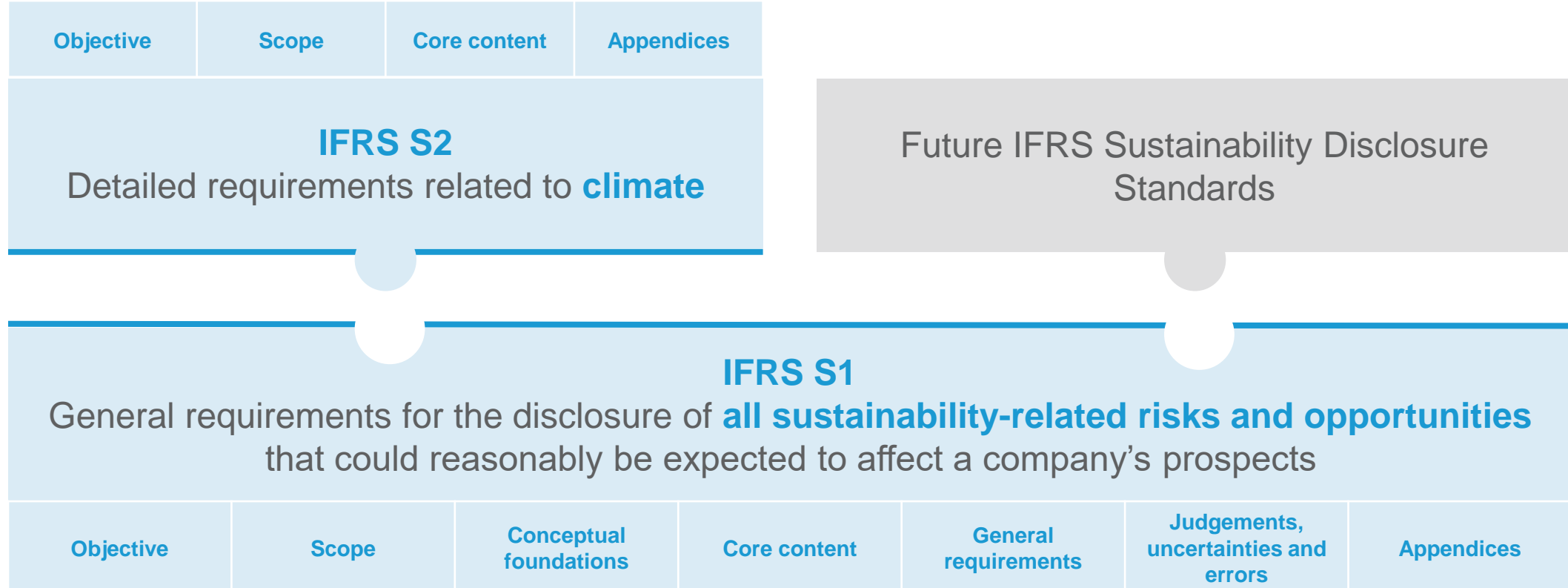
- the effects of sustainability-related risks and opportunities on the company's financial position, financial performance and cash flows for the reporting period (**current financial effects**); and
- the anticipated effects of sustainability-related risks and opportunities on the company's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how sustainability-related risks and opportunities are included in the entity's financial planning (**anticipated financial effects**).

Financial position, financial performance and cash flows

Specifically, a company is required to:

- provide both **qualitative and quantitative** information;
- in providing quantitative information, provide **a single amount or a range**; and
- Identify risks and opportunities for which there is a **significant risk of a material adjustment** within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.

ISSB Standards are a package: IFRS S2 builds on and relies on IFRS S1



IFRS S2 provides climate-specific requirements

Example

IFRS S1 requires companies to disclose information that enables investors to understand the **resilience** of the company's strategy and business model to sustainability-related risks.

This includes disclosures about **how the company assessed resilience**.

IFRS S2 provides specific requirements to enable investors to understand the **resilience** of a company's strategy and business model to **climate-related** changes, developments and uncertainties.

This includes information about how and when the company carried out **climate-related scenario analysis**.

Jurisdictions taking steps towards ISSB Standards

35 jurisdictions have already decided to use or are taking steps to introduce ISSB Standards in their legal or regulatory frameworks.

Together, these jurisdictions account for:

~60%

of global **gross domestic product** (GDP)

40%+

of **global market capitalisation**

~60%

of **global greenhouse gas emissions**

Jurisdictional progress

Americas

Bolivia, Brazil, Canada, Chile, Costa Rica, El Salvador, Mexico

Asia-Oceania

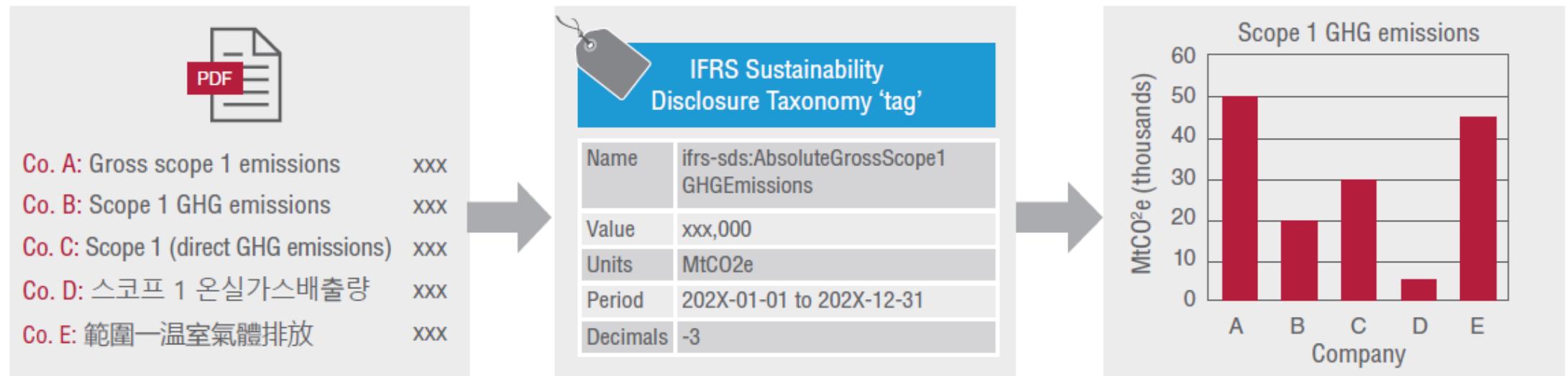
Australia, Bangladesh, China, Hong Kong SAR, Japan, South Korea, Indonesia, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, Chinese Taipei, Thailand

EMEA

EU, Ghana, Jordan, Kenya, Nigeria, Qatar, Rwanda, Switzerland, Tanzania, Türkiye, Uganda, UK, Zambia, Zimbabwe

Supporting investors' use of ISSB disclosures in a digital format

The ISSB Taxonomy provides the common elements (or 'tags') needed to make sustainability-related financial disclosures computer-readable



The ISSB Taxonomy reflects the requirements and accompanying materials of the ISSB Standards. **It does not introduce any new requirement.**

Visit ifrs.org to find out more

- [Access](#) the Standards and supporting materials
- Listen to the monthly [podcast](#)
- Respond to live [consultations](#)
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Incorporating Sustainability Disclosures into Investment Analysis



Tim Chan, CFA
Head of Sustainability
Research, Asia Pacific,
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Verity Chegar
ISSB Member



Sammie Leung
Partner,
Regional ESG Services,
Asia Pacific,
PwC



Mary Leung, CFA
Senior Advisor,
Research and Advocacy,
Asia Pacific,
CFA Institute



Sustainability Reporting: Global Trends and Implications for Investment Analysis

May 28, 2025

MORGAN STANLEY RESEARCH
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[Sustainability: Embedding Sustainability into Valuation: Navigating the ESG Investment Trend \(18 Aug 2020\)](#)

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Embedding Sustainability Into Valuation

Explicit and Implicit ESG Factors Explained

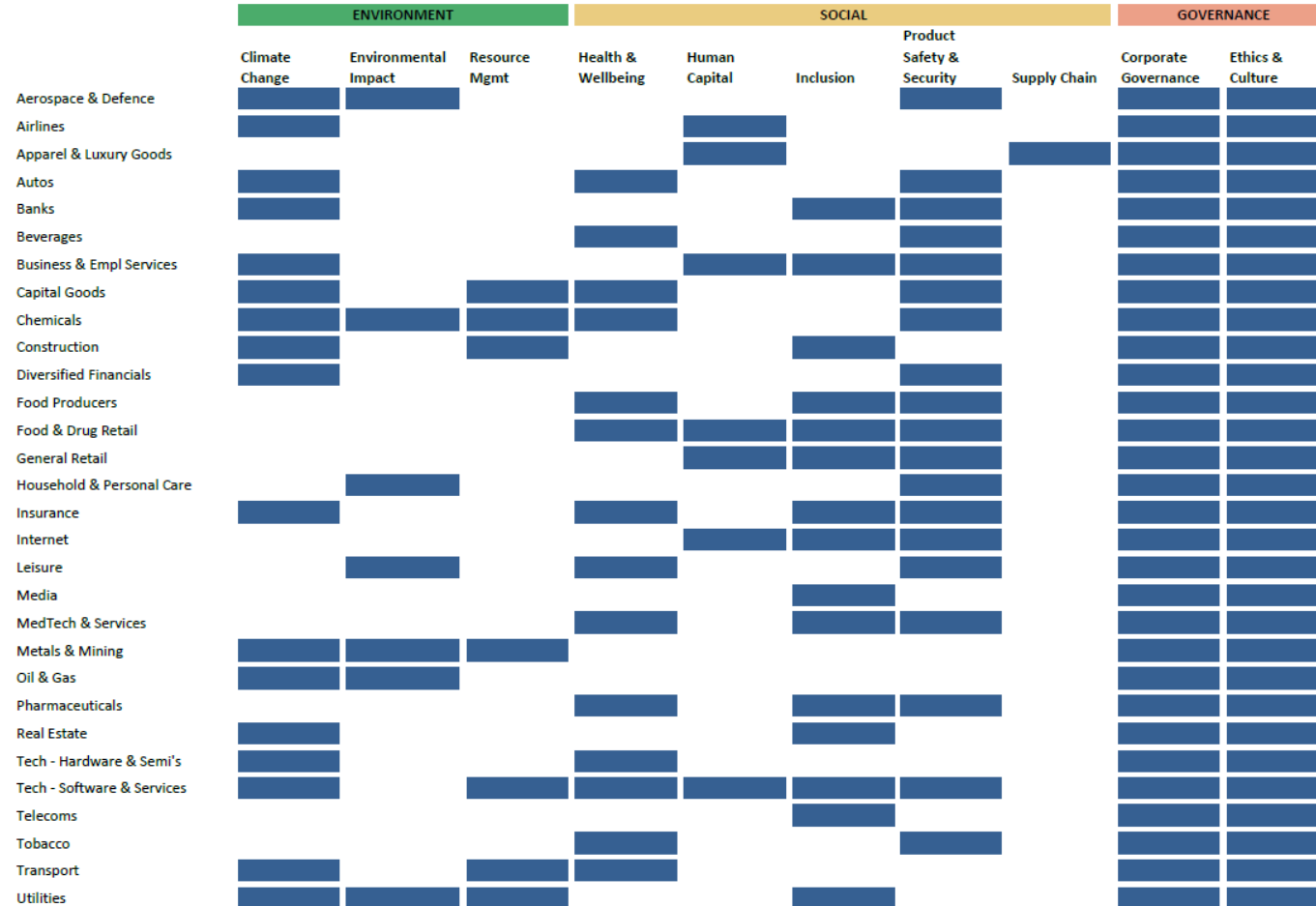
In our approach to ESG integration we separate relevant ESG factors into two buckets: Explicit and Implicit:

- **Explicit** ESG value drivers can be **independently analysed**
- Certain ESG factors will **directly impact a company's financials**, whether this be revenues, costs, capital investment or tax rate, for example. There won't be a huge number of these for each sector or issuer, but they could potentially be highly material to the investment case.
- **Implicit** ESG value drivers **cannot always be quantified but should be monitored and assessed**
- For ESG Integration, the potentially material ESG factors need to be analysed. But, **being material does not always mean being easily quantified**. Let's take employee turnover, for example. If this metric suddenly increases significantly, we can understand how this might impact productivity but it is difficult to calculate the direct relationship between these factors. However, this doesn't mean these factors should be ignored. Rather, a rising turnover rate should raise questions about why it is happening. Has the culture changed? Are employees overworked or underpaid? Do employees need to receive more workplace benefits? Some implicit value drivers are sector or company specific (e.g. injury rates in Mining and Energy), while others will be common to a number of industry groups (employee satisfaction scores, for example).

Embedding Sustainability Into Valuation

Explicit ESG Factors By Sector

Explicit ESG Factors: Sector Heat Map



Source: Morgan Stanley Research

Embedding Sustainability Into Valuation

Implicit ESG Factors By Sector

Implicit ESG Factors: Sector Heat Map

	ENVIRONMENT			SOCIAL				GOVERNANCE		
	Climate Change	Environmental Impact	Resource Mgmt	Health & Wellbeing	Human Capital	Inclusion	Product Safety & Security	Supply Chain	Corporate Governance	Ethics & Culture
Aerospace & Defence										
Airlines										
Apparel & Luxury Goods										
Autos										
Banks										
Beverages										
Business & Empl Services										
Capital Goods										
Chemicals										
Construction										
Diversified Financials										
Food Producers										
Food & Drug Retail										
General Retail										
Household & Personal Care										
Insurance										
Internet										
Leisure										
Media										
MedTech & Services										
Metals & Mining										
Oil & Gas										
Pharmaceuticals										
Real Estate										
Tech - Hardware & Semi's										
Tech - Software & Services										
Telecoms										
Tobacco										
Transport										
Utilities										

Source: Morgan Stanley Research

ESG Topics to Analyse Industry by Industry

Example: Oil & Gas Sector

EXPLICIT				
CLIMATE CHANGE	Potential exposure to stranded assets	Investment in the energy transition and low carbon technology	Reduced demand for oil (EVs, fuel efficient products)	Carbon Price sensitivity
ENVIRONMENTAL IMPACT	Provisions for site rehabilitation	Fines for environmental damage	Investment in reducing environmental impact of operations	
IMPLICIT				
CLIMATE CHANGE	Emissions reductions			
ENVIRONMENTAL IMPACT	# of spills	Land or water contamination	Land reclamation efforts	% of sites on or near areas of conservation
RESOURCE MGMT	Energy intensity	Water intensity	Waste intensity	
HUMAN CAPITAL	Employee turnover & engagement	# of training hours	Fatalities/ injury rates	Attractive work policies
COMMUNITY INCLUSION	Investment in local community			
PRODUCT SAFETY & SECURITY	Internal policies & procedures for cyber security	Compliance with data regulation		
GOVERNANCE				
CORPORATE GOVERNANCE	Board composition	Management expertise	Link between exec comp & company strategy	Rights of minority shareholders
ETHICS & CULTURE	Bribery & Corruption policies and procedures	Tax policies and procedures	Human Rights policies and procedures	Strategies for driving culture through the organisation

Source: Morgan Stanley Research

ESG Engagement Questions

Example: Oil & Gas Sector

- **Climate Change:** How are you investing in the energy transition? What investments are you making to improve the carbon emissions of your own operations? What capex are you spending on new energy initiatives (offshore wind, onshore wind, batteries, solar, utilities, CCS, natural carbon sinks, biofuels etc.)? What carbon price do you use in your project analysis? How are you trying to reduce methane?
- **Resource Management:** How are you trying to improve your energy efficiency, water efficiency and waste management?
- **Environmental Impact:** Have you disclosed your environmental management policies and practices for active sites/ core activities? How is environmental legislation affecting the company's business? Are you investing to reduce the environmental impact of your operations? Has there been any incidence of environmental accidents/fines? Do you operate in areas of protected conservation status or that are home to endangered species? Have you disclosed the acreage of land disturbed or impacted as a result of your operations? What provisions have you made for site rehabilitation?

ESG Engagement Questions

Example: Oil & Gas Sector

- **Community Inclusion:** Does your company have a local procurement plan? How do you ensure that economic development is sustainable at local communities after an operation is shut down? How much do you invest in host community development? Have you experienced any local actions against any of your businesses? What is your policy for relocating local communities? Have any of your projects had material setbacks due to disputes with the local community? Do you report taxes and royalties paid on a project or country basis?
- **Human Capital:** What percentage of the company's employees receives annual training on health & safety? How are employees rewarded for compliance with the health safety standard? Is there such a system in place? How do you ensure your contractors work to the same standards required of your employees? What action do you take if contractors are found to breach company health & safety procedures? How are you changing policies and procedures to improve health & safety? What is the occupational incident rate within your company?

ESG Topics to Analyse Industry by Industry

Example: General Retail

EXPLICIT				
HUMAN CAPITAL	Minimum wage legislation			
ENVIRONMENTAL IMPACT	R&D spend	Growth & profitability of sustainable products	Exposure to non-sustainable products	Cost of reducing plastic usage and increasing recyclable content
PRODUCT SAFETY & SECURITY	Cost of recalls	Impact of recalls on future sales		
IMPLICIT				
CLIMATE CHANGE	Emissions reductions			
RESOURCE MGMT	Waste intensity			
HUMAN CAPITAL	Employee turnover	Employee engagement	# of training hours	Attractive work policies
PRODUCT SAFETY & SECURITY	Internal policies & procedures for cyber security	Compliance with data regulation	# of historic product recalls	
SUPPLY CHAIN	# of audits per supplier	Supplier code of conduct	Affiliations with sustainability organisations	# of suppliers
GOVERNANCE				
CORPORATE GOVERNANCE	Board composition	Management expertise	Link between exec comp & company strategy	Rights of minority shareholders
ETHICS & CULTURE	Bribery & Corruption policies and procedures	Tax policies and procedures	Human Rights policies and procedures	Strategies for driving culture through the organisation

Source: Morgan Stanley Research

ESG Engagement Questions

Example: General Retail

- **Environmental Impact:** Will producing goods in a non-ethical way have negative consequences for your brand's image? Do you see demand for clothing in developed markets decreasing due to consumer concerns over sustainability?
- **Human Capital:** How are you impacted by changing minimum wage or 'living wage' laws? What percentage of your employees currently earn minimum wage?
- **Product Safety & Security:** Have you had any material product recalls over the last three years? If so, why? What are your insurance policies in the event of a product recall?
- **Community Inclusion:** What % of your products are aimed at low-income consumers? What are the growth return characteristics of this segment?
- **Supply Chain:** Do you publish a list of suppliers? How many suppliers do you use? Do you disclose the location of your suppliers? What checks do you make before ordering from a new supplier? What is your average length of relationship with suppliers? Do you have traceability procedures in place?
- **Resource Management:** What programmes do you have in place to reduce waste? How will this affect profits? How much of your waste is recycled? Do you have a target for increasing this amount?

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Disclosure section (cont.)

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Global Stock Ratings Distribution

(as of April 30, 2025)

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For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1501	40%	377	46%	25%	691	40%
Equal-weight/Hold	1667	44%	375	45%	22%	796	46%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	603	16%	76	9%	13%	229	13%
Total	3,774		828			1717	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months. Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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Sustainability Reporting: Implications for Investment Analysis



Sammie Leung
Partner, Sustainability & Climate Change, PwC Singapore
May 28, 2025

What asset owners may expect for a post-ISSB era?



Liza Jansen

Head of Responsible Investment
Prudential



ISSB is going to create higher transparency on climate disclosures and, very importantly, making forward-looking information available. How companies are making efforts in climate resilience and energy transition are very important information for investors.

What asset managers may expect for a post-ISSB era?



Better data creates more opportunities – particularly for small and medium cap companies. Voluntary disclosures often lead to a favouring of large cap companies in sustainable investment strategies. ISSB-aligned reporting should help provide investors with better visibility and lead to a more level playing field.



Emily Woodland
APAC Head of Sustainable and
Transition Solutions
Blackrock

IFRS S1 key concepts for climate disclosure preparation

Producing 'investor-grade' ESG information in the post-ISSB era

1. Quality of information

6. Value chain concepts

11. Comparative information

2. Reporting entity

7. Statement of compliance

12. Estimates and errors

3. Timing of reporting

8. Judgements and measurement uncertainty

13. Connected information

4. Location of disclosures

9. Interaction with law or regulation

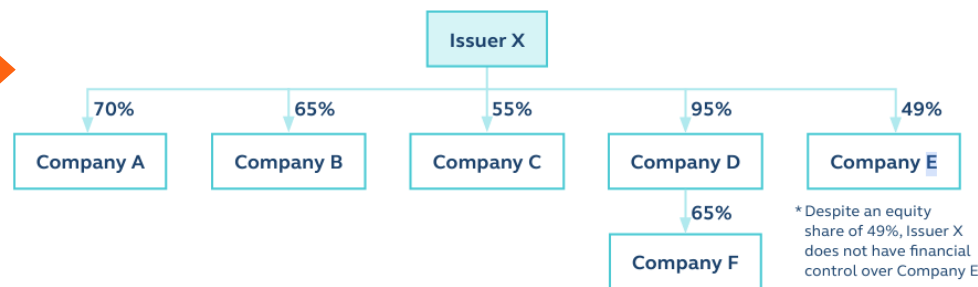
5. Materiality

10. Aggregation and disaggregation

Illustrative of organisational and operational boundaries

Insights: Relationship between organisational and operational boundaries

Issuer X has direct and indirect subsidiaries as below.



Setting organisational boundary: The issuer assesses how GHG emissions can be accounted for via the equity share and the control approach.

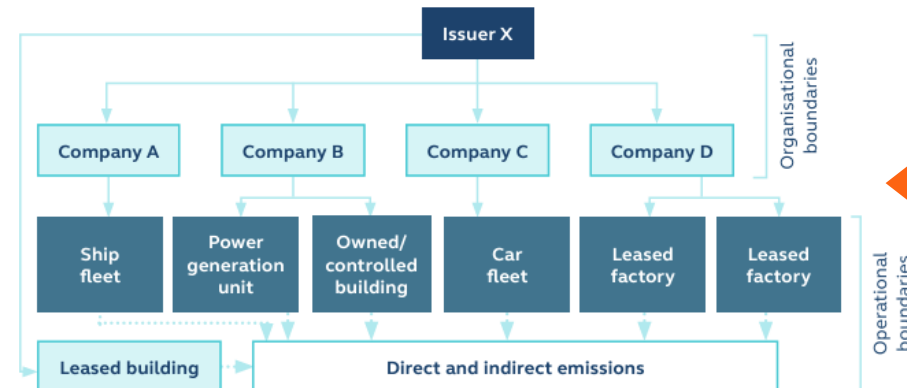
Entity	Classification in Issuer X's financial statements	Economic interest held by Issuer X	Control of financial policies	Emissions accounted for	
				Equity share	Control approach
Company A	Subsidiary	70%	Issuer X	70%	100%
Company B	Subsidiary	65%	Issuer X	65%	100%
Company C	Subsidiary	55%	Issuer X	55%	100%
Company D	Subsidiary	95%	Issuer X	95%	100%
Company E	Associated company	49%	Company E	49%	0%
Company F	Subsidiary of Company D	65% by Company D	Company D	61.75% (95% x 65%)	100%

Issuer X decided to account for its GHG emissions using the financial control approach. In this case, Issuer X will include 100% of the GHG emissions from Companies A, B, C and D. As Company F is a subsidiary of Company D and is financially controlled by Company D, its GHG emissions will be accounted for via Company D. As Issuer X does not have financial control over Company E, it will not include Company E's GHG emissions.

Setting operational boundary: Once the organisational boundary is set, Issuer X determines the scope of GHG emissions (i.e. Scope 1, 2 and 3).

Entity	Activities	Scope of emissions
Issuer X	Leases out a building as a lessor with emissions associated with lessees' use of energy on the premise	Scope 3
Company A	Owens and operates a ship fleet with emissions from mobile combustion	Scope 1
Company B	Owens a power generation unit with emissions from stationary combustion	Scope 1
	Owens a building with use of purchased electricity	Scope 2
Company C	Owens and operates a car fleet with emissions from mobile combustion	Scope 1
Company D	Leases and operates a factory as lessee with use of purchased electricity	Scope 2
	Owens a building with use of purchased electricity	Scope 2

Organisational and operational boundaries of Issuer X⁵⁴



Consider your ownership structure

Utilise a financial control approach

Understand your operational model

Illustrative case studies of different industries

1 Real estate company

The issuer is a real estate company with properties owned and managed in Hong Kong and Mainland China. It has identified climate-related risks and opportunities in its assessment process.

Key disclosure areas

Climate-related risks and opportunities and business model and value chain

Climate resilience

2 Logistics company

The issuer is a logistics company operating primarily in Mainland China. It has a fleet of vehicles using internal combustion engine (“ICE”) and is considering to move to electric vehicles (“EVs”). Based on the issuer’s stakeholder engagement, it has identified carbon pricing as a relevant climate-related risk. The following table explains the assessment process that the issuer carried out and its impact on its profit margin.

Key disclosure areas

Climate-related risks and opportunities and business model and value chain

Climate resilience

3 Manufacturing company

The issuer is a manufacturing company of packaging materials with plants in Guangdong province in Mainland China. With the increased spotlight on climate change such as China’s ‘30-60’ carbon neutrality targets⁸⁵, the issuer is observing a shift in consumer preferences whereby reusable or recyclable materials are increasingly preferred over single-use plastics. The issuer identifies the shift in consumer preference, a climate-related transition risk, as its relevant climate-related risk. The following table sets out the issuer’s assessment process for this risk.

Key disclosure areas	Actions by the issuer
Climate-related risks and opportunities and business model and value chain	<p>The issuer expects a gradual consumer shift from single-use plastic to reusable or recyclable materials to impact its business, accelerating the need to upgrade its production lines to accommodate a change from single-use packaging materials to more sustainable packaging materials. C2 20(a)-(b)</p> <p>As the issuer anticipates the shift to realise in the next 5 years, its business in Mainland China will be impacted more significantly over the short term (i.e. 2025), as compared to medium and long term (i.e. 2030 and 2050). The time horizon was selected to align with the issuer’s five-year strategic planning. C2 20(d), 21</p>
Climate resilience	<p>As part of its 2030 strategy, the issuer already has plans to set aside budget to upgrade 20% of its production lines that are manufacturing single-use plastics. However, the shift in consumer preference may come about faster than expected. The issuer highlights uncertainty around the exact time period when the impact will realise, as this may affect its production line upgrade plan. C2 26(a), 30</p>

Implementation Guidance for Climate Disclosures under HKEX ESG reporting framework



[Governance](#)[Strategy](#)[Risk Management](#)[Metrics and Targets](#)

Managing
Climate-
and
Nature-
related
Risks

For addressing heat stress, we have included passive design strategies and designed air-conditioning systems based on projected outdoor design temperatures under various climate scenarios, and materials that cater to extreme heat and cold. For flooding, we have established design flood elevations based on projected flood depths, and incorporated sponge city strategies, nature-based solutions and designed blue-green infrastructure and water-detention facilities such as appropriate landscaping, rain gardens, rainwater collection tanks and sump pump systems.

■ Climate
Risks and
Opportunities

At Taikoo Li Xi'an, we held regular design meetings to discuss future climate projections and reviewed the master layout plan and mechanical, electrical and plumbing designs. We also updated the criteria for extreme heat and flood resilience based on the SSP scenarios. We updated the project's extreme heat and relative humidity design criteria, design cooling load and flood resilience design based on climate change scenarios SSP2-4.5 and SSP5-8.5, while reserving capacity to upgrade the resilience level to cope with future climate impacts. In Sanya, we plan to incorporate a passive cooling tower which will reduce outdoor temperatures by 2-3°C on hot days. This 60 m high tower will use a ventilation shaft to capture wind from all directions and direct it downwards, creating passive cooling for the project's outdoor square.

Nature
Risks and
Opportunities

Governance

Strategy

Risk Management

Metrics and Targets

Managing
Climate-
and
Nature-
related
Risks

The evaluation also covered impacts across our value chain including our supply chain and procurement, construction activities, property management, tenant operations and engagement, property marketing and sales, and the retrofitting and refurbishment of buildings. Risks were assessed in line with our existing Enterprise Risk Management assessment scales to enable comparison of the significance of climate-related risks relative to other risks.

The findings included:

■ Climate
Risks and
Opportunities

- Having energy-efficient green buildings may significantly impact our tenant retention, with an estimated value of up to HKD421 million⁴¹. In order to determine this financial impact, we utilised the rental premium as suggested in JLL's "The Value of Sustainability" report published in November 2022. By considering our Hong Kong office gross rental income for that year, we estimated the potential value derived from the rental premium associated with our sustainable buildings. This underscores the tangible benefits and value proposition of our sustainable properties, further strengthening our market position and enhancing tenant satisfaction and retention.
- By 2030, HKD105 million in projected savings on potential carbon taxes may be realised by achieving the Company's 2030 SBT-aligned emission targets⁴².
- By 2030, projected annual savings of up to HKD12 million may be realised through green financing instruments such as sustainability-linked loans⁴³.

Nature
Risks and
Opportunities



Integration of sustainability information into key/strategic decisions

- Are you over-rely on ESG scores?
- Are they demonstrating climate resilience? E.g. CAPEX spending
- Integration into key business decisions e.g. is the internal carbon price too low to be meaningful?



Climate risk is a financial risk and it's happening

- Do NOT assume climate risk is remote/insignificant (e.g. energy/real estate / transport / agriculture)
- Do your analysis - will carbon pricing affect your fundamentals? Will the key suppliers/customers be misplaced? Distress assets due to regulatory changes?



Analyse climate information together with the financial information

- How's the data coverage? Are the climate risk analysis covering most, if not all, of the business operations? And the upstream and downstream businesses?
- Have the climate risk analysis factored-in the growth plan?
- What governance and controls are in place to ascertain the credibility of the information?



Make your engagement more meaningful

- Who do you engage with? Board? CFO? Investor relations?
- Do you ask about specific climate resilience plan?... and the relating CAPEX planned for energy transition?
- Carrot and stick approach? E.g. increased investment, public recognition, proxy / shareholder voting, divestment

Thank you



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Industry-specific information about sustainability-related risks and opportunities

Verity Chegar, ISSB Member

May 2025

Enhanced global comparability and tailored disclosures

Example

	Market A			Market B		
	E-Commerce	Insurance	Metals and Mining	E-Commerce	Insurance	Metals and Mining
Cross-industry metric	Scope 1 GHG emissions (MT CO ₂ e)	Scope 1 GHG emissions (MT CO ₂ e)	Scope 1 GHG emissions (MT CO ₂ e)	Scope 1 GHG emissions (MT CO ₂ e)	Scope 1 GHG emissions (MT CO ₂ e)	Scope 1 GHG emissions (MT CO ₂ e)
Industry-specific metric	(1) Total energy consumed; (2) Percentage grid electricity; and (3) Percentage renewable	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	Number of incidents of non-compliance associated with water quality permits, standards and regulations	(1) Total energy consumed; (2) Percentage grid electricity; and (3) Percentage renewable	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	Number of incidents of non-compliance associated with water quality permits, standards and regulations

Relevant sustainability matters vary by industry

Example

	Building products and furnishing	Home builders	Automobiles
Sustainability-related issue	Energy management in manufacturing	Design for resource efficiency	Fuel economy & use-phase emissions
Metric(s)	<p><i>Quantitative:</i></p> <ul style="list-style-type: none"> (1) Total energy consumed (GJ), (2) percentage grid electricity (%) and (3) percentage renewable (%) 	<p><i>Quantitative:</i></p> <ul style="list-style-type: none"> (1) Number of homes that obtained a certified residential energy efficiency rating and (2) average rating <p><i>Qualitative:</i></p> <p>Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers</p>	<p><i>Quantitative:</i></p> <ul style="list-style-type: none"> (1) Sales-weighted average passenger fleet fuel economy, by region (Mpg, L/km, gCO₂/km, km/L) <p><i>Qualitative:</i></p> <p>Discussion of strategy for managing fleet fuel economy and emissions risks and opportunities</p>

Consistent where useful

Example

	Oil and Gas – Exploration and Production	Processed Foods
Sustainability-related issue	Water management	Water management
Metric(s)	<p><i>Quantitative:</i> (1) Total water withdrawal, by source, (2) total water consumed; (3) percentages of water (a) withdrawn and (b) consumed from water-stressed locations</p> <p><i>Qualitative:</i> Description of water-related risks and opportunities and strategies to manage them, including any targets set to monitor progress</p>	<p><i>Quantitative:</i> (1) Total water withdrawal, by source, (2) total water consumed; (3) percentages of water (a) withdrawn and (b) consumed from water-stressed locations</p> <p><i>Qualitative:</i> Description of water-related risks and opportunities and strategies to manage them, including any targets set to monitor progress</p>

Industry-specific where appropriate

Example

	Oil and Gas – Exploration and Production	Processed Foods
Sustainability-related issue	Water management	Water management
Metric(s)	<p><i>Quantitative:</i></p> <p>(1) Volume of produced water and flowback generated;</p> <p>(2) percentage (a) injected and (b) recycled; and (3) hydrocarbon content in discharged water</p> <p>Percentage of wells using hydraulic fracturing for which all fracturing fluid chemicals have been publicly disclosed</p> <p>Percentage of wells using hydraulic fracturing where ground or surface water quality deteriorated compared to a baseline</p>	

Enhancing the SASB Standards: next steps

Exposure drafts of proposed amendments are now under development, targeting:

- **Q2 2025** for the Extractives sector (8 industries) and Processed Foods industry
- **Q4 2025** for Agricultural Products; Meat, Poultry & Dairy; and Electric Utilities industries



120-day comment period

(usual comment period for IFRS Foundation consultation documents)



Relevance for stakeholders interested in specific **industries**, sectors, and **topics** including nature, human capital and climate



Marked up changes to SASB Standards and Basis for Conclusions (usual format for IFRS Foundation due process documents)



May be accompanied by **educational material** to support understanding of how the SASB Standards are intended to be used by entities applying ISSB Standards

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