

Hong Kong Capital Markets Update

ISSUE 2024-02 | April 2024



HKEX's consultation conclusion on climate-related disclosures

Highlights

New climate-related disclosure requirements added to the ESG Code

- **New Part D - Climate-related disclosures** added onto existing requirements under the ESG Code.
- Reflect **IFRS S2** to the maximum extent possible, with reference to the four core pillars of the TCFD recommendations, namely **Governance, Strategy, Risk Management** and **Metrics and Targets**.

Phased Approach to report on New Climate Requirements in the issuer's ESG Report

For financial year commencing on or after 1 January	LargeCap Issuers*	Non-LargeCap Main Board Issuers	GEM Issuers
Scope 1 and Scope 2 GHG emissions	2025 - Mandatory	2025 - Mandatory	2025 - Mandatory
New Climate Requirements (other than Scope 1 & 2 GHG emissions)	2025 - "Comply or Explain" 2026 - Mandatory	2025 - "Comply or Explain"	2025 - Voluntary

* represent [Hang Seng Composite LargeCap Index constituents](#) throughout the year immediately prior to the reporting year

Implementation Reliefs on certain climate-related disclosures

- Provided to address concerns over some issuers' readiness and concerns over data availability when preparing climate-related disclosures, including:
 - All paragraphs with respect to climate-related opportunities
 - Identification of climate-related risks and opportunities
 - Determination of the scope of the value chain
 - Quantification of current and anticipated financial effects
 - Preparation of disclosures on anticipated financial effects
 - Approach to climate-related scenario analysis
 - Measurement approach, inputs and assumptions of Scope 3 GHG emissions
 - Calculation of metrics in particular cross-industry metric categories

Next steps

- Issuers are **expected** to prepare their climate-related disclosures based on the conceptual foundations and general requirements set out in **IFRS S1**, which has been incorporated into the implementation guidance issued by the Exchange.
- The Exchange have aligned with ISSB's "climate first" approach and will **continue to monitor international ESG reporting developments**. The issuer may adopt international ESG reporting guidance, including the IFRS Sustainability Disclosure Standards, so as long as it includes comparable disclosures to those required under the ESG Code.

Background

On 19 April 2024, the Stock Exchange of Hong Kong Limited (the “Exchange”) published the [consultation conclusion](#) (“Conclusion Paper”) on proposals to enhance climate-related disclosures under the environmental, social and governance (“ESG”) framework.

To maintain Hong Kong’s competitiveness as a green and sustainable international financial centre and to further strengthen the Exchange’s position as a trusted venue for capital raising, the Exchange published a [consultation paper](#) on 14 April 2023 seeking views on proposals to amend its ESG reporting framework (the “ESG Code”), predominantly set out in Appendix C2 to the Listing Rules (for a summary, please refer to our [Capital Markets Update Issue 2023-4](#)). The consultation period ended on 14 July 2023.

Proposals raised in the consultation paper received majority support, though a number of respondents called for wider alignment with the ISSB Standards published in June 2023¹. After considering the latest developments and market feedback, the Exchange adopted all proposals with certain modifications to better reflect IFRS S2 to the maximum extent possible.

Climate-related disclosure requirements

The existing disclosure provisions under Part B and Part C of the ESG Code respectively have remained largely unchanged (except for Scope 1 and Scope 2 GHG emissions being incorporated into Part D), while the new climate-related disclosure requirements under the Conclusion (the “New Climate Requirements”) are set out in Part D of Appendix C2.

The New Climate Requirements were developed based on IFRS S2 and with reference to the four core pillars of the TCFD recommendations, namely Governance, Strategy, Risk Management and Metrics and Targets. A summary of the key requirements is set out below:

Governance	<ul style="list-style-type: none">• Disclose the issuer’s governance process, controls and procedures used to monitor and manage climate-related risks and opportunities, including the body(s) or individual(s) responsible, their skills and competence, process and frequency, consideration of climate-related issues in strategy and major decisions, monitoring of progress towards targets and linkage with remuneration policies.
Strategy (risks & opportunities)	<ul style="list-style-type: none">• Disclose climate-related risks and opportunities, and their impact on the issuer’s cash flows over the short, medium and long term.
Strategy (business model)	<ul style="list-style-type: none">• Disclose current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain.
Strategy (scenario analysis)	<ul style="list-style-type: none">• Disclose, using a climate-related scenario analysis, the resilience of the issuer’s strategy and business model to climate-related changes, developments, and uncertainties.
Strategy (financial effect)	<ul style="list-style-type: none">• Disclose qualitative and quantitative information on current and anticipated financial effects of climate-related risks and opportunities.
Risk Management	<ul style="list-style-type: none">• Disclose the issuer’s process to identify, assess and manage climate-related risks and opportunities, including the extent to which the process is integrated into overall risk management process.
Metrics & Targets	<ul style="list-style-type: none">• Disclose metrics related to the issuer’s greenhouse gas emissions, transition risks, physical risks, opportunities, capital deployment, internal carbon prices, remuneration as well as industry-based metrics.• Disclose targets the issuer has set to monitor progress towards achieving its strategic goals and any targets the issuer is required to meet by law or regulation.

A detailed breakdown of the New Climate Requirements can be found in Appendix I.

¹ The ISSB Standards consists of the ISSB General Standard, or [IFRS S1 General Requirements for Disclosures of Sustainability-related Financial Information Standard](#) (“IFRS S1”) and the ISSB Climate Standard, or [IFRS S2 Climate-related Disclosures Standard](#) (“IFRS S2”). These standards aim to serve as the global baseline of sustainability reporting standards for entities worldwide to prepare consistent, comparable and reliability sustainability disclosures.

Phased approach for reporting on New Climate Requirements

In February 2024, the IFRS Foundation published the [Preview of the Inaugural Jurisdictional Guide for the adoption or other Use of ISSB Standards](#). The Preview aims to support jurisdictions by providing information as they design and plan their journey to the adoption of ISSB Standards, including considering approaches for the scalability and phasing in ISSB Standards requirements based on different parameters, such as company size, readiness, and the market segments in which they operate.

Taking into account the above guidance and market readiness, the Exchange adopted a phased approach by segregating issuers into three tiers: LargeCap Issuers, Main Board Issuers (other than LargeCap Issuers) and GEM Issuers, requiring different levels of disclosure based on respective tiers.

A table summarizing the requirements for each tier of issuers can be found in the Summary section.

Implementation reliefs on certain New Climate Requirements

The Exchange also noted concerns expressed by respondents, especially small to medium-sized enterprises, over the increased compliance burden, time and resources required for mandatory climate reporting. In response, the Exchange has provided a number of implementation reliefs, either originating from IFRS S2 or developed by the Exchange with reference to provisions of IFRS S1 (the “Implementation Reliefs”) to address those concerns raised.

A summary of the relevant requirements with Implementation Reliefs is set out below:

Relevant New Climate Requirements	Reasonable Information Relief	Capabilities Relief	Commercial Sensitivity Relief	Financial Effects Waiver
All paragraphs with respect to climate-related opportunities			✓	
Identification of climate-related risks and opportunities	✓			
Determination of the scope of the value chain	✓			
Quantification of current and anticipated financial effects		✓ (anticipated financial effects only)		✓
Preparation of disclosures on anticipated financial effects	✓	✓		
Approach to climate-related scenario analysis	✓	✓		
Measurement approach, inputs and assumptions of Scope 3 GHG emissions	✓			
Calculation of cross-industry metrics relating to amount and percentage of assets/business activities vulnerable to climate risks and amount and percentage of assets or business activities aligned with climate-related opportunities	✓			

Further details on the above Implementation Reliefs can be found in Appendix I.

Alignment with IFRS S1 and implementation guidance

Issuers are expected to prepare their climate-related disclosures based on the conceptual foundations and general requirements set out in IFRS S1, which has been incorporated into the [implementation guidance](#) issued together with the Conclusion (the “Implementation Guidance”).

In addition to providing the key concepts under IFRS S1, the Implementation Guidance also (a) sets out principles, guidance and illustrative examples for the implementation of the New Climate Requirements; and (b) refers issuers to step-by-step workflows, external framework and tools which would be helpful in the preparation of disclosures.

While the Implementation Guidance does not constitute a part of the Listing Rules, issuers are expected to refer to and apply the Implementation Guidance when preparing their climate-related disclosures under the New Climate Requirements.

Next Steps

In July 2023, the International Organisation of Securities Commission (“IOSCO”) endorsed the ISSB Standards, calling on its member jurisdictions to consider ways in which they might adopt, apply or otherwise be informed by the ISSB Standards within the context of their jurisdictional arrangement. As one of its members, Hong Kong will prioritise strengthening its sustainable finance ecosystem, and developing a comprehensive roadmap to fully adopt the ISSB Standards.

The Exchange has aligned with ISSB’s “climate first” approach, by introducing these New Climate Requirements which serve as an interim step to prepare issuers towards sustainability and climate reporting, prior to the development of a local sustainability disclosure standard by the Hong Kong Institute of Certified Public Accountants. Issuers may choose to adopt international ESG reporting guidance, including the IFRS Sustainability Disclosure Standards, as long as all relevant disclosure provisions on climate-related disclosures as set out in the ESG Code are included in the issuers’ ESG report accordingly.

In respect of non-climate sustainability disclosures, the Financial Services And The Treasury Bureau issued a [vision statement](#) on 25 March 2024, mentioning the development of a roadmap for Hong Kong’s sustainability reporting standards based on the ISSB Standards in due course, taking into account local conditions. Issuers should start to familiarise themselves with the New Climate Requirements and the ISSB Standards, identify any gaps in their internal procedures and systems, and put in place necessary measures as soon as possible.

Going forward, the Exchange will continue to monitor international ESG reporting developments and explore means to enhance the interoperability of the ESG Code with other jurisdictional or global ESG reporting frameworks.

If you have any questions about the matters discussed in this publication, please feel free to contact the following partners at KPMG.

Paul Lau

Partner, Head of Capital Markets and Professional Practice
KPMG China
+852 2826 8010
paul.k.lau@kpmg.com

Irene Chu

Partner, ESG Advisory
KPMG China
+852 2978 8151
irene.chu@kpmg.com

Louis Lau

Partner, Capital Markets Group
KPMG China
+852 2143 8876
louis.lau@kpmg.com

Eddie Ng

Partner, ESG Advisory
KPMG China
+852 2143 8874
eddie.ng@kpmg.com

Elton Tam

Partner, Capital Markets Group
KPMG China
+852 2978 8188
elton.tam@kpmg.com

Serene Seah-Tan

Partner, Professional Practice
KPMG China
+852 2685 7331
serene.seah-tan@kpmg.com

kpmg.com/cn

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2024 KPMG, a Hong Kong (SAR) partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.

Appendix 1: Detailed Breakdown of New Requirements under Part D of Appendix C2

Para ²	Requirement	Implementation Relief
1. Governance		
19(a)	Body(s) or individual(s) responsible for governance An issuer shall disclose information about the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	N/A
19(a)(i)	Skills and competencies How the body(s) or individual(s) determines whether appropriate skills and competence are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities.	N/A
19(a)(ii)	Process and frequency How and how often the body(s) or individual(s) is informed about climate-related risks and opportunities.	N/A
19(a)(iii)	Roles and responsibilities of the board How the body(s) or individual(s) take into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities.	N/A
19(a)(iv)	Progress monitoring How the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraph 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35).	N/A
19(b)	Roles and responsibilities of management An issuer shall disclose management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: <ul style="list-style-type: none"> i. whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and ii. whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. 	N/A
2. Strategy		
20	Climate-related risks and opportunities An issuer shall 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. Specifically, the issuer shall: <ul style="list-style-type: none"> (a) describe 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; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines "short term", "medium term" and "long term" and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making. 	<p style="color: green;">Reasonable Information Relief</p> <p>(on identification of climate-related risks and opportunities)</p> <p style="color: green;">Commercial Sensitivity Relief</p> <p>(on climate-related opportunities)</p>
21	Business model and value chain An issuer shall 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. Specifically, the issuer shall disclose: <ul style="list-style-type: none"> (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). 	<p style="color: green;">Reasonable Information Relief</p> <p>(on determination of the scope of the value chain)</p>
22, 23	Strategy and decision-making An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: <ul style="list-style-type: none"> (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is 	N/A

² The relevant paragraph numbers in Appendix C2 of the Listing Rule are identical for both Main Board and GEM Listing Rules.

Para ²	Requirement	Implementation Relief
	<p>required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p> <ul style="list-style-type: none"> i. current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; ii. current and anticipated adaptation and mitigation efforts (whether direct or indirect); iii. any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; iv. how the issuer plans to achieve any climate-related targets (including any greenhouse gas emission targets (if any)), described in accordance with paragraphs 37 to 40; and <p>(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).</p> <p>An issuer shall disclose information about the progress of plans disclosed in previous reporting periods with accordance with the paragraph 22(a).</p>	
24	<p>Current financial effects</p> <p>An issuer shall disclose qualitative and quantitative information about:</p> <ul style="list-style-type: none"> (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) 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 reporting in the related financial statements. 	<p>Financial Effects Waiver (allow disclosure of qualitative information only under certain conditions)</p>
25	<p>Anticipated financial effects</p> <p>An issuer shall provide qualitative and quantitative information about:</p> <ul style="list-style-type: none"> (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to management climate-related risks and opportunities, taking into consideration: <ul style="list-style-type: none"> i. its investment and disposal plans; and ii. its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flow to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. 	<p>Capabilities Relief (on quantification of anticipated financial effects)</p> <p>Financial Effects Waiver (allow disclosure of qualitative information only under certain conditions)</p> <p>Reasonable Information Relief / Capabilities Relief (on preparation of disclosures on anticipated financial effects)</p>
26	<p>Climate resilience</p> <p>An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: <ul style="list-style-type: none"> i. the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; ii. the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and iii. the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; (b) how and when the climate-related scenario analysis was carried out, including: <ul style="list-style-type: none"> i. information about the inputs used, including: <ol style="list-style-type: none"> 1. which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; 2. whether the analysis included a diverse range of climate-related scenarios; 3. whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; 4. whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; 5. why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; 6. time horizons the issuer used in the analysis; and 7. what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); ii. the key assumptions the issuer made in the analysis; and 	<p>Reasonable Information Relief / Capabilities Relief (on use of climate-related scenario analysis)</p>

Para ²	Requirement	Implementation Relief
	iii. the reporting period in which the climate-related scenario analysis was carried out.	
3. Risk Management		
27	<p>Climate-related risks and opportunities An issuer shall disclose information about:</p> <p>(a) the processes and related policies it uses to identify, assess, prioritize and monitor climate-related risks, including information about:</p> <ol style="list-style-type: none"> i. the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); ii. whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; iii. how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); iv. whether and how the issuer prioritizes climate-related risks relative to other types of risks; v. how the issuer monitors climate-related risks; and vi. whether and how the issuer has changed the processes it uses compared with the previous reporting period; <p>(b) the processes the issuer uses to identify, assess, prioritize and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and</p> <p>(c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.</p>	N/A
4. Metrics and Targets		
28, 29	<p>Greenhouse gas emissions An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as:</p> <ol style="list-style-type: none"> (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions. <p>An issuer shall:</p> <ol style="list-style-type: none"> (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: <ol style="list-style-type: none"> i. the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; ii. the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and iii. any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). 	Reasonable Information Relief (on measurement approach, inputs and assumptions for Scope 3 GHG emissions)
30	<p>Climate-related transition risks An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.</p>	Reasonable Information Relief (on calculation of metrics for climate-related opportunities)
31	<p>Climate-related physical risks An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.</p>	Reasonable Information Relief (on calculation of metrics for climate-related opportunities)
32	<p>Climate-related opportunities An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related opportunities.</p>	Reasonable Information Relief (on calculation of metrics for climate-related opportunities)
33	<p>Capital deployment An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.</p>	N/A

Para ²	Requirement	Implementation Relief
34	<p>Internal carbon prices An issuer shall disclose:</p> <ul style="list-style-type: none"> (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis); and (b) the price of each metric ton of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; <p>or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.</p>	N/A
35	<p>Remuneration An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).</p>	N/A
36	<p>Industry-based metrics An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.</p>	N/A
37 - 39	<p>Climate-related targets An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaption or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. <p>An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <ul style="list-style-type: none"> (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions. <p>An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</p>	N/A
40	<p>Greenhouse gas emission targets For each greenhouse gas emission targets disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonization approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> i. the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; ii. which third-party scheme(s) will verify or certify the carbon credits; iii. the type of carbon credit, including whether the underlying offset will be nature-based or based on technology carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and iv. any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). 	N/A