

Driving Change

Climate Disclosure of Hong Kong Listed Companies
in Key Sectors and the Road Ahead



Apparel



Food & Beverage



Home Products



Hospitality



Logistics



Transportation
& Automobile

Foreword

The need to address climate change has never been more urgent. As the world faces the challenges of a warming planet, the private sector plays a key role in driving the shift to a low-carbon future. Businesses must adopt robust climate disclosures and transition plans to effectively communicate their decarbonisation efforts and adapt their operations to navigate the rapidly changing climate-driven business environments. Transparency is essential to fostering sound and efficient capital markets and shaping corporate behaviour and climate actions.

Hong Kong Special Administrative Region (HKSAR), as part of China, is closely tied to the broader Chinese economy. In recent years, both HKSAR and mainland China stock exchanges have introduced mandatory Environmental, Social, and Governance (ESG) reporting, aligned with the government's carbon neutrality agenda. While businesses have enhanced their ESG disclosures, accurately measuring and reporting emissions—especially Scope 3—remains challenging, particularly for companies with complex value chains. According to Hong Kong Exchanges and Clearing Limited (HKEX) 2024 Analysis of ESG practice Disclosure, the reporting rate of Scope 3 was only 50% for large-cap issuers¹.

This paper, *"Driving Change: Climate Disclosure of Hong Kong Listed Companies in Key Sectors and the Road Ahead"* is timely, as HKEX has started the implementation of the new climate-related disclosure requirements in January 2025. These new requirements highlight the growing demand for transparent and comprehensive climate reporting and the need for listed companies in HKSAR to align with global standards. This paper focuses on six sectors that shape our everyday lives, including Apparel, Food & Beverage, Home Products, Hospitality, Logistics, and Transportation & Automobile. These industries operate with complex, multifaceted supply chains, presenting distinct challenges and opportunities as they undergo the low-carbon transformation.

By embracing robust climate disclosure and aligning their business strategies with science-based carbon reduction targets, companies can not only future-proof their operations, but also unlock new avenues for sustainable growth and innovation throughout their value chains.



Boris Chan, Head of Institutional Banking Group, DBS Hong Kong



Collaboration and shared knowledge in the world of business is key to driving innovative and impactful changes. The road to 2050 net zero is still a long way to go, and this transition needs to be responsible, just, and pragmatic. It may be tough, but it is definitely possible when we join hands together. DBS is committed to adding our strength to yours along this journey. ”

Raymond Ng, Head of Clients and Markets, Hong Kong at KPMG China



Companies we talked to realise the importance of embedding sustainability in their business operations, but often they lack sufficient industry knowledge and resources to drive meaningful actions to collect data, not to mention setting realistic carbon reduction targets and transition plans. It is our goal to support companies' decarbonisation strategy development and achieve net zero targets together. ”



¹ Hong Kong Stock Exchange, "2024 Analysis of ESG Practice Disclosure". Retrieved November 2024, from https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Reports-on-ESGPD/esgreport_2024.pdf

An aerial photograph of a river winding through a lush, dense green forest. The river is a deep blue-green color, contrasting with the vibrant green of the surrounding trees. A small wooden boat is visible on the river, and a small bridge or structure is partially visible on the right bank. The text 'Executive summary' is overlaid on a dark blue rectangular background in the upper left quadrant of the image.

Executive summary



Regulatory demands and market expectations around climate-related disclosures are evolving rapidly. In April 2024, HKEX published its Conclusions on Climate Disclosure Requirements², enhancing climate-related disclosure requirements for listed companies to align with *International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures*³. These requirements have taken effect in January 2025, asking companies to make more granular disclosure of their governance, strategy, risk management, and metrics & targets for climate-related matters.

These ESG disclosure frameworks provide consistent and relevant reporting, enabling quantification and benchmarking of environmental and social impacts. With a review of the latest regulatory and market trends, particularly the disclosure requirements in HKSAR, we took a closer look into six sectors related to the consumer goods industry. Through a comprehensive desktop survey and a series of interviews of these sectors, we extracted insights from their current disclosure and low carbon transition status.

Our findings reflected major gaps of data, knowledge, and finance within three key areas, (1) GHG disclosure, (2) carbon reduction target setting, and (3) transition planning. In addition, our engagements with sector experts and corporate leaders had broadened our understandings of sector-specific decarbonisation journeys, including challenges and strategies.

While the consumer goods industry face its unique challenges and opportunities in the journey of decarbonisation, the crucial roles of GHG disclosure, carbon reduction target setting, and transition planning are also applicable to various sectors such as technology, manufacturing, services, and private enterprises. As these climate-related disclosure requirements are universally applicable, and climate change is equally important to all.

Mark Carney, Former Governor of the Bank of England and Former Chairman of the Financial Stability Board



With better information as a foundation, we can build a virtuous circle of better understanding of tomorrow's risks, better pricing for investors, better decisions by policymakers, and a smoother transition to a lower-carbon economy. ”

– Speech at Lloyd's of London, 29 September 2015

² Hong Kong Stock Exchange, "Consultation Conclusions – Enhancement of Climate-related Disclosures under the Environmental, Social and Governance Framework". Published April 2024. Retrieved November 2024, from <https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/April-2023-Climate-related-Disclosures/Conclusions-Apr-2024/cp202304cc.pdf>

³ IFRS, "IFRS S2 Climate-related Disclosures". Published June 2023. Retrieved November 2024, from <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s2-climate-related-disclosures>

Through the deep dive into some of the largest companies listed on HKEX in the six sectors, we have concluded three key findings.




Finding 1

The missing link:

more than half of companies are still silent on Scope 3 emissions.

60% of analysed companies have **not** begun reporting Scope 3 emissions due to the current stage of data availability and quality challenges, even though ~70% of greenhouse gas (GHG) emissions are under Scope 3 for most of the analysed companies.


This data gap is concerning as it obscures the industry's largest environmental impact and erodes stakeholder trust.



To address this, companies must urgently prioritise the measurement and reporting of Scope 3 emissions to enhance accountability and drive meaningful sustainability efforts.

57% of disclosed targets are **not** science-based or aligned with international target-setting standards, even with an 88% disclosure rate on commitments to carbon emissions reduction in their ESG reports.

Carbon reduction targets without measurable progress could undermine the credibility of their sustainability commitments.



Moving forward, companies must adopt a more comprehensive approach by setting clear and measurable targets that includes all material emissions scopes, thereby ensuring real progress towards a truly sustainable future.



Finding 2

Targets misaligned:

majority of companies lack science-based targets.




Finding 3

A call to action:

companies need comprehensive transition plans.

10% of the analysed companies are at mature level of transition plan in accordance with the 3As principles – Ambition, Action, and Accountability proposed by the Transition Plan Taskforce (TPT).

Without structured transition plans, companies may struggle to allocate capital for decarbonisation projects.



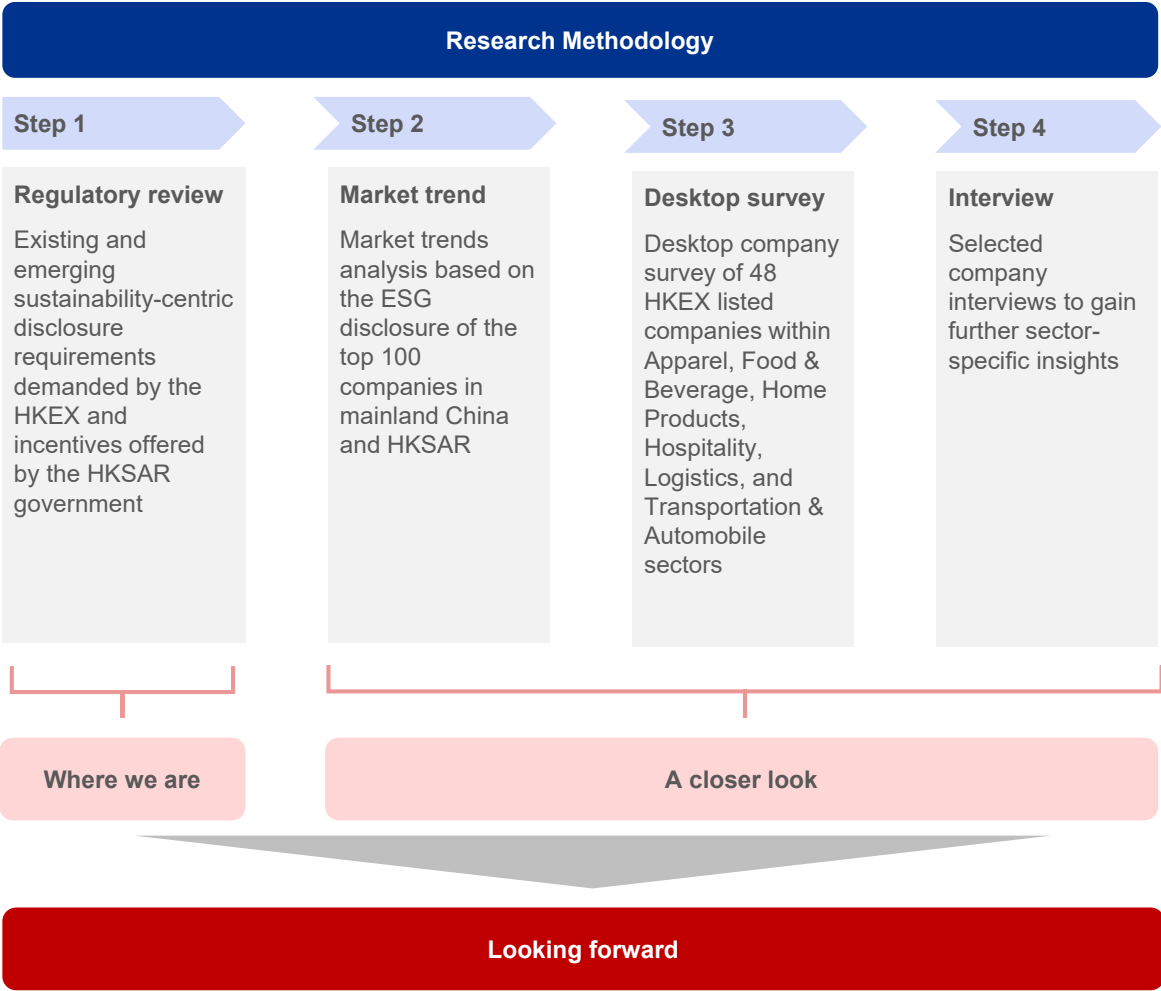
To tackle this issue, companies should create transition plans based on science-based, accountable, and transparent targets. As data quality improves, it will be crucial to refine their plans to align with the latest decarbonisation pathways.

A low-angle, upward-looking photograph of a modern building with a glass facade. The building's structure is composed of dark, angular beams that converge towards the top of the frame. The sky is a vibrant blue, filled with soft, white clouds. Lush green trees are visible at the bottom and sides of the frame, framing the building and sky. A large, solid red rectangular box is superimposed over the upper portion of the image, containing the text "About this paper" in white.

About this paper

Our analysis⁴ begins with a review of HKEX's ESG reporting requirements, navigating the evolving landscape of disclosure trends and the commitments of listed companies in mainland China and HKSAR to environmental stewardship. 48 HKSAR-listed consumer goods companies were selected for desktop analysis, complemented by expert and business leader interviews to distil decarbonisation insights and identify best practices.

Through in-depth analysis, DBS and KPMG strive to leverage our banking and advisory expertise to uncover the research findings.

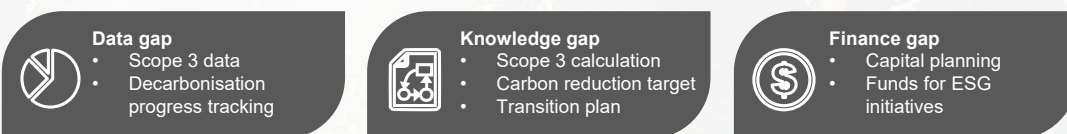


⁴ The key focuses of our analysis are centred around the disclosures of GHG emissions, carbon reduction target setting, and transition planning as they form the journey of companies' decarbonisation. Other topics such climate-related risks and opportunities are out of scope.



**Looking
forward**

Effective decarbonisation requires three key elements: accurate data, comprehensive knowledge, and adequate financial support. Our findings and analysis indicate that all three elements have gaps to bridge: a data gap concerning Scope 3 emissions profile, a knowledge gap in establishing effective targets and transition plans, and a financial gap needed to execute those plans.



The recent shift towards new requirements for climate-related disclosures is set to bring about a significant change in how companies disclose their climate data. This move could lead to more comparable climate-related disclosures, addressing the inconsistencies that have long plagued the industry.

Even though our observation shows that the current challenges are more towards Scope 3 data gaps, we can expect these gaps to gradually narrow with large-cap companies being mandated to disclose their Scope 3 emissions. With the availability of more data, companies will have less leeway to avoid target setting and progress tracking, leading to a more accountable and transparent approach to fulfil their environmental responsibilities.

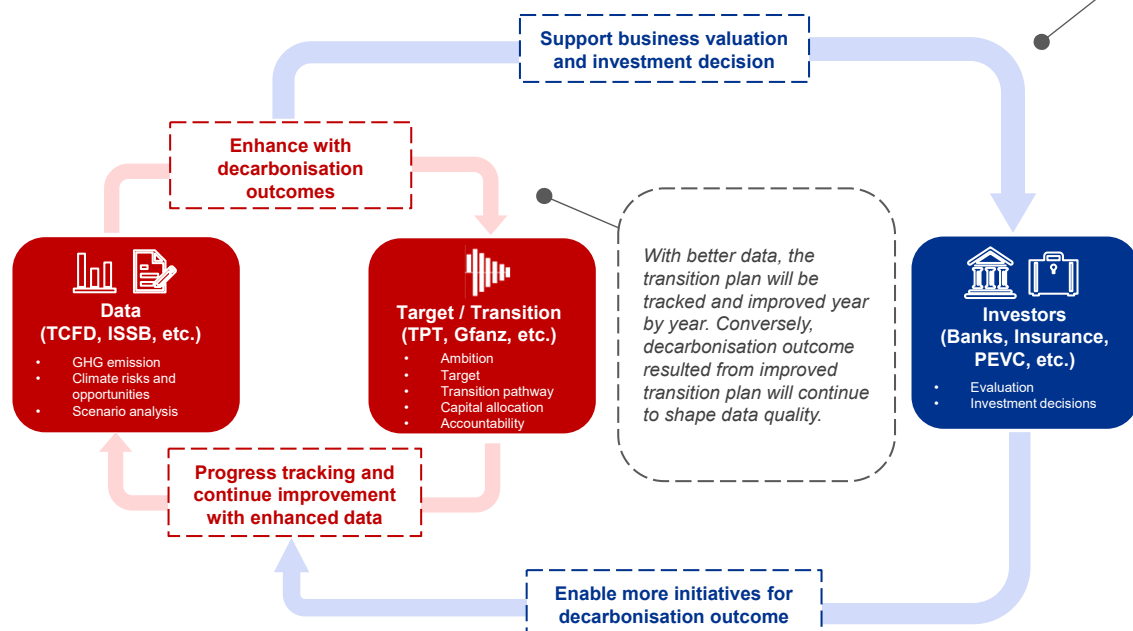
The convergence of more accurate data disclosures, science-based targets, and the anticipated capital needs for decarbonisation will become a reality, as companies continuously seeking to unlock the full potential of sustainability-led business transformation.

On the other hand, we believe the financial market would welcome high-quality climate reporting. Climate-related data and transition-related insights would mark a significant advancement into the valuation and risk assessment process.

For companies, now is the time to transform challenges to opportunities. By proactively bridging data and knowledge gaps, they will be able to attract greater capital support for new initiatives, driving effective transitions and ensuring sustainable long-term growth.

The virtuous circle of decarbonisation journey

By establishing a foundation of improved information, investors can make better-informed decisions with more accurate evaluation, which enables more initiatives for decarbonisation outcome.



About DBS

DBS is a leading financial services group in Asia with a presence in 19 markets. Headquartered and listed in Singapore, DBS is in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings are among the highest in the world.

Recognised for its global leadership, DBS has been named "World's Best Bank" by Global Finance, "World's Best Bank" by Euromoney and "Global Bank of the Year" by The Banker. The bank is at the forefront of leveraging digital technology to shape the future of banking, having been named "World's Best Digital Bank" by Euromoney and the world's "Most Innovative in Digital Banking" by The Banker. In addition, DBS has been accorded the "Safest Bank in Asia" award by Global Finance for 16 consecutive years from 2009 to 2024.

DBS has always put sustainability at the core. Our approach to sustainability is guided by a sense of purpose to create long-term value, by managing our business in a balanced and responsible way. We are one of the first banks to sign up to United Nations' Net-Zero Banking Alliance, and we also became the first bank in Southeast Asia to announce a roadmap to becoming net-zero by 2050 by establishing decarbonisation targets across multiple sectors. These efforts have earned us recognitions, for example, as the "Best Bank for Sustainable Finance" in Asia by Global Finance and The Asset in 2024. These endeavours position us to guide capital flows and unlock sustainability opportunities for our clients.

DBS provides a full range of services in consumer, SME and corporate banking. As a bank born and bred in Asia, DBS understands the intricacies of doing business in the region's most dynamic markets. DBS is committed to building lasting relationships with customers, as it banks the Asian way. Through the DBS Foundation, the bank creates impact beyond banking by supporting businesses for impact: enterprises with a double bottom-line of profit and social and/or environmental impact. DBS Foundation also gives back to society in various ways, including equipping underserved communities with future-ready skills and helping them to build food resilience.

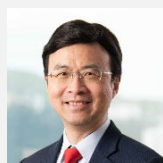
With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. For more information, please visit www.dbs.com.



Jennifer Lee
Managing Director,
Head of Large Corporate,
Institutional Banking Group
DBS Hong Kong
jenniferleecm@dbs.com



Sherman Hung
Managing Director,
Head of Large Corporate,
Institutional Banking Group
DBS Hong Kong
shermanhung@dbs.com



Patrick Lau
Managing Director,
Head of Corporate Banking,
Institutional Banking Group
DBS Hong Kong
patricklau@dbs.com



Serena Mak
Executive Director,
Sustainable Finance,
Institutional Banking Group
DBS Hong Kong
serenamak@dbs.com



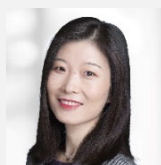
Dennis Ngai
Senior Vice President,
Sustainable Finance,
Institutional Banking Group
DBS Hong Kong
dennisngai@dbs.com

About KPMG

KPMG in China has offices located in 31 cities with over 14,000 partners and staff, in Beijing, Changchun, Changsha, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Fuzhou, Guangzhou, Haikou, Hangzhou, Hefei, Jinan, Nanjing, Nantong, Ningbo, Qingdao, Shanghai, Shenyang, Shenzhen, Suzhou, Taiyuan, Tianjin, Wuhan, Wuxi, Xiamen, Xi'an, Zhengzhou, Hong Kong SAR and Macau SAR. It started operations in Hong Kong in 1945. In 1992, KPMG became the first international accounting network to be granted a joint venture licence in the Chinese Mainland. In 2012, KPMG became the first among the “Big Four” in the Chinese Mainland to convert from a joint venture to a special general partnership.

KPMG is a global organisation of independent professional services firms providing Audit, Tax and Advisory services. KPMG is the brand under which the member firms of KPMG International Limited (“KPMG International”) operate and provide professional services. “KPMG” is used to refer to individual member firms within the KPMG organization or to one or more member firms collectively.

KPMG firms operate in 142 countries and territories with more than 275,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. Each KPMG member firm is responsible for its own obligations and liabilities.



Daisy Shen
Head of ESG Advisory
KPMG China
daisy.shen@kpmg.com



Patrick Chu
Head of ESG Reporting &
Assurance Advisory
KPMG China
patrick.chu@kpmg.com



Angus Choi
Partner, ESG Advisory
KPMG China
angus.choi@kpmg.com



Irene Chu
Partner, ESG Advisory
KPMG China
irene.chu@kpmg.com



Alice Yip
Head of Consumer & Retail
KPMG China
alice.yip@kpmg.com

Glossary

Sector	Definition
Apparel	Companies engaged in the creation and retail of garments, shoes, and fashion accessories, offering a spectrum from essential goods to luxury products.
Food & Beverage	Companies engaged in the transformation, packaging, and delivery of raw food materials and semi-processed food products into consumable foods and beverages.
Home Products	Companies engaged in the manufacture, distribution, and sale of goods and services designed for domestic use, including home electricity, power tools, household appliances, etc.
Hospitality	Companies that provide food, drink, and accommodation for customers of restaurants, bars, etc. or guests at hotels.
Logistics	Companies that provide services in the movement and storage of goods, services, and information from the point of origin to the final consumer.
Transportation & Automobile	Companies engaged in the design, manufacture, and maintenance of vehicles, including cars, trucks, motorcycles, and buses, that facilitate the mobility of people and goods.

Thank you

The information and opinions expressed in this paper are presented for informational purposes only. You should exercise your own independent judgment as to the contents of this paper. DBS accepts no liability or responsibility for your use or reliance on the contents of this paper. The information and opinions contained in this paper have been compiled or arrived at based upon information obtained from sources we believed to be reliable at the time this paper was published. DBS makes no representation or warranty of the quality, accuracy or completeness of such information. Where opinions and views have been expressed by DBS, they have been expressed in good faith but no liability or responsibility is accepted for any error or omission. Outcomes may differ from those that are expressed in this paper. Any opinion or view of third parties found in this paper should not be taken to represent the opinion or view of DBS, its affiliates, their directors or employees. All information and opinions in this paper are subject to change without notice. DBS is not obliged to update or change any information or opinion (including any forward-looking statement) as a result of new information, future events, or for any other reason. Copyright in all the contents of this paper (other than third party materials) is the property of DBS and may not be reproduced or used without our written permission.

© DBS Bank (Hong Kong) Limited 2025. All rights reserved.

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.

© 2025 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.