

IMPACT ANALYSIS OF AMENDMENTS TO HKFRS S2 CLIMATE-RELATED DISCLOSURES

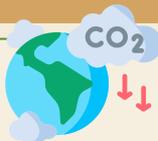
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WHY?

To provide a timely response to specific application challenges related to greenhouse gas (GHG) emissions disclosures identified during the implementation of HKFRS S2.

WHAT AND HOW?

1 SCOPE 3 CATEGORY 15 GHG EMISSIONS



Amendment:

- Clarifies that entities may limit measurement and disclosure of Scope 3 Category 15 GHG emissions to financed emissions as defined in HKFRS S2.

Impact:

- Simplifies compliance and provides clarity and consistency in reporting.
- Optional relief, so no significant cost increase for entities who are already applying HKFRS S2.

2 ALTERNATIVE CLASSIFICATION SYSTEMS



Amendment:

- Permits the use of alternative classification systems—beyond the Global Industry Classification Standard (GICS)—to disaggregate information about financed emissions.

Impact:

- Reduces reporting burden and costs (especially for entities not using GICS) while offering flexibility to align reporting with existing practices.
- Addresses practical challenges for multinational banking or insurance groups.

3 JURISDICTIONAL RELIEF FOR GHG MEASUREMENT METHODS



Amendment:

- Clarifies the availability of jurisdictional relief from using the GHG Protocol Standard, if only part of an entity is required to use a different method for measuring GHG emissions.

Impact:

- Eases compliance for entities under multiple regulatory frameworks while reducing complexity and reporting costs (e.g. those with operations in both Hong Kong and mainland China).
- Supports consistent application and clarifies requirements.

4 RELIEF FROM USING LATEST IPCC GWP VALUES



Amendment:

- Introduces relief from using global warming potential (GWP) values from the latest IPCC Assessment Report for converting GHG emissions.

Impact:

- Minimizes reporting burden and costs by allowing use of other GWP values if required by a jurisdictional authority or an exchange.
- No significant impact on Hong Kong entities due to lack of laws mandating a specific GWP value.
- Relief is optional, so disruption to ongoing implementation is minimal.

WHEN?

Effective for reporting periods starting on or after 1 January 2027, with early adoption permitted, while HKFRS S1 and S2 remain voluntary unless mandated by relevant authorities or regulators.



WHERE?

You can access the amendments [here](#) and submit your enquiries via:

- [HKFRS S1 and S2 Implementation Platform](#)
- [Technical Query system](#)

Resources on HKFRS S1 and S2 are available [here](#).

