MEDIALINK GROUP LIMITED
羚邦集團有限公司
(Incorporated in the Cayman Islands with limited liability)

Environmental, Social, and Governance (ESG) Policy
(Internal Use Only)

1. Objective

Medialink Group Limited (the "Company") and its subsidiaries (collectively the "Group") are committed to operating its business in an environmentally, socially and economically responsible manner. The Group strive to achieve sustainable growth and social prosperity while preserving the local environment and acting on climate change. Together with all our stakeholders, the Group endeavour to contribute and promote sustainable development in the long-term. All our group companies, affiliates, suppliers and business partners etc. are encouraged to make reference to the principles of this policy, where applicable.

2. Scope of Application

To assist the Board and management of the Company in the following aspects:

- Establish effective risk management on ESG matters;
- Develop ESG strategies;
- Manage and monitor ESG risks;
- Identify key performance indicators and related metrics; and
- Comply with the Environmental, Social and Governance Reporting Code (the "**ESG Code**") in Appendix C2 to the Main Board Listing Rules and related disclosure requirements in the ESG report

3. ESG Philosophy of the Company

ESG is not a slogan but a responsibility for everyone in the Group. Townhall meetings within the Group are conducted annually to communicate the importance and the Group's ESG management approach, strategies and policies with employees.

Tailored for the Group's business, 5Cs (Creativity, Content, Character, Care and Contribution) are emphasized and adopted to drive the Group's commitment in ESG in addition to adoption of green office wherever we operate.

- *Creativity - to find creative ways to meet the ESG goals*

- *Content – to bring positive messages to the audience by distribution of our content*
- *Character – to advocate positive change through licensing each character*
- *Care – to spread love and care to everyone*
- *Contribution – to contribute to society and local communities actively as a good corporate citizen*

4. Governance Structure of ESG

The Group establishes an ESG governance structure, which consists of Board of directors (the "Board") and ESG Team.

4.1 Board of directors

- The Board has overall responsibility for assessing and determining the Group's ESG-related risks and supervise ESG Core Team of the Company in designing, implementing, and monitoring effective ESG risk management and the work of internal control system in order to resolve ESG related issues.
- The Board may delegate its authority to Executive Committee of the Company for appointing ESG Team members, preparing ESG report, reviewing its performance and modifying the ESG Team's composition as appropriate.
- The Board ensures adequate resources are available for each department to enable it to adequately and appropriately discharge its ESG-related responsibilities.
- The Board is responsible for establishing, adopting and evaluating the Group's ESG targets, strategies and policies.
- The Board oversees the Group's performance in achieving the planned ESG targets and adopt and revise its ESG strategies according to the actual situation.
- The Board sets key KPIs for ESG goals and reviews actual ESG results against targets at least at the end of each year to assess the effectiveness of KPI performance in the Company.

- The Board conducts annual review of ESG targets to ensure that it still fits the needs of the Group.

- Prior to publication of ESG Report, the Board is responsible for reviewing and approving the report and ensuring that the ESG report is truthful, fair and compliant with ESG Code.

- The Board may engage external professional advisors as necessary to provide professional advice and assistance in managing ESG related issues.

4.2 ESG Team

- ESG Team consists of ESG Core Team and ESG Working Team (See Appendix I - ESG governance structure).

- Members of the ESG Core Team include Chief Executive Officer, Chief Financial Officer, Head of Human Resources & Administration, and all Division Heads.

- The ESG Core Team and ESG Working Team are led by the Chief Executive Officer. Each Division Head is a sub-team leader to lead its ESG working team to execute Company's ESG activities

- ESG Core Team is responsible for assisting the Board in implementing ESG policy and continuously monitoring its implementation.

- Head of Human Resources & Administration is responsible for collecting data from relevant divisions and developing procedures for collecting relevant ESG data.

- ESG Core Team conducts internal and external liaison with the concerned parties on matters related to quality, environment, and occupational health and safety management systems, and conducts materiality assessments.

- ESG Core Team is responsible for the investigation of discrepancies between the Group's ESG actual performance and its ESG targets, and communication with relevant divisions in a timely manner and taking follow-up measures.

- ESG Core Team reports to the Board on the effectiveness of the ESG system and related major issues on an annual basis on ESG performance and recommendations for system improvement.

- ESG Core Team provides the Board with updated information on ESG-related legal and regulatory requirements regularly

ESG Core Team is responsible for preparing ESG report in accordance with the ESG Code and with the assistance of external professional advisors as necessary.

5. Our ESG Management Approach and Targets

The Group is committed to strengthening communication with stakeholders and pays close attention to the impact of the Group on the operating environment and society. The Group maintains close contact with its employees, suppliers and customers, to understand their concerns and work together to find solutions. In addition to achieving business goals and objectives, the Group also pays attention to environmental protection, and social participation.

The Group is committed to continuously improving its ESG strategy, in order to enhance the operational efficiency and develop more diversified development environment.

The Group conducts a risk assessment at least once a year, which facilitates the development of ESG strategy and identification of the events that could negatively impact the Group's image or create short-, medium- and long-term risks to the Group

The Group's ESG goal is to maintain low levels of energy consumption and emissions in every business process, and strive to improve operational efficiency, and take steps to reduce the environmental impact on its day-to-day operations.

The Group pays close attention to any event that may cause harm to stakeholders, such as employees, customers, governments, suppliers and communities, and analyses the impact of the problem on the group and the respective responsibilities.

The Group sets for each key and relevant KPI according to the ESG Code, such as emission target, waste reduction target, energy usage efficiency target, and water consumption efficiency target etc. and sets and implements appropriate steps to achieve these targets. In addition, the Group uses these targets to assess year-end ESG results and evaluates corrective actions if necessary.

ESG Core Team is responsible for the investigation of discrepancies between the Group's ESG actual performance and its ESG targets, and communication with the Board in a timely manner for revising the ESG strategy.

Group conducts annual review of key KPIs related to ESG targets to ensure they are still relevant and can fulfil the group's requirements.

6. Participation of Stakeholders and Importance Evaluation

The ESG Team uses various communication channels to understand and identify areas of stakeholders' potential concerns to stakeholders, and report the stakeholders' participation and result to the Board.

The Group's key stakeholders and the various communication channels are as follows:

Stakeholders	**Areas for attention**	**Communication and response**
Government and Regulatory Authorities	Comply with applicable laws and regulations, pay taxes according to law, return filing and disclosure of information	Interactions and inspections, government inspections, tax returns and other information
Shareholders/ Investors	Corporate governance system, business strategy and performance, return on investment	Annual General meeting, financial reports, announcement, and website
Suppliers	Payment schedule, demand stability, compliance operation, and product and service quality	Site visit and meeting
Media and the public	Corporate governance, environmental protection, product quality and human rights	Company website
Customers	Product/service quality, fair and reasonable price, and service value	Site visit, meeting, phone call
Employees	ESG management approach, strategies and policies Safety of working environment, rights and benefits, training, and career development, working hours, labor protection and occupational safety and health	Townhall meetings, team activities, training, interviews, employee handbooks and internal memos/ guideline
Community	Community Environment, Employment and Community	Organizing community events/

	Development, and Social Welfare Services	activities, employee volunteer activities and community welfare services, sponsorships, and donations

ESG Team conducts materiality assessment based on stakeholders' feedback to identify ESG areas that are critical to the Group's business and reports to the Board.

7. Risk Assessment

The Board conducts an enterprise risk assessment ("ERA") at least annually to ensure ESG risks are identified, assessed, measured, and monitored:

- Stakeholders and the environment are well-protected and not adversely affected by any potential risks in business operations;

- Minimize the possibility of loss or damage to assets or financial loss to the Group and its key stakeholders by identifying and controlling risks

- Identify and exploit opportunities to improve existing programs and goals without compromising business goals

The Group may engage professional consultant to assist the Board in conducting the ERA if necessary.

About the preparation of ESG reports

8. Reporting Period

The Group prepares and publishes its ESG report annually. The ESG report covers the overall environmental and social performance of the Group's core business for the financial year from 1 April to 31 March.

9. Reporting Framework

ESG report comprises two levels of disclosure obligations: (a) mandatory disclosure requirements; and (b) "comply or explain" provisions according to the ESG Code. The Company's ESG report must comply with the provisions set out in the ESG Code.

The Company must publish its ESG report on an annual basis and regarding the same period covered in its annual report. The ESG report may be presented as information in the Company's annual report or in a separate report. Regardless of the format adopted, the ESG report must be published on the Exchange's website and the Company's website.

Where the ESG report does not form part of the Company's annual report:

a) To the extent permitted under all applicable laws and regulations, the Company shall provide the ESG report to its shareholders using electronic means in accordance with and subject to the provisions set out in rule 2.07A of the Listing Rules.

b) The Company shall publish the ESG report at the same time as the publication of the annual report.

10. Reporting Scope and Principles

The reporting scope of the ESG report covers the Group's business. If there is a change in the next reporting period, the Group must explain the difference and the reasons for the change in the ESG report.

The following Reporting Principles underpin the preparation of an ESG report, informing the content of the report and how information is presented. The Company follows these Reporting Principles in the preparation of an ESG report:

(1) <u>Materiality:</u>
The threshold at which ESG issues determined by the Board are sufficiently important to investors and other stakeholders that they should be reported. For the purpose of Part D of the ESG Code, the Company must disclose information about climate-related risks and opportunities that could reasonably be expected to affect its cash flows, its access to finance or cost of capital over the short, medium or long term.

(2) <u>Quantitative:</u>
KPIs in respect of historical data need to be measurable. The Company should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.

(3) <u>Balance:</u>

The ESG report should provide an unbiased picture of the Company's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report readers.

(4) Consistency:
The Company should use consistent methodologies to allow for meaningful comparisons of ESG data over time.

In addition, a description or explanation of the application of each of the above reporting principles is included in the ESG report.

11. Preparation of ESG Report

ESG Core Team is responsible for preparing ESG report. The Group may engage one or more independent consultants to prepare the report if necessary.

The Group may seek an independent review to enhance the credibility of the disclosed ESG information. Subject to independent review, the levels of review, scope and procedures used for the review are clearly described in the ESG report.

ESG Team should prepare ESG report based on supporting documents and internal records.

Prior to publication of ESG Report, the Board is responsible for reviewing and approving the report and ensuring that the ESG report is truthful, fair and compliant with ESG Code.

A description or explanation of the application of each of the above reporting principles is included in the ESG report.

12. Aspects of ESG Report Disclosure

Governance Structure

A statement from the Board containing the following elements:

(i) a disclosure of the Board's oversight of ESG issues;

(ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the Company's businesses); and

(iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the Company's businesses.

<u>Reporting Boundary</u>

A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the Company should explain the difference and reason for the change.

<u>"Comply or explain" Provisions</u>

For subject areas, aspects, general disclosures and KPIs, The Company must report pursuant to the "comply or explain" provisions of the ESG Code in ESG report. Please refer to Appendix II - Part C: "Comply or explain" Provisions and Part D: Climate-related Disclosures extracted from the ESG Code.

13. Retention of Documents

The Human Resources and Administrative Division is responsible for keeping all internal records and related data of ESG report.

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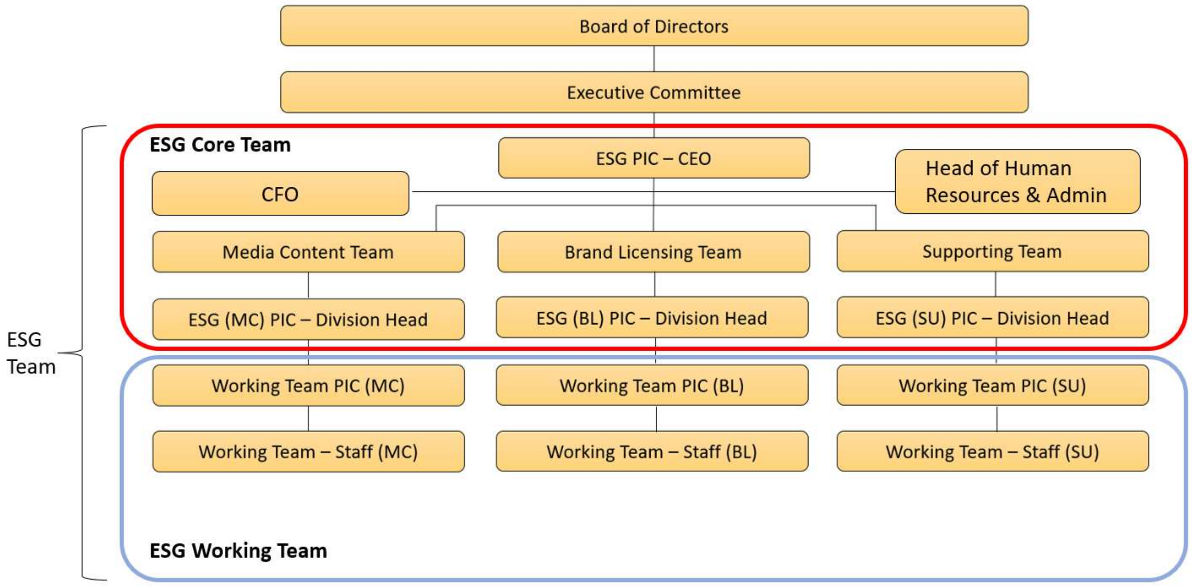
Last update: 11 May 2026

This is the property of Medialink Group Limited
Updated on 11 May 2026

Appendix I - ESG governance structure



Appendix II - Part C: "Comply or explain" Provisions and Part D: Climate-related Disclosures extracted from the ESG Code

Part C: "Comply or explain" Provisions

This part sets out provisions to be reported on by an issuer in the ESG report on a "comply or explain" basis.

<table>
<tr><th colspan="3">Subject Areas, Aspects, General Disclosures and KPIs</th></tr>
<tr><td colspan="3">A. Environmental</td></tr>
<tr><td rowspan="7">Aspect A1: Emissions</td><td colspan="2">General Disclosure

Information on:

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer

relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.

Hazardous wastes are those defined by national regulations.</td></tr>
<tr><td>KPI A1.1</td><td>The types of emissions and respective emissions data.</td></tr>
<tr><td>KPI A1.2</td><td>[Repealed 1 January 2025]</td></tr>
<tr><td>KPI A1.3</td><td>Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</td></tr>
<tr><td>KPI A1.4</td><td>Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</td></tr>
<tr><td>KPI A1.5</td><td>Description of emission target(s) set and steps taken to achieve them.</td></tr>
<tr><td>KPI A1.6</td><td>Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</td></tr>
</table>

Appendix II - Part C: "Comply or explain" Provisions and Part D: Climate-related Disclosures extracted from the ESG Code

Subject Areas, Aspects, General Disclosures and KPIs		
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*	
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.
Aspect A4: Climate Change	[Repealed 1 January 2025]	
	KPI A4.1	[Repealed 1 January 2025]

Appendix II - Part C: "Comply or explain" Provisions and Part D: Climate-related Disclosures extracted from the ESG Code

<table>
<tr><th colspan="3">Subject Areas, Aspects, General Disclosures and KPIs</th></tr>
<tr><td colspan="3">B. Social</td></tr>
<tr><td colspan="3">Employment and Labour Practices</td></tr>
<tr><td rowspan="3">Aspect B1: Employment</td><td colspan="2">General Disclosure

Information on:

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer

relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</td></tr>
<tr><td>KPI B1.1</td><td>Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.</td></tr>
<tr><td>KPI B1.2</td><td>Employee turnover rate by gender, age group and geographical region.</td></tr>
<tr><td rowspan="4">Aspect B2: Health and Safety</td><td colspan="2">General Disclosure

Information on:

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer

relating to providing a safe working environment and protecting employees from occupational hazards.</td></tr>
<tr><td>KPI B2.1</td><td>Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</td></tr>
<tr><td>KPI B2.2</td><td>Lost days due to work injury.</td></tr>
<tr><td>KPI B2.3</td><td>Description of occupational health and safety measures adopted, and how they are implemented and monitored.</td></tr>
</table>

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Subject Areas, Aspects, General Disclosures and KPIs		
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note: Training refers to vocational training. It may include internal and external courses paid by the employer.*	
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).
	KPI B3.2	The average training hours completed per employee by gender and employee category.
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.

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Subject Areas, Aspects, General Disclosures and KPIs		
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	
	KPI B5.1	Number of suppliers by geographical region.
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.

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Subject Areas, Aspects, General Disclosures and KPIs		
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.
	KPI B6.4	Description of quality assurance process and recall procedures.
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.

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Subject Areas, Aspects, General Disclosures and KPIs		
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.
	KPI B7.3	Description of anti-corruption training provided to directors and staff.
Community		
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.

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Part D: Climate-related Disclosures

Disclosure Obligation

16. (1) Subject to paragraph 17, an issuer must report on the climate-related disclosures set out in this part in the ESG report on a "comply or explain" basis. An issuer who has yet to disclose information required under any of the provisions must provide considered reasons for non-disclosure.

(2) Where an issuer has yet to disclose information required under any of the provisions set out in this part, regardless of whether such issuer has (a) opted to "explain" why it has not made a particular disclosure under the "comply or explain" regime or (b) chosen to apply an applicable relief available pursuant to the note to the relevant provision (whether it is required to report on a mandatory or "comply or explain" basis), such issuer is encouraged to provide information on the work plan, progress and timetable for making the required disclosure.

17. (1) An issuer must disclose its ***Scope 1 greenhouse gas emissions*** and ***Scope 2 greenhouse gas emissions*** pursuant to paragraphs 28(a), 28(b) and 29 on a mandatory basis.

(2) An issuer that is a constituent of the Hang Seng Composite LargeCap Index (HSCLI) must report on the provisions set out in this part on a mandatory basis in respect of financial years commencing on or after 1 January 2026.

Note: *This paragraph 17(2) applies to an issuer that is a HSCLI constituent throughout the year immediately prior to the reporting year. Once an issuer becomes subject to mandatory disclosure of Part D of this Code, it must continue to be subject to mandatory disclosure of Part D of this Code even if it subsequently ceases to be a HSCLI constituent.*

(3) An issuer is encouraged, but not required, to disclose industry-based metrics pursuant to paragraph 36.

Definitions and Guidance

18. (1) In this part, unless otherwise specified, terms in bold and italics shall have the meaning ascribed to them in Appendix A of the IFRS S2 Climate-related Disclosures.

(2) When preparing disclosures pursuant to the provisions of this part, issuers should refer to (i) the application guidance set out in Appendix B of the IFRS S2 Climate-related Disclosures; and (ii) implementation guidance issued by the Exchange on the Exchange's website, as amended from time to time.

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Climate-related Disclosures

(I) Governance

19. An issuer shall disclose information about:

(a) 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:

Note: The responsibilities of such body(s) or individual(s) should be reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s).

(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to ***climate-related risks and opportunities***;

(ii) how and how often the body(s) or individual(s) is informed about ***climate-related risks and opportunities***;

(iii) how the body(s) or individual(s) takes 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;

(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to ***climate-related risks and opportunities*** (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and

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(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee ***climate-related risks and opportunities***, including information about:

(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.

Note: In preparing disclosures to fulfil the requirements in this paragraph 19, an issuer shall avoid unnecessary duplication with disclosures made pursuant to paragraph 13 of this Code. For example, although an issuer shall provide the information required by this paragraph 19, if oversight of ESG-related (including climate-related) risks and opportunities is managed on an integrated basis, the issuer would avoid duplication by providing integrated governance disclosures instead of separate disclosures for each ESG-related risk and opportunity.

(II) Strategy

Climate-related risks and opportunities

20. 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:

(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.

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Notes:

1. *In identifying the **climate-related risks and opportunities** pursuant to paragraph 20, an issuer:*

   (a) *shall use all reasonable and supportable information that is available to it at the reporting date without undue cost or effort, including information about past events, current conditions and forecasts of future conditions; and*

   (b) *is encouraged to refer to and consider the applicability of the industry-based **disclosure topics** defined in IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures.*

2. (a) *If an issuer determines that disclosing information about a climate-related opportunity pursuant to any provision under this Part D is commercially sensitive in the limited circumstances set out in this note 2(b) below, the issuer is permitted to omit disclosure of such information.*

   (b) *An issuer qualifies for the exemption specified in this note 2(a) above if, and only if:*

   (i) *information about the climate-related opportunity is not already publicly available;*

   (ii) *disclosure of that information could reasonably be expected to prejudice seriously the economic benefits the issuer would otherwise be able to realise in pursuing the opportunity; and*

   (iii) *the issuer has determined that it is impossible to disclose that information in a manner – for example, at an aggregated level – that would enable the issuer to meet the objectives of the disclosure requirement without prejudicing seriously the economic benefits the issuer would otherwise be able to realise in pursuing the opportunity.*

   (c) *If an issuer elects to use the exemption specified in this note 2(a) above, the issuer shall, for each item of information omitted:*

   (i) *disclose the fact that it has used the exemption; and*

   (ii) *reassess, at each reporting date, whether the information qualifies for the exemption.*

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Business model and value chain

21. 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:

    (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).

Note: An issuer shall use all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort to determine the scope of its ***value chain****, including its breadth and composition.*

Strategy and decision-making

22. 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:

    (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 required to meet by law or regulation. Specifically, the issuer shall disclose information about:

        (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***; and

        (iv) how the issuer plans to achieve any climate-related targets (including any ***greenhouse gas*** emissions targets (if any)), described in accordance with paragraphs 37 to 40; and

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(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).

23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).

Financial position, financial performance and cash flows

Current financial effect

24. An issuer shall disclose qualitative and quantitative information about:

(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 reported in the related financial statements.

Notes:

1. *Issuers should account for climate-related matters in the financial statements in accordance with the requirements under HKFRS, IFRS, CASBE or the alternative overseas financial reporting standard acceptable to the Exchange.*

2. *Where the quantitative information disclosed pursuant to paragraph 24 is not expressed as a line item in the financial statements, the issuer shall explain how such information is reflected in its financial statements (e.g. identifying the relevant financial item).*

Anticipated financial effect

25. The issuer shall provide qualitative and quantitative disclosures about:

(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage ***climate-related risks and opportunities***, taking into consideration:

(i) its investment and disposal plans; and

(ii) its planned sources of funding to implement its strategy; and

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(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage ***climate-related risks and opportunities***.

Notes:

1. *In providing quantitative information about current or anticipated financial effects, an issuer may disclose a single amount or a range.*

2. *In preparing disclosures about the anticipated financial effects of a climate-related risk or opportunity, an issuer shall:*

   (a) *use all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort; and*

   (b) *use an approach that is commensurate with the skills, capabilities and resources that are available to the issuer for preparing those disclosures.*

3. *An issuer need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity if the issuer determines that:*

   (a) *those effects are not separately identifiable; or*

   (b) *the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.*

4. *In addition, an issuer need not provide quantitative information about the anticipated financial effects of a climate-related risk or opportunity if the issuer does not have the skills, capabilities or resources to provide that quantitative information.*

5. *If an issuer determines that it need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity applying the criteria set out in note 3 or 4 above, the issuer shall:*

   (a) *explain why it has not provided quantitative information;*

   (b) *provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that climate-related risk or opportunity; and*

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(c) *provide quantitative information about the combined financial effects of that climate-related risk or opportunity with other climate-related risks or opportunities and other factors unless the issuer determines that quantitative information about the combined financial effects would not be useful.*

Climate resilience

26. 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:

(a) the issuer's assessment of its ***climate resilience*** as at the reporting date, which shall enable an understanding of:

(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:

(i) information about the inputs used, including:

(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***;

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(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

(iii) the reporting period in which the climate-related scenario analysis was carried out.

*Note: An issuer shall determine an approach to climate-related scenario analysis that enables it to consider all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort. The determination of the approach shall be informed by the assessments of the issuer's exposure to **climate-related risks and opportunities** and its available skills, capabilities and resources.*

(III) Risk Management

27. An issuer shall disclose information about:

(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:

(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 prioritises climate-related risks relative to other types of risks;

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(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;

(b) the processes the issuer uses to identify, assess, prioritise 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

(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring ***climate-related risks and opportunities*** are integrated into and inform the issuer's overall risk management process.

Note: In preparing disclosures to meet the requirements in this paragraph 27, an issuer shall avoid unnecessary duplication with disclosures made pursuant to paragraphs 13(ii) and 14 (Materiality) of this Code. For example, although an issuer shall provide the information required by this paragraph 27, if oversight of ESG-related (including climate-related) risks and opportunities is managed on an integrated basis, the issuer would avoid duplication by providing integrated risk management disclosures instead of separate disclosures for each ESG-related risk and opportunity.

(IV) Metrics and Targets

Greenhouse gas emissions

28. An issuer shall disclose its absolute gross ***greenhouse gas*** emissions generated during the reporting period, expressed as metric tons of ***CO_2 equivalent***, classified as:

(a) ***Scope 1 greenhouse gas emissions***;

(b) ***Scope 2 greenhouse gas emissions***; and

(c) ***Scope 3 greenhouse gas emissions***.

29. An issuer shall:

(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;

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(b) disclose the approach it uses to measure its ***greenhouse gas*** emissions including:

(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).

Notes:

1. *An issuer is required to use all reasonable and supportable information that is available to it at the reporting date without undue cost or effort when the issuer selects the measurement approach, inputs and assumptions it uses in measuring* ***Scope 3 greenhouse gas emissions****.*

2. *An issuer is permitted to measure its* **greenhouse gas** *emissions in accordance with paragraph 28 using information for reporting periods that are different from its own reporting period if that information is obtained from entities in its* **value chain** *with reporting periods that are different from the issuer's reporting period, on the condition that:*

   (a) *the issuer uses the most recent data available from those entities in its* **value chain** *without undue cost or effort to measure and disclose its* **greenhouse gas** *emissions;*

   (b) *the length of the reporting periods is the same; and*

   (c) *the issuer discloses the effects of significant events and changes in circumstances (relevant to its* **greenhouse gas** *emissions) that occur between the reporting dates of the entities in its* **value chain** *and the date of the issuer's ESG report.*

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3. *Where an issuer's activities include asset management, commercial banking or insurance, the issuer is encouraged to disclose additional information about the issuer's Category 15 greenhouse gas emissions or those associated with its investments **(financed emissions)**.*

Climate-related transition risks

30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to ***climate-related transition risks***.

Climate-related physical risks

31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to ***climate-related physical risks***.

Climate-related opportunities

32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.

Note: In preparing disclosures to meet the requirements in paragraphs 30 to 32, an issuer shall use all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort.

Capital deployment

33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards ***climate-related risks and opportunities***.

Internal carbon prices

34. An issuer shall disclose:

    (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 tonne of ***greenhouse gas*** emissions the issuer uses to assess the costs of its ***greenhouse gas*** emissions;

    or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.

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Remuneration

35. 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).

Industry-based metrics

36. 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 characterise 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.

Climate-related targets

37. 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:

    (a) the metric used to set the target;

    (b) the objective of the target (for example, mitigation, adaptation 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

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(h) how the ***latest international agreement on climate change***, including jurisdictional commitments that arise from that agreement, has informed the target.

Note: Targets set may or may not be those set out under KPIs A1.5, A1.6, A2.3 and A2.4 of Part C of this Code.

38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:

(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.

39. 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.

40. For each ***greenhouse gas*** emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:

(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 decarbonisation 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:

(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***;

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(iii) the type of ***carbon credit***, including whether the underlying offset will be nature-based or based on technological 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).

Applicability of cross-industry metrics and industry-based metrics

41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).