

Cross-Agency Steering Group announces next steps to advance Hong Kong's green and sustainable finance strategy

The following is issued on behalf of the Hong Kong Monetary Authority:

The Green and Sustainable Finance Cross-Agency Steering Group (Steering Group) (Note 1) today (July 15) announced the next steps to advance its collaborative strategy to bolster Hong Kong's position as a leader in green and sustainable finance and help transition the financial ecosystem towards carbon neutrality. As priorities, the Steering Group will focus on climate-related disclosures and sustainability reporting, carbon market opportunities and the launch of the new Centre for Green and Sustainable Finance.

Climate-related disclosures and sustainability reporting

Making progress towards mandating climate-related disclosures aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework by 2025 across relevant sectors, the Steering Group supports the efforts by the International Sustainability Standards Board under the International Financial Reporting Standards Foundation (IFRS Foundation) (Note 2) to develop a new standard which would be built on the TCFD framework. The Securities and Futures Commission (SFC) and the Hong Kong Exchanges and Clearing Limited (HKEX) will collaborate with the Financial Reporting Council and the Hong Kong Institute of Certified Public Accountants to work on a roadmap to evaluate and potentially adopt the new standard.

Carbon market opportunities

Mainland China and key overseas markets are dedicated to transitioning to a green, low-emission and climate-resilient economy and the global carbon market is expected to grow significantly. As an international financial centre, Hong Kong is in a unique position to play a strategic role as China's gateway and mobiliser of capital to facilitate the national carbon neutrality goal.

The Steering Group is seeking to capitalise on this opportunity and has set up a Carbon Market Work Stream (CMWS) co-chaired by the SFC and the HKEX to assess the feasibility of developing Hong Kong as a regional carbon trading centre to strengthen collaboration in the Guangdong-Hong Kong-Macao Greater Bay Area. The CMWS will actively explore opportunities presented by both the "cap-and-trade" carbon market and the voluntary carbon market in China and overseas.

The Centre for Green and Sustainable Finance

The Steering Group today launched the Centre for Green and Sustainable Finance to help the financial industry manage the risks and capture the

opportunities presented by climate change. The Centre is a cross-sector platform which coordinates the efforts of financial regulators, relevant Government departments, industry stakeholders and academia in capacity building, thought leadership and policy development. It will also build a repository for resources, data and analytics which support the transition to a more sustainable development pathway.

The Steering Group has identified talent and data as the priority areas of action. Therefore, the Centre has established working groups (Note 3) to develop strategies and roadmaps to promote capacity building and develop data repository and analytics capability. The working groups will consult other stakeholders when formulating their recommendations. For more information and to engage with the Centre, please visit [here](#).

The Steering Group will continue to take forward the other action points announced in its December 2020 strategic plan, including participating in the work of the International Platform on Sustainable Finance on taxonomies and promoting climate-focused scenario analysis.

Co-Chair of the Steering Group and the Chief Executive Officer of the SFC, Mr Ashley Alder, said, "As an international financial centre, Hong Kong has a significant role to play both regionally and globally in the development of sustainable finance to address the risks posed by climate change. Hong Kong can lead the way in climate reporting by adopting the first set of global sustainability standards to ensure that consistent, comparable and reliable information is available to help investors understand the extent to which their portfolios are exposed to climate risks and they are financing emissions."

Co-Chair of the Steering Group and the Chief Executive of the Hong Kong Monetary Authority (HKMA), Mr Eddie Yue, said, "The lack of globally aligned standards, as well as capacity and data constraints, are hindering the growth of green and sustainable finance, not just in Hong Kong but also globally. The Steering Group has been coordinating the efforts across stakeholders in Hong Kong and the region in meeting these challenges, while exploring ways to capitalise on the enormous opportunities resulting from the transition to a greener world, such as in the capital and carbon markets. With the launch of the Centre, we hope to create a focal point to bring together policy makers, financial market professionals, the academia and other stakeholders for deeper exchange and collaboration."

Note 1: Established in May 2020, the Steering Group is co-chaired by the HKMA and the SFC. Members include the Environment Bureau, the Financial Services and the Treasury Bureau, the HKEX, the Insurance Authority and the Mandatory Provident Fund Schemes Authority. In December 2020, the Steering Group published its long-term strategic plan with action points which aim to coordinate the management of climate and environmental risks to the financial sector, accelerate the growth of green and sustainable finance in Hong Kong and support the Government's climate strategies.

Note 2: The IFRS Foundation is a non-profit public interest organisation established to develop globally accepted accounting standards, the

"International Financial Reporting Standards", and promote and facilitate their adoption. The International Sustainability Standards Board is due to be established ahead of the COP26 United Nation climate change conference in Glasgow in November 2021.

Note 3: Please refer to the Annex for the list of working group members.