

Government launches roadmap on sustainability disclosure in Hong Kong

The Government today (December 10) launched a roadmap on sustainability disclosure in Hong Kong. The roadmap sets out Hong Kong's approach to require publicly accountable entities (PAEs) to adopt the International Financial Reporting Standards – Sustainability Disclosure Standards (ISSB Standards). It provides a well-defined pathway for large PAEs to fully adopt the ISSB Standards no later than 2028.

The Secretary for Financial Services and the Treasury, Mr Christopher Hui, said, "As a premier international financial centre as well as a green and sustainable finance hub, Hong Kong is taking consistent steps to consolidate its competitiveness through observing international standards and best practices. The launch of this roadmap on the full adoption of the ISSB Standards clearly highlights our commitment to continuing to play a leading role in facilitating green and sustainable financing and investment for the global agenda of green transition. This roadmap provides a transparent and well-defined pathway on sustainability reporting for PAEs in Hong Kong. The Financial Services and the Treasury Bureau (FSTB) in collaboration with financial regulators and stakeholders will continue to support the pragmatic implementation of the Hong Kong Sustainability Disclosure Standards (Hong Kong Standards) through enhancing capacity building and promoting the use of technological solutions."

Key points of the roadmap are as follows:

1. The Hong Kong Institute of Certified Public Accountants (HKICPA) is developing the Hong Kong Standards on a full alignment basis with the ISSB Standards. Following a public consultation on the Exposure Drafts which indicates general support, the HKICPA aims to issue the final Hong Kong Standards by the end of this year with an effective date of August 1 next year.
2. All Main Board issuers are required to disclose against the New Climate Requirements modelling on International Financial Reporting Standards S2 Climate-related Disclosures on a "comply or explain" basis starting from January 1 next year. Issuers that are Hang Seng Composite LargeCap Index constituents (Large Cap Issuers) are further required to disclose against the New Climate Requirements on a mandatory basis starting from January 1, 2026. The Hong Kong Exchanges and Clearing Limited (HKEX) will consult the market in 2027 on mandating sustainability reporting against the Hong Kong Standards for listed PAEs with an expected effective date of January 1, 2028, under a proportionate approach.
3. Relevant financial regulators will require financial institutions carrying a significant weight (being non-listed PAEs) to apply the Hong Kong Standards no later than 2028.

This roadmap also elaborates on Hong Kong's blueprint to develop a comprehensive ecosystem to support sustainability disclosures, which encompasses sustainability assurance, data and technology, as well as skills and competencies. Key steps to be taken include:

- Sustainability assurance: The Accounting and Financial Reporting Council (AFRC) will work with relevant financial regulators and stakeholders to drive the development of Hong Kong's regulatory regime for sustainability assurance and promote high-quality assurance by adopting international standards.
- Data and technology: The Green and Sustainable Finance Cross-Agency Steering Group members will continue their efforts in facilitating better sustainability disclosures and enhancing quality of data through a multipronged approach, including promoting the development of green fintech, rolling out free data tools, and expanding the Hong Kong Taxonomy for Sustainable Finance.
- Skills and competencies: The Steering Group members and the HKICPA will continue to promote alignment with the ISSB Standards and support capacity building efforts locally, regionally and internationally.

This roadmap was developed with the support of the Steering Group through a dedicated working group co-led by the FSTB and the Securities and Futures Commission. Members of the working group comprise the Hong Kong Monetary Authority, the Insurance Authority, the Mandatory Provident Fund Schemes Authority, the AFRC, the HKEX, and the HKICPA. The full roadmap can be viewed at the FSTB website (www.fstb.gov.hk/fsb/en/publication/report/docs/FSTB_Roadmap2024_eBooklet_EN.pdf).