

Hong Kong Taxonomy for Sustainable Finance

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

The Hong Kong Monetary Authority (HKMA) published today (May 3) the Hong Kong Taxonomy for Sustainable Finance (Hong Kong Taxonomy) to enable informed decision making on green and sustainable finance and facilitate relevant finance flows.

The HKMA has been developing a green classification framework for adoption in the local market. A discussion paper was released in May 2023 to gather feedback from stakeholders on a prototype of the framework. Respondents welcome the development of the prototype and consider that it could provide a clearer definition of green products, enhance interoperability and help reduce greenwashing risks.

Based on consultation feedback, the prototype was fine-tuned and published as the Hong Kong Taxonomy. Currently, it encompasses 12 economic activities under four sectors namely power generation, transportation, construction, and water and waste management. As steered by the Green and Sustainable Finance Cross-Agency Steering Group (Note 1), the development has been guided by the principles of interoperability, comparability and inclusiveness. It also facilitates easy navigation among the Common Ground Taxonomy, China's Green Bond Endorsed Projects Catalogue and the European Union's Taxonomy for Sustainable Activities. It will serve as a pivotal tool to raise awareness about green finance, promote common understanding on green activities, facilitate green finance flows, and provide a foundation for further applications. We encourage the financial sector to use the Hong Kong Taxonomy to assess the "greenness" of projects and assets when labelling and developing products, as well as making disclosures.

A consultation report was also published to summarise the feedback received, together with responses and recommendations on future work. In addition, to facilitate users to understand and apply the Hong Kong Taxonomy, a supplemental guidance was prepared to provide background information, illustrative use cases, and responses to frequently asked questions.

The Hong Kong Taxonomy is a living document. For the next step, the HKMA will seek to expand the coverage of the taxonomy to include more sectors and activities, including transition activities. The HKMA will also continue the collaboration with relevant stakeholders to promote its application and enhancement, contributing to the sustainable development in Hong Kong and the world.

The Chief Executive of the HKMA, Mr Eddie Yue, said, "The release of the Hong Kong Taxonomy for Sustainable Finance marks a key milestone for Hong Kong's sustainable finance landscape. By providing a common language and

framework for sustainable finance, we are equipping market participants with an important tool to make informed decisions, drive impactful cross-border investments, and contribute to global efforts in combating climate change."

The [consultation report](#), [Hong Kong Taxonomy](#) and [supplemental guidance](#) are available on the HKMA website.

Separately, the HKMA will be launching the beta version of a cloud-based platform shortly for banks to assess the potential impact of physical risks on residential and commercial buildings in Hong Kong under different climate scenarios. The platform is part of the HKMA's efforts to help the banking sector address issues related to data and analytical tools and build up capabilities in climate risk management.

Note 1: Established in May 2020, the Green and Sustainable Finance Cross-Agency Steering Group is co-chaired by the HKMA and the Securities and Futures Commission. Members include the Accounting and Financial Reporting Council, the Environment and Ecology Bureau, the Financial Services and the Treasury Bureau, the Hong Kong Exchanges and Clearing Limited, the Insurance Authority and the Mandatory Provident Fund Schemes Authority. It aims 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.