

SFST's speech at CASG-ISSB Joint Roundtable (English only)

Following are the opening remarks by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the Green and Sustainable Finance Cross-Agency Steering Group and International Sustainability Standards Board (CASG-ISSB) Joint Roundtable today (March 27):

Vice-Chair Hua (Vice-Chair of the International Sustainability Standards Board, Mr Hua Jingdong), Julia (Chief Executive Officer of the Securities and Futures Commission, Ms Julia Leung), distinguished guests, ladies and gentlemen,

It is my great honour to be here today at this important joint event organised by the CASG and ISSB. The topic of sustainability disclosure is of paramount importance as we collectively navigate the global shift towards a low-carbon economy. Transparency and accountability in corporate environmental impacts are crucial drivers of this transition. Sustainability disclosure empowers investors to make informed decisions, helps organisations manage climate-related risks, and ensures compliance with evolving regulatory demands. It is not merely a compliance exercise, but a strategic imperative that propels us towards a greener, more resilient future.

As a leading international financial centre, Hong Kong is committed to playing a pivotal role in this sustainability journey. We recognise that aligning our local sustainability disclosure requirements with the ISSB Standards is a crucial step in strengthening Hong Kong's position on the global sustainable finance map and enhancing the competitiveness of ours in meeting the worldwide need for sustainability reporting. We aim to be among the first jurisdictions to align the local sustainability disclosure requirements with the ISSB Standards.

The Government issued a vision statement on developing the sustainability disclosure ecosystem in Hong Kong on Monday to set out this vision. To realise this vision, we will work with financial regulators and stakeholders to develop a roadmap on the appropriate adoption of the ISSB Standards, and aim to launch the roadmap within 2024 to provide a transparent and well-defined pathway on sustainability reporting for businesses in Hong Kong, as well as sufficient time for making preparations and developing readiness for the pragmatic implementation of the Hong Kong Standards.

I am pleased to share with you that the Hong Kong Institute of Certified Public Accountants will develop the local sustainability reporting standards, which will be aligned with the ISSB Standards, as well as the complementary application and implementation guidance. We will prioritise the application of these local standards for publicly accountable entities, such as listed companies and regulated financial institutions, given their preparedness and capabilities.

Ensuring the credibility of sustainability disclosures is also a key focus area. We will be implementing measures to strengthen sustainability assurance, empowering stakeholders to have confidence in the information being reported. Alongside this, we will also prioritise capacity-building initiatives to support industry and companies in effectively implementing these sustainability reporting requirements.

Ladies and gentlemen, our commitment to sustainability extends beyond just reporting and disclosure. We are also actively working to integrate fintech with green finance, with a view to accelerating the green transformation of our economy.

Earlier this year, we successfully issued digital green bonds worth around HK\$6 billion equivalent, denominated in Hong Kong dollars, Renminbi, US dollars, and Euros, under the Government Green Bond Programme. This follows the HKSAR (Hong Kong Special Administrative Region) Government's inaugural tokenised green bond issuance in February last year. These pioneering efforts have achieved several breakthroughs, including broadening investor participation through existing market infrastructure, streamlining the issuance process by issuing in a digitally native format, building in standardisation elements, and integrating green bond disclosure with a digital assets platform.

Under the Government Green Bond Programme, we have successfully issued green bonds totaling the equivalent of US\$25 billion in multiple currencies. This demonstrates Hong Kong's strong commitment to sustainable finance and our determination to lead by example.

Furthermore, Hong Kong possesses significant advantages in green technology. More than 200 green-technology companies are based in our city, with some equipped with globally competitive technologies and having successfully tapped into Mainland and overseas markets. Coupled with the strengths of the Greater Bay Area cities in research, advanced manufacturing, and commercialisation, we have the necessary capabilities to become Asia's leading green technology hub.

To enhance data availability, streamline data collection processes, and facilitate reporting, we have recently launched a set of greenhouse gas emissions calculation and estimation tools for public access, free of charge. These tools refer to internationally recognised standards while also integrating elements and data specific to Hong Kong and Mainland China in their calculation and estimation models. We have also promulgated an online questionnaire that serves as a reporting template for non-listed companies and small and medium-sized enterprises, to assist their sustainability reporting processes.

Furthermore, we will launch a dedicated proof-of-concept subsidy scheme for green fintech in the first half of this year. This initiative will provide early-stage funding support for green fintech, facilitating commercialisation and fostering the development of new green fintech

initiatives. Also, the Government's Green Tech Fund administered by the Environment and Ecology Bureau, with an injection of \$400 million, also plays a crucial role in funding research and development (R&D) projects that help Hong Kong decarbonise and enhance environmental protection. Thirty projects from local universities, public research institutes, and enterprises have been approved, involving a total grant of about \$130 million to subsidise local research projects.

Ladies and gentlemen, the challenges we face in the sustainability reporting landscape are multifaceted, ranging from the reporting challenges encountered by listed companies of different sizes operating in Hong Kong and the Mainland, to the need to address the gaps between various reporting standards in order to lessen the burden and limit fragmentation.

These challenges require a collaborative, multi-stakeholder approach. We must work together to identify solutions and develop strategies that support listed companies in building their internal capabilities to report in line with the ISSB Standards. We must also find ways to harmonise the various reporting frameworks, ensuring a more streamlined and efficient reporting process for businesses.

The low-carbon transition plans across Hong Kong, the Mainland, and the broader APAC (Asia-Pacific) region present another critical area of focus. As we collectively strive to achieve our climate goals, it is essential that we share best practices, leverage synergies, and co-ordinate our efforts to ensure a just and inclusive transition.

Market readiness for sustainability assurance is also a key consideration. We must work closely with the industry to develop the necessary capabilities, infrastructure, and frameworks to provide credible and robust assurance on sustainability disclosures.

Finally, fostering public-private partnerships will be crucial in addressing the various challenges we face in sustainability reporting. By bringing together the expertise, resources, and insights of the public and private sectors, we can devise innovative solutions and drive meaningful progress.

The road ahead may be challenging, but I am confident that through our collective efforts, we can transform these obstacles into opportunities. By aligning our local sustainability disclosure requirements with the ISSB Standards, enhancing fintech integration with green finance, and supporting the development of green technology and innovation, Hong Kong is well positioned to be at the forefront of the global sustainability movement.

I would like to highlight a few key points that I believe are critical to our success in this endeavor. First and foremost, we must maintain a steadfast commitment to transparency and accountability in our sustainability reporting. This not only builds trust with investors and stakeholders, but also drives meaningful change within our respective organisations.

Secondly, we must foster a culture of collaboration and knowledge sharing, both within Hong Kong and across the broader APAC region. By learning from one another's experiences, challenges, and best practices, we can develop more robust and effective sustainability reporting frameworks.

Thirdly, we must continue to invest in capacity-building initiatives, ensuring that businesses, especially smaller entities, have the necessary skills and resources to effectively implement sustainability reporting requirements. This will be essential in creating a level playing field and driving widespread adoption of sustainability disclosure requirements.

Finally, we must leverage the power of technology to streamline data collection, enhance reporting, and drive innovation in the green finance space. The successful launch of our digital green bond issuances and the development of our greenhouse gas emissions calculation tools are just the beginning. We must continue to explore and harness the transformative potential of fintech to accelerate our goals.

Ladies and gentlemen, Hong Kong is ready to lead by example, to share our knowledge and expertise, and to forge new partnerships that will propel us towards a more sustainable, resilient, and prosperous future.

I thank you all for your participation and look forward to the engaging discussions and insights that will emerge from this event. Together, let us forge a path towards a better tomorrow.