

Speech by CE at HKEX Green Asia Summit 2021 – Path to Net Zero (English only) (with photo/video)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the HKEX Green Asia Summit 2021 – Path to Net Zero today (December 9):

Laura (Chairman of Hong Kong Exchanges and Clearing Limited, Mrs Laura Cha), Nicolas (Chief Executive Officer of Hong Kong Exchanges and Clearing Limited, Mr Nicolas Aguzin), distinguished guests, ladies and gentlemen,

Good morning. It is my great pleasure to attend the inaugural Green Asia Summit organised by Hong Kong Exchanges and Clearing Limited (HKEX) today, and share with you all our strong sustainability commitments and our efforts in enhancing Hong Kong's status as a green and sustainable finance hub in the region.

Before I continue, I would like to say how pleased I am to see Dr Ma Jun (Chairman and President of Hong Kong Green Finance Association) attending this summit in person from Beijing. I still remember he came to see me when I was still the CE-elect, that was more than four and a half years ago, telling me how important green finance will be for the world, and the strategic role that Hong Kong could play in promoting green finance, not only for Hong Kong, but also for the country. At the moment, we are welcoming you (Dr Ma Jun) without putting you through quarantine, but if you go back to Beijing, you still have to. So I suggest we retain you in Hong Kong until we resume some quarantine-free travel into the Mainland.

Climate change is an imminent issue for all of us. The 2021 United Nations Climate Change Conference (COP26) held last month has drawn the world's attention to the pressing need for immediate actions. Among others, a number of advancements related to green and sustainable finance were made in COP26, including the publication of the Common Ground Taxonomy report by the International Platform on Sustainable Finance, and the publication of the prototype for the climate disclosure standard. This Summit is most timely to focus our attention on this important topic as Hong Kong continues to map the way forward towards a low-carbon and sustainable economy.

In my Policy Address delivered on October 6 this year, I reaffirmed the Government's commitment that Hong Kong would strive to achieve carbon neutrality before 2050. The Hong Kong Climate Action Plan 2050 announced shortly thereafter sets out a series of proactive strategies and measures, and pursues more vigorous interim decarbonisation targets to reduce Hong Kong's carbon emissions by 50 per cent before 2035 as compared to the 2005 level. The Steering Committee on Climate Change and Carbon Neutrality personally chaired by me since January this year will oversee the various actions, and we expect some HK\$240 billion public sector investments in the

next 15 to 20 years to support their implementation, which will create many opportunities in the green economy.

As an international financial centre with a large financial market and world-class regulatory framework, Hong Kong is well positioned to provide the necessary infrastructure and connect the flow of green and sustainable funds to promote a green economy. Over the years, the Government, together with the financial regulators, has continued to develop green and sustainable finance to boost investments conducive to reducing carbon emissions. With a view to contributing to the goal of achieving carbon neutrality before 2060 in the Mainland and before 2050 in Hong Kong, and elevating Hong Kong's position as a green and sustainable finance hub in the region, we are doubling our efforts to promote market development, align Hong Kong's regulatory standards with international best practice, encourage more entities to make use of Hong Kong's capital markets as well as financial and professional services for green and sustainable investment, and capitalise on the enormous green finance opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area and the Belt and Road Initiative.

HKEX has long been our close partner and I want to express my heartfelt appreciation to HKEX for their work in fostering green and sustainable finance development in Hong Kong. As one of the six members of the Green and Sustainable Finance Cross-Agency Steering Group, HKEX has spared no effort in promoting the enhancement of ESG (Environmental, Social and Governance) and climate change disclosures among listed companies. Just last week, HKEX announced two new initiatives to facilitate the industry's transition to net-zero, namely the release of the Practical Net-Zero Guide for Business and the partnership with leading ESG data providers to display listed companies' ESG metrics.

HKEX also co-chairs with the Securities and Futures Commission the Carbon Market Work Stream under the aforementioned Steering Group, which will soon complete an assessment report on the feasibility of developing Hong Kong into a regional carbon trading centre and exploring opportunities presented by the carbon emission markets in the Mainland and overseas. With the signing of the Memorandum of Understanding between HKEX and Guangzhou Futures Exchange in August, HKEX will further strategic collaboration with its counterpart in promoting sustainability, particularly in areas such as clearing, technology, product development and marketing to drive the development of a green and low-carbon market in the region. Last week, I visited the carbon emissions exchange in Wuhan, Hubei, and saw their sterling efforts in promoting innovation to combat climate change. I trust that the Government, together with HKEX, can work with Hubei and other places in the Mainland as well to promote the development of a carbon emission market system to support the country's target of achieving carbon neutrality.

I recall that some of you joined me two months ago in the HKEX Connect Hall to celebrate the issuance and listing of offshore RMB bonds by the Shenzhen Municipal Government in Hong Kong. The issuance was remarkable, not only because it was the first time for Mainland municipal government bonds to be issued offshore, but also because some of them were green bonds. These

RMB3.9 billion-worth green bonds signify the joint efforts of Shenzhen and Hong Kong to support the country's targets for carbon emission reduction as well as our unique position as an offshore RMB hub and green finance centre. We welcome and would encourage more Mainland issuers to do the same.

The Government has in fact set the example and established the Government Green Bond Programme in 2018 with a view to raising Hong Kong's profile, establishing a market benchmark, and showcasing to potential green bond issuers that Hong Kong is a premier platform offering a one-stop solution for issuing green products. We have recently doubled the borrowing ceiling of the Programme to HK\$200 billion, and successfully issued RMB, Euro and USD-denominated green bonds. The inaugural offering of Euro-denominated and RMB-denominated bonds by the Government has helped set an important new benchmark for potential issuers in Hong Kong and the region. The US\$3.25 billion issuances attracted strong interest from a diverse group of conventional and green global investors despite market volatility at the time of offering. We will continue to issue green bonds regularly, and explore ways to involve more types of currencies, project types, issuance format and channels. We are also planning to issue retail bonds for the participation of the general public in driving together a low-carbon economy in Hong Kong.

Green bonds by private issuers also constitute a large part of the green and sustainable finance ecosystem. We launched the Green and Sustainable Finance Grant Scheme in May this year to encourage issuance of more green and sustainable bonds and loans in Hong Kong and attract more financial and professional services providers and external reviewers to expand their presence in Hong Kong. So far, around 30 applications have been approved under the scheme covering various kinds of green and sustainable debt instruments.

Talent and professionals in ESG are key to the success of building a green and more sustainable future. I announced in my Policy Address recently to add "professionals in ESG" to the Talent List to attract more talent in this respect outside Hong Kong. In addition, we will endeavour to include more courses related to ESG in the list of reimbursable courses under the Continuing Education Fund and incorporate more ESG-related topics in the business and finance programmes. Meanwhile, the Centre for Green and Sustainable Finance established by the Cross-Agency Steering Group is also co-ordinating efforts of financial regulators, government agencies, industry stakeholders and academia in promoting capacity building and talent development.

In short, ladies and gentlemen, Hong Kong is determined to collaborate with our financial regulators and the industry participants to promote Hong Kong into a green and sustainable finance hub in the region. That is not only for driving financial and economic development in Hong Kong, but also for contributing to the global efforts in tackling climate change, which is vital for our planet and our future generations. I am sure I can count on your support in this regard.

Finally, I wish the summit great success and all of you the best of

business, investment and health. As Christmas is approaching, I also wish you all merry Christmas, and a very happy new year. Thank you.

