

Speech by DCS at ESG XChange 2024: ESG for Climate Actions International Summit (English only)

Following is the speech by the Deputy Chief Secretary for Administration, Mr Cheuk Wing-hing, at ESG XChange 2024: ESG for Climate Actions International Summit this morning (June 27):

Mr Alex Cheung (Chairman of the World Green Organisation (WGO)), Dr William Yu (Chief Executive Officer of the WGO), distinguished speakers and guests, ladies and gentlemen,

Good morning to you. It is my great pleasure to join you this morning at the ESG XChange 2024: ESG for Climate Actions International Summit. Thank you, World Green Organisation, for holding such a meaningful event. With participation from various sectors, this summit offers a valuable platform for industry leaders, regulators and companies to share experiences and insights on ESG (environmental, social, and governance) and other sustainability issues.

As Asia's leading international financial centre and green finance hub, Hong Kong has been channeling international capital to sustainable projects in Asia to support the region's green transition. We are getting good results. For example, the total green and sustainable debt (including both bonds and loans) issued in Hong Kong exceeded US\$50 billion in 2023, with the volume of green and sustainable bonds arranged in Hong Kong topping the Asian market, accounting for 37 per cent of the total. As of March this year, the number of ESG funds authorised by the Securities and Futures Commission (SFC) was over 220 with assets under management over HK\$1.3 trillion, representing a year-on-year increase of 19 per cent and 14 per cent respectively.

The event today echoes the HKSAR (Hong Kong Special Administrative Region) Government's direction to enhance sustainability disclosures by enterprises. Accurate information is essential to the promotion of sustainable financing. This is also the priority of international organisations and government agencies in the next few years. To deepen Hong Kong's green and sustainable finance development, enterprises must align their practices in sustainability disclosure with international standards. In March this year, the Financial Services and the Treasury Bureau (FSTB) of the HKSAR Government published a vision statement, setting out the vision and approach of the Government and financial regulators in developing a comprehensive ecosystem for sustainability disclosure in Hong Kong. The Hong Kong Institute of Certified Public Accountants (HKICPA) will develop the local sustainability reporting standards (Hong Kong Standards) that align with those of the International Sustainability Standards Board (ISSB) as well as the complementary application and implementation guidance. Our target is to launch a roadmap on the appropriate adoption of the ISSB Standards in Hong

Kong within this year, so as to provide a transparent and well-defined pathway on sustainability reporting for businesses, as well as giving sufficient time for them to make preparations and develop readiness for the pragmatic implementation of the Hong Kong Standards.

As the first step to prepare listed companies towards eventual sustainability reporting in accordance with the local sustainability disclosure standards, the Hong Kong Stock Exchange has published new climate-related disclosure requirements for listed companies for implementation starting from January 2025 under a phased approach, having regard to the size of the company and nature of the disclosure, specifically Scope 1, 2, 3 of the Green House Gas (GHG) Emission and non-Green House Gas disclosure requirements.

To equip small and medium enterprises with the means to manage their environmental footprint and encourage market participants to improve sustainable business practices, we launched a set of GHG emissions calculation and estimation tools for free public access in February this year. Besides, a climate and environmental risk questionnaire has been developed to assist the sustainability reporting processes of corporates and raise their sustainability visibility to lenders, investors and supply chain clients for better accessing of sustainability financing. It will also facilitate financial institutions' collection and assessment of company-level data for risk assessment and relevant business decisions.

Ladies and gentlemen, this summit is a call for action to tackle the imminent sustainability challenges confronting humankind. With Hong Kong's eminent strengths and advantages as a green finance centre in the region, we can work together to make a real difference and create a world of sustainable practices. I look forward to close partnership with you on promoting ESG and wish you all a rewarding and inspiring event. Thank you.