

Sustainable Finance

Supporting global alignment

We are working closely with the Stock Exchange of Hong Kong Limited (SEHK) to develop a climate reporting framework for listed companies in Hong Kong which aligns with the global baseline being developed by the International Sustainability Standards Board (ISSB). In addition, we have engaged with the China Securities Regulatory Commission (CSRC) to ensure that our approach considers the pace of regulatory developments on the Mainland.

During the quarter, we participated in IOSCO's Sustainable Finance Task Force workstreams which continued to engage with the ISSB, support the development of a sustainability-related assurance framework and consider issues related to the digital reporting of sustainability information.

Local policy initiatives

In November, new requirements took effect for all fund managers to consider climate-related risks in their governance, investment and risk management processes and make related disclosures. Large fund managers also need to comply with enhanced standards.

The Green and Sustainable Finance Cross-Agency Steering Group (CASG)¹, which we co-chair with the Hong Kong Monetary Authority, launched the Sustainable Finance

Internship Initiative in October to promote opportunities for students to develop skills in this area and build the industry's capacity. We also issued a letter to encourage licensed intermediaries to join this initiative and launched our own Sustainable Finance Internship Programme. We have also been assisting with the administration of the Government's Pilot Green and Sustainable Finance Capacity Building Support Scheme, which launched in December.

To contribute to the Mainland and Hong Kong's carbon neutrality goals, a Carbon Market Workstream, co-chaired by us and Hong Kong Exchanges and Clearing Limited (HKEX), was set up under the CASG to explore the development of carbon markets in the Guangdong-Hong Kong-Macao Greater Bay Area. Over the past year, we have been working closely with HKEX to develop a voluntary carbon market in Hong Kong. In October, HKEX launched Core Climate, a new platform to trade verified carbon credits.

In a keynote speech at Eco Expo Asia 2022 in December, Ms Julia Leung outlined the key pillars for developing Hong Kong as a leading sustainable finance hub, including world-class regulation, data and technology, the development of carbon markets, product innovation and collaboration with Mainland and global markets.

¹ Established in May 2020, the Steering Group is co-chaired by the Hong Kong Monetary Authority and the SFC. Members include the Environment and Ecology Bureau, the Financial Services and the Treasury Bureau, HKEX, the Insurance Authority and the Mandatory Provident Fund Schemes Authority.