

# Sustainability

We lead efforts to advance Hong Kong's position as an international sustainable finance hub and develop an effective regulatory framework to transition the financial system towards carbon neutrality.

In April, we announced our commitment to become a carbon-neutral organisation before 2050, in line with the HKSAR Government's climate strategy. We also set an interim target to reduce 50% of our total carbon emissions by 2030.

## Spearheading international work

At the International Organization of Securities Commissions (IOSCO), our Chief Executive Officer Ms Julia Leung co-chairs the Corporate Reporting Workstream of the Sustainable Finance Task Force (STF). The workstream spearheaded IOSCO's review of the IFRS Sustainability Disclosure Standards published by the International Sustainability Standards Board (ISSB) on 26 June. We contributed to the technical analysis of these standards to ensure that they are fit for purpose and meet IOSCO's expectations. The analysis would ultimately inform IOSCO's decision to endorse<sup>1</sup> the standards for potential global adoption by more than 130 member jurisdictions.

As a member of the other IOSCO STF workstreams, we are active in the discussions about carbon markets, sustainability reporting for listed issuers, assurance and digital reporting of sustainability information, and promoting good practices for asset management and environmental, social, and governance (ESG) ratings and data products providers.

We also lead the Sustainable Finance Working Group<sup>2</sup> of the IOSCO Asia Pacific Regional Committee, which finalised in April its workplan to promote consistent supervisory approaches for asset management and providers of ESG ratings and data products. This group will also promote knowledge sharing and capacity building on corporate sustainability disclosures and carbon markets in the region.

During the quarter, we continued to participate actively in other international initiatives<sup>3</sup>.

## Disclosure standards and local policy initiatives

We collaborate with the Stock Exchange of Hong Kong Limited (SEHK) to develop climate-related reporting requirements for listed companies in Hong Kong with reference to the ISSB's standards. In April, SEHK launched a three-month public consultation on proposals to mandate climate-related disclosures.

We engage with the China Securities Regulatory Commission to ensure that our approach considers the pace of regulatory developments on the Mainland, given the large proportion of Mainland-based listed companies in Hong Kong.

In June, the Green and Sustainable Finance Cross-Agency Steering Group (Steering Group)<sup>4</sup>, co-chaired by the SFC and the Hong Kong Monetary Authority, announced its support for the IFRS Sustainability Disclosure Standards published by the ISSB. The Steering Group will also engage with the ISSB on Hong Kong's sustainability reporting journey and capacity building work.

<sup>1</sup> IOSCO announced its endorsement on 25 July 2023. We announced our support for the IOSCO endorsement also in July.

<sup>2</sup> Our Senior Director and Head of International Affairs and Sustainable Finance, Ms Christine Kung, leads this working group.

<sup>3</sup> We represent IOSCO in the Financial Stability Board's Working Group on Climate Risk. We are a supporter of the Task Force on Climate-Related Financial Disclosures Recommendations and a member of the International Platform on Sustainable Finance. We also participate in the Advisory Group on Carbon Markets of the United Nations Sustainable Stock Exchanges Initiative and contribute to the Network of Central Banks and Supervisors for Greening the Financial System.

<sup>4</sup> The Steering Group was established in May 2020. Other members include the Financial Services and the Treasury Bureau, Environment and Ecology Bureau, Hong Kong Exchanges and Clearing Limited, Insurance Authority and the Mandatory Provident Fund Schemes Authority.



## Sustainability

### Building a green ecosystem for Hong Kong

During the quarter, the Steering Group continued to work towards its 2023-25 priorities which include: world-class regulation, data and technology for transition, market opportunities and product innovation, as well as communication, capacity building and collaboration with the Mainland, regional and global markets.

In April, we co-hosted the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) Green Finance Cooperation Meeting with the Financial Services and the Treasury Bureau. Representatives of GBA authorities<sup>5</sup> met with Steering Group members to discuss potential cross-boundary initiatives to further deepen regional collaboration and foster a comprehensive sustainable finance ecosystem.

These initiatives focus on aligning corporate sustainability disclosure requirements with global standards, exchange of emissions and ESG data, development of carbon markets and capacity building.

In May, the Steering Group met with financial market participants, academia and technology firms to exchange views on the latest developments in transition finance and green fintech, as well as how to promote Hong Kong as an international sustainable finance hub.

<sup>5</sup> Participants included representatives from the Shenzhen Municipal Financial Regulatory Bureau, the Guangzhou Municipal Local Financial Supervision and Administration Bureau and the Monetary Authority of Macao.

