

# Sustainability

## Spearheading international work

At the International Organization of Securities Commissions (IOSCO), our Chief Executive Officer Ms Julia Leung is the Vice-chair of the Sustainable Finance Task Force (STF). She also co-chairs the Corporate Reporting Workstream under the STF. The workstream has been promoting the use of the IFRS Sustainability Disclosure Standards<sup>1</sup> published by the International Sustainability Standards Board (ISSB) amongst its members, and leading its continued engagement with the ISSB and other international stakeholders. It has also been spearheading work on sustainability assurance, and issued a statement during the quarter to welcome the International Auditing and Assurance Standards Board's consultation on its Proposed International Standard on Sustainability Assurance 5000.

During the quarter, we participated in an STF meeting to discuss the IFRS Sustainability Disclosure Standards, sustainability assurance and transition plans. As an active member of all other IOSCO STF workstreams, we contributed to the consultation report on voluntary carbon market and the final report on supervisory practices to address greenwashing. Both reports were published in December.

At the regional level, Ms Christine Kung, our Senior Director and Head of International Affairs and Sustainable Finance, leads the Sustainable Finance Working Group of the IOSCO Asia-Pacific Regional Committee. This group promotes knowledge sharing and capacity building on corporate sustainability disclosures and carbon markets in the region.

In addition, we continued to participate actively in other international initiatives<sup>2</sup> to advance sustainable finance during the quarter.

## Driving climate-related disclosures

We have signed the ISSB's COP28 Declaration of Support, building on our earlier support of the IFRS Sustainability Disclosures Standards. The ISSB has been collaborating with corporates, regulators, standard setters and other stakeholders to advance the global adoption or use of its climate-related reporting standards.

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

In November, the Stock Exchange of Hong Kong Limited (SEHK) announced the postponement of the implementation date of its new climate-related disclosure requirements from 1 January 2024 to 1 January 2025. In finalising the requirements, SEHK will take into account the market feedback on its consultation, the final ISSB standards and the adoption guide to be issued by the ISSB to support jurisdictional implementation of the standards.

The Green and Sustainable Finance Cross-Agency Steering Group (Steering Group)<sup>3</sup>, co-chaired by the SFC and the Hong Kong Monetary Authority, has set up a new working group on sustainability disclosures. Co-chaired by the SFC and the Financial Services and the Treasury Bureau, this working group is working towards developing a comprehensive Hong Kong roadmap on adopting the IFRS Sustainability Disclosure Standards as appropriate. Related work is in progress<sup>4</sup>.

<sup>1</sup> In July, the SFC welcomed IOSCO's endorsement of the IFRS Sustainability Disclosure Standards published by the ISSB.

<sup>2</sup> We are a supporter of the Task Force on Climate-Related Financial Disclosures Recommendations, a member of the International Platform on Sustainable Finance, and a member of the Consultative Group of the United Nations Sustainable Stock Exchanges Initiative (SSE). We also participate in the SSE's Advisory Group on Carbon Markets.

<sup>3</sup> The Steering Group was established in May 2020. Other members include the Accounting and Financial Reporting Council, Financial Services and the Treasury Bureau, Environment and Ecology Bureau, Hong Kong Exchanges and Clearing Limited, Insurance Authority and Mandatory Provident Fund Schemes Authority.

<sup>4</sup> On 8 January 2024, the Steering Group announced its work progress and next steps.



## Sustainability

In November, the SFC held its inaugural Forum on Sustainability Disclosures to build industry preparedness and awareness of sustainability reporting against international standards. We gathered market views on developing a sustainability disclosure ecosystem for Hong Kong. More than 200 leaders from the financial industry, listed companies, industry associations and policymakers from Hong Kong, the Mainland and the Asia-Pacific region attended the forum.



Keynote speakers and panellists at the Forum on Sustainability Disclosures

### Other local policy initiatives

In October, we announced our support and sponsorship for developing a code of conduct for voluntary adoption by environmental, social and governance (ESG) ratings and data products providers providing products and services in Hong Kong via an industry-led working group<sup>5</sup>. This initiative is aimed to promote the best practices recommended by IOSCO<sup>6</sup> in Hong Kong and help strengthen the transparency, quality, and reliability of ESG information used by licensed corporations in their investment decisions.

<sup>5</sup> Namely the Hong Kong ESG Ratings and Data Products Providers Voluntary Code of Conduct Working Group, which is convened and led by the International Capital Market Association as the Secretariat.

<sup>6</sup> IOSCO issued its Final Report on Environmental, Social and Governance Ratings and Data Product Providers in November 2021.