

Shaping Capital Markets' Sustainable Future with Quality Disclosure

Welcome remarks at the Forum on Sustainability Disclosures

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Distinguished guests, ladies and gentlemen, good afternoon. It is my great pleasure to welcome you to the Forum on Sustainability Disclosures, co-hosted by the Financial Services and the Treasury Bureau and the Securities and Futures Commission (SFC).

This is the second edition of the forum we launched two years ago, and the first held outside the SFC's office, which is a direct reflection of our growing participation and the rising importance of sustainability disclosures.

Hong Kong: Steadfast in Adopting Global Standards

Over the course of my career, I have witnessed profound evolutions in financial markets. The valuation of businesses has shifted from focusing solely on financial performance to integrating both financial and non-financial metrics. Globally, this shift has been driven by two key forces: rising investor expectations, and evolving legal and regulatory requirements on sustainability disclosures including climate risks and opportunities.

As an international financial centre, Hong Kong is committed to upholding a transparent capital market and adopting global standards to build confidence among international investors. As outlined in the Government's Roadmap last December, we have embarked on a determined path towards full adoption of the IFRS Sustainability Disclosure Standards (or ISSB Standards).

Since our first forum, consensus has been strong. Today, our question is no longer whether to disclose or what to disclose, but why better sustainability disclosures matter. Let me share two perspectives: one from companies, and one from investors.

Sustainability Disclosures: A Win-win for Corporates and Investors

First, for companies: transparent disclosures, whether financial or non-financial, deliver tangible benefits. To meet disclosure requirements, companies must fully grasp the increasingly complex risks to their business, enabling them to craft strategies to enhance corporate value and drive sustainable growth. A robust sustainability framework would enhance business resilience, strengthen risk management, optimise resources allocation, and clarify competitive positioning.

Note: This is the text of the speech as drafted, which may differ from the delivered version.

Today, tens of billions in potential losses from extreme climate events remain uninsured. To curb these losses and unlock financial gains such as lower insurance cost, companies must actively integrate sustainability into their governance.

Hong Kong is now on track to develop a sustainability assurance regime. As listed companies will be expected to obtain independent assurance of sustainability-related information, they must ensure their governance framework enables rigorous management oversight and accountability for high quality disclosures.

Second, for investors: as they deepen their understanding of the financial materiality of sustainability matters, investors increasingly demand comparable, consistent disclosures to make informed decisions and accurately price assets. A recent example highlights this: The Asset Management Association of China has called on fund managers to engage with listed companies on corporate governance, with explicit focus on the completeness and accuracy of disclosures, as well as fulfilment of environmental and social responsibilities.

Moreover, the ISSB Standards were designed with investors at their core, and their global adoption momentum is a major leap forward. Over 30 jurisdictions – many in the Asia-Pacific, including China, Japan, Korea and Malaysia – are moving to adopt these standards. The Asia-Pacific region requires tens of billions in climate transition and adaptation funding, creating vast business opportunities. To seize them, companies must use disclosures to communicate their plans and actions to investors.

Conclusion

To conclude, Hong Kong is a top global financial centre, and we have immense potential to drive positive change for the global sustainability agenda. Given today's strong turnout and exceptional speaker lineup, I am fully confident we will deliver on this.

As the ancient Greek saying goes, "from tiny seeds grow mighty trees" – may our collective efforts today inspire further change and nurture a greener future for generations to come.

I wish everyone a productive forum. Thank you.