SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

Strategic Framework for Green Finance

21 September 2018

Executive Summary

1. Globally, green finance has gathered momentum since the 2015 Paris Agreement on climate change, which calls for "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development".[1]

2. The Securities and Futures Commission (SFC) has been monitoring policy developments in green finance since early 2016. This is particularly relevant since the Paris Agreement on climate change applies to Hong Kong, and mainland China has made green finance a top priority as it transitions to a sustainable economy.

3. Beyond a focus on green bonds, there is real traction in two crucial areas which are interrelated and reinforce one another. The first area is listed companies' disclosure of environmental information and climate-related risks and opportunities, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was launched by the Financial Stability Board at the G20's request.[2] Second, asset managers are increasingly expected to integrate environmental, social and governance (ESG) factors into the investment process and their advice to enable clients to make informed investment decisions.

4. Regulatory developments in these two areas have accelerated. For example, a pilot group of Chinese and British financial institutions, which was endorsed by their respective governments, is piloting the TCFD recommendations.[3] This is the first TCFD pilot for China and will inform the direction of China's environmental disclosure guidelines.[4] Meanwhile, the Mainland is working towards mandatory requirement for listed companies to disclose environmental information by 2020.[5] This will also apply to A/H share issuers listed on the Stock Exchange of Hong Kong and could drive changes in corporate disclosure in Hong Kong. In July 2018, the Asset Management Association of China ended its public consultation on green investment guidelines.[6] Furthermore, the European Commission is also considering aligning corporate disclosure requirements with the TCFD recommendations, and to integrate ESG factors into investment and financial advisory services.[7]

5. Elsewhere in the world, regulators and exchanges have adopted various policy measures to support the development of other aspects of green finance, such as green investment products and raising the quality, transparency and visibility of green finance information and data.

6. Since the issuance of the Guidelines for Establishing the Green Financial System in 2016,[8] the Mainland has made impressive progress in areas such as green lending, the role of the securities market in supporting green investment and green insurance, among others.[9]

7. Hong Kong is well positioned to complement the Mainland's green development ambitions and to connect green finance flows between the Mainland and the rest of the world. As such, any credible plan for Hong Kong to develop green finance[10] would need to be comprehensive and far reaching. In publishing this paper, the SFC aims to discuss what we as a market regulator can do to develop green finance in Hong Kong. Our action agenda is fivefold:

   - As a priority, to enhance listed companies' reporting of environmental information emphasising climate-related disclosure, taking into account the Mainland's policy direction to target mandatory environmental disclosure by 2020, and aiming to align with the TCFD recommendations.

- To conduct a survey of asset managers and asset owners participating in the Hong Kong market on their sustainable investment practices, to engage with the industry to formulate appropriate policies, codes and guidance, and to work towards obliging asset managers to disclose how and to what extent they consider ESG, especially environmental factors, in the investment and risk analysis process.

- To facilitate the development of a wide range of green-related investments, including listed green products, as well as unlisted, exchange-traded and OTC green products. This would include providing disclosure guidance and harmonised criteria and frameworks to facilitate disclosure and reporting, and working with Hong Kong Exchanges and Clearing Ltd (HKEX) on how it can develop and promote the listing and trading of green financial products such as bonds, indices and derivatives.

- To support investor awareness of and capacity building in green finance and investment-related matters by working with the Investor Education Centre, other financial regulators, industry associations and stakeholders.

- To promote Hong Kong as an international green finance centre by participating in international initiatives, as well as exploring cooperation opportunities with environmental authorities.

8. Within the SFC, we have set up a cross-divisional working group to consider policies to develop Hong Kong as a green finance hub. We look forward to fostering cross-agency and public-private collaboration, and have started discussions with HKEX, other financial authorities, key stakeholders along the investment chain and the wider financial community.

Corporate Environmental and Climate Change-Related Disclosure

9. Our top priority in green finance is to enhance listed companies' reporting of environmental information emphasising climate-related disclosure, taking into account the Mainland's policy direction to target mandatory environmental disclosure by 2020, and aiming to align with the TCFD recommendations.

10. Institutional investors are increasingly concerned about the impact of climate change risks and opportunities on investment returns. A 2017 report by Mercer highlighted the potential variability of climate change on returns across 14 asset classes and 14 industry sectors over a 35-year period. It concluded that median annual returns could vary from +3.5% (for renewables) to -4.9% (for coal) under different climate scenarios.[11] To deepen engagement with companies on these issues, some asset managers have written publicly to investee companies.[12] Many other institutional investors, including asset owners such as insurance companies and retirement funds, have joined the Climate Action 100+ initiative to engage with companies to improve their governance of climate change and climate-related financial disclosures.[13] It is expected that strengthening disclosure will be useful not only to investors, but also to other market participants such as credit rating agencies, equity analysts and investment consultants, by improving the pricing of climate-related risks and opportunities and enabling more informed investment decisions.

11. Despite demand from institutional investors for greater clarity and transparency, the quality of environmental and climate-related disclosures has been an issue. Some listed companies treat reporting as a routine, box-ticking exercise to fulfill regulatory requirements. Others perceive it as a reputational or corporate social responsibility issue. The lack of a focus on the financial impact of environmental and climate change issues could hinder investors and others who rely on disclosure to make informed investment decisions. Deficiencies in disclosure may also be exacerbated by the lack of mandatory ESG disclosure requirements in some jurisdictions. With the flexibility to disclose ESG information later than other financial information, companies have even less incentive to integrate sustainability into their strategic thinking. Lack of clarity about board engagement with ESG governance, coupled with the lack of a methodology to identify material ESG issues and a process to manage them, have also contributed to the problem.[14]

12. Globally, regulators are taking action to close the gap between the quality of disclosure and investors' expectations.

    - *Mandatory Disclosure:* The Mainland is working towards mandatory requirement for listed companies to disclose environmental information by 2020.[15] This was foreshadowed in the "Guidelines for Establishing the Green Financial System" promulgated in 2016 by seven ministerial agencies including the People's Bank of China and the China Securities Regulatory Commission (CSRC).[16]

    - *Regulatory Reviews:* Since 2010, France's financial markets regulator has been reviewing listed companies' ESG disclosure practices to gauge the progress of its domestic framework and how it is compared to those in other jurisdictions.[17] In 2016, HKEX upgraded all environmental disclosures from "recommended practice" to "comply or explain". Some listed companies have gone further by adopting internationally recognised sustainability reporting standards such as the Global Reporting Initiative. In 2018, HKEX published its first review of listed companies' compliance with its ESG Reporting Guide[18] that indicated areas for enhancement, particularly for environmental disclosure.

13. Apart from the issue of quality, environmental and climate-related disclosure currently lacks comparability. There are differences between local requirements and international reporting

frameworks, and also among the numerous international frameworks themselves, such as those issued by the Global Reporting Initiative, CDP,[19] Climate Disclosure Standards Board and the Sustainability Accounting Standards Board. Without a convergence of reporting standards, reporting will remain fragmented.

14. To help companies better communicate key climate-related information and to address the demand for clear, comparable and consistent information about the risks and opportunities presented by climate change, the TCFD delivered a framework for climate-related financial disclosures in June 2017,[20] drawing on extensive feedback from the industry and ensuring alignment with existing international reporting frameworks.[21] Harmonisation in other areas is also underway. The Global Reporting Initiative has announced that it is working to align its approach with the TCFD recommendations as part of its strategic plan.[22]

15. A key goal of the TCFD's work is to help companies assess the impact of climate change-related risks and opportunities on their financial statements so that they can better disclose the associated financial ramifications along four thematic areas: governance, strategy, risk management and metrics and targets:

- Governance – the company's governance around climate change risks and opportunities.

- Strategy – the actual and potential effects of climate change risks and opportunities on the company's business, strategy, and financial planning. The TCFD recommends the use of qualitative and/or quantitative scenario analysis to help companies disclose how resilient their strategies and financial plans may be to a range of relevant climate change scenarios.

- Risk Management – the company's processes to identify, assess and manage climate-related risks.

- Metrics and Targets – metrics and targets used to assess and manage relevant climate-related risks and opportunities.

16. In response, many jurisdictions are undertaking initiatives to support the TCFD recommendations.

- *Mainland China:* As mentioned, the Mainland is working towards mandatory requirement for listed companies to disclose environmental information by 2020.[23] A pilot group of Chinese and British financial institutions, which was endorsed by their respective governments, is piloting the TCFD recommendations.[24] This is the first TCFD pilot for China and will inform the direction of China's environmental disclosure guidelines.[25]

- *The European Union:* The European Commission aims to revise the guidelines on non-financial information to provide further guidance to companies on how to disclose climate-related information, in line with the TCFD, by the second quarter of 2019.[26]

- *France:* Article 173 of the French Energy Transition for Green Growth Act requires listed companies to disclose the financial risks related to the effects of climate change, the mitigating measures they adopt and the environmental impact of their activities and the use of the goods and services they produce. France's financial markets regulator has affirmed that most of the TCFD recommendations are consistent with its current disclosure framework.[27]

- *The United Kingdom:* The London Stock Exchange's new ESG Reporting Guidance expressly acknowledged and welcomed the TCFD recommendations.[28] Furthermore, the UK's Green Finance Taskforce has recommended the implementation of the TCFD recommendations and that financial regulators integrate them throughout the UK corporate governance and reporting framework.[29] Parliament's Environmental Audit Committee also recommends that the UK Government sets a deadline for all listed companies to report on climate-related risks and opportunities, in line with the TCFD recommendations, on a comply or explain basis by 2022.[30]

- *Canada:* The Canadian securities regulators jointly analysed how the TCFD recommendations align or differ from current disclosure requirements. They intend to develop new guidance for listed companies for the disclosure of climate change-related risks, opportunities and financial effects and are considering new disclosure requirements.[31]

- *Australia:* The Australian Securities and Investments Commission has publicly encouraged companies and directors to carefully consider the TCFD recommendations, not just in the disclosure context, but as a key resource to assist in understanding, identifying and managing climate risk and opportunities. It is undertaking a review of climate change-related disclosures across the ASX 300 to better understand current market practices and has commenced a review of its relevant guidance to help stakeholders meet their disclosure obligations insofar as climate risk is concerned.[32]

- *Singapore:* As Vice Chair of the TCFD, the Singapore Exchange hosted a conference on the TCFD recommendations in 2018, focusing on the ASEAN market. The Monetary Authority of Singapore also encourages corporations and financial institutions to apply international standards and guidelines such as the TCFD recommendations.[33]

- *Hong Kong:* The SFC has signed up as a supporter of the TCFD recommendations.[34] The SFC is working with HKEX to consider enhancing listed companies' disclosure of environmental (including climate change-related) information, aiming to align with the TCFD recommendations.

Action Agenda for Hong Kong

17. Climate change is a potentially terminal event that warrants immediate action. Hong Kong's increasing integration and connectivity with the Mainland and other major financial markets puts it in a unique position to be at the leading edge of global developments in this area. This is crucial to ensure that Hong Kong, as a major international financial centre, continues to benchmark itself against the best standards internationally including those for corporate disclosure.

18. As a priority, we will work closely with HKEX to enhance listed companies' reporting of environmental information emphasising climate-related disclosure, taking into account the Mainland's policy direction to target mandatory environmental disclosure by 2020, and aiming to align with the TCFD recommendations. Amendments to the Listing Rules and other possible means to achieve this will be considered. We will benchmark against the environmental reporting requirements in other leading markets.

19. Capacity building in preparation for enhanced environmental and climate-related disclosure is crucial. The SFC will work with industry associations, professional bodies, HKEX and the Investor Education Centre to raise awareness and understanding of the TCFD recommendations among listed companies and other issuers, their directors and the investing public. This could be done in collaboration with the TCFD and other organisations. A number of self-help resources are already available. For example, the online TCFD Knowledge Hub[35] provides companies with resources and tools to effectively implement the TCFD recommendations. Furthermore, the United Nations Environment Programme (UNEP) Finance Initiative has published papers from its work with leading banks and institutional investors to pilot the TCFD recommendations.[36]

Asset Managers and Sustainable Investing

20. Sustainable investing continues to gain momentum globally. More than 1700 asset owners, investment managers and service providers representing over US$68 trillion in assets under management have clarified their commitment to ESG by signing up to the United Nations Principles for Responsible Investment (UN PRI).[37] Many have published their ESG policies, the names of staff responsible for ESG as well as their processes for considering ESG risks and opportunities throughout the asset management life cycle from investment selection to portfolio monitoring and the reporting of ESG performance.

21. The following factors have encouraged sustainable investing.

    - *Better Risk Management and Return Potential:* Investors seek to add value by considering ESG issues, which some believe could enhance risk analysis, identify investment opportunities and help generate competitive financial returns.

    - *Rising Demand from ESG-oriented Investors:* A 2018 report by Morgan Stanley's Institute for Sustainable Investing found that 84% of asset owners are pursuing or considering pursuing ESG integration in their investment practices.[38] In Hong Kong, the Monetary Authority has incorporated ESG principles into its investment process. Other asset owners such as AXA,[39] Japan's Government Pension Investment Fund,[40] Ireland's Strategic Investment Fund, church institutions and universities,[41] have announced plans to increase ESG asset allocation and/or divest from fossil fuels. Many institutional investors who participate in Hong Kong's markets are also becoming more vocal in asking ESG-related questions as part of hiring or retaining asset managers.[42]

22. Nevertheless, some challenges remain.

    - *Lack of Quality and Comparability of ESG Data:* One of the major challenges for sustainable investing is the quality and comparability of corporate ESG data due to the diversity of local disclosure requirements and international reporting frameworks. Hence, as discussed previously, our top priority in green finance is to enhance listed companies' reporting of environmental information, emphasising climate-related disclosure, taking into account the Mainland's policy direction to target mandatory environmental disclosure by 2020 and aiming to align with the TCFD recommendations.

    - *Insufficient Disclosure on Whether and How Asset Managers Conduct Sustainable Investing:* Many asset managers and institutional investors do not systematically consider sustainability factors and risks in the investment processes. It was found that they do not sufficiently disclose to their clients if and how they consider sustainability factors in their decision-making. Therefore, end-investors may not get all the information they need. As a result, investors do not sufficiently take into account the impact of sustainability risks when assessing the performance of their investments over time.[43]

    - *ESG Preferences Not Addressed in Client Suitability Assessments:* When investment advisers and asset managers conduct suitability assessments with a view to recommending suitable financial instruments, information about the client's investment objectives generally relates to financial objectives, while ESG preferences are usually not addressed. A majority of clients would therefore not raise ESG issue themselves.[44]

    - *Lack of Clarity on the Duty of Asset Managers:* From a regulatory perspective, the duty of asset managers and institutional investors to act in the best interest of clients may not be sufficiently clear with respect to the consideration of sustainability factors and risks in the investment decision process. In *addition*, investment advisors and asset managers are not required to ask clients about their ESG preferences and take them into account when assessing the range of financial products to be recommended.[45]

- *Risk of "Greenwashing":* There is also a growing concern that a lack of regulatory involvement in asset managers' claims to be investing sustainably may contribute to "greenwashing" – meaning that asset managers market themselves as "green" or "sustainable" but do not fully integrate these factors into the investment process. In this regard, the UN PRI has recently highlighted free-rider issues with some of its signatories, and is taking a firmer stand with signatories who fail to demonstrate commitment.[46]

23. These challenges are unlikely to be resolved by the market alone. Therefore, authorities in major jurisdictions are starting to provide regulatory support for the development of sustainable investing.

- *The SFC's Principles of Responsible Ownership:* Published in March 2016, the SFC's Principles of Responsible Ownership encourage investors to engage with investee companies on significant ESG issues that have the potential to impact on the companies' goodwill, reputation and performance.[47]

- *Disclosure of Integrating ESG Factors in Asset Management and Financial Advice:* Article 173 of the French Energy Transition for Green Growth Act requires certain asset management companies authorised by France's financial markets regulator to disclose how they incorporate ESG factors, especially climate change considerations, into their investment and risk management processes on a "comply or explain" basis.[48] Article 173's impact extends beyond France. For example, it was reported that a large French pension fund asked global asset managers in Boston to comply with Article 173 in executing their mandate.[49]

  In addition, the European Commission is working on disclosure obligations on how asset managers integrate ESG factors in their risk and investment processes as part of their duties towards beneficiaries and aims to include ESG considerations into the advice that investment firms offer to clients.[50]

  Similar recommendations were made by the UK's Green Finance Taskforce and the UK Parliament's Environmental Audit Committee.[51]

- *Guidelines on Green Investment Practices:* In the Mainland, increasing attention is being given to investor duties and ESG integration. The Asset Management Association of China recently consulted on its proposed voluntary guidelines on green investment practices, which will apply to public and private securities fund managers.[52] This was foreshadowed in the recommendations for a possible policy framework and regulation for ESG integration and disclosure published by the International Institute of Green Finance in Beijing.[53]

Action Agenda for Hong Kong

24. Hong Kong is an open economy with a very large financial services sector, where many global institutional investors are active. Many have routinely asked about ESG issues in their requests for proposals and in their on-going monitoring of asset managers.[54] Regulatory initiatives in other major markets will increasingly have an impact on Hong Kong's markets. Hence, from both strategic and practical perspectives, our regulatory framework will need to align with those in the Mainland and leading overseas markets in order for Hong Kong to remain competitive in sustainable investing.

25. As a first step, we will conduct a survey of asset managers and asset owners participating in the Hong Kong market on four major aspects of sustainable investing, namely their commitment, investment process, post-investment ownership practices and reporting of ESG performance, with an emphasis on the environmental aspect. The survey will cover asset managers of different types and sizes, as well as those using different investment strategies. Based on the survey outcome, we will consider appropriate policies, codes and guidance with a view to obligating asset managers to disclose how and to what extent ESG factors, and especially environmental factors, are integrated into investment decisions.

26. Second, to strengthen the leadership of Hong Kong financial regulators in supporting green-related investments, the SFC's Investment Committee[55] will enquire in detail how and to what extent our external managers are incorporating ESG principles into their investment and risk analysis processes.

27. To promote capacity building, we will also work with organisations such as the CFA Institute and the UN PRI to enhance the industry's knowledge of how to integrate ESG factors into the investment process.

Other Aspects of Green Finance

Investment Products

28. We continue to see growth in ESG product offerings globally and in Hong Kong, led by an increasing investor appetite. A 2017 report by Morgan Stanley's Institute for Sustainable Investing found that 86% of millennial investors are interested in sustainable investing.[56] This demand will likely stimulate further growth in the number of asset managers who are broadening their ESG product offerings. Globally, sustainable investment grew by 25% to US$23 trillion from 2014 to 2016.[57] In the Mainland, 250 green funds have been launched over the past three years.[58] In Hong Kong, there are currently 21 SFC-authorised funds with an investment focus on climate, green, environmental or sustainable development. During 2018, we have seen a noticeable increase in the number of new fund applications and applications for change of investment strategy to adopt an ESG investment theme.

29. As the development of green products gains traction, regulators are stepping up to ensure greater market integrity and investor protection.

    - *Regulatory Reviews:* Since 2015, France's financial markets regulator has conducted reviews of the disclosure and marketing practices of socially responsible investment funds and provided recommendations to the industry.[59]

    - *Labelling Schemes and Disclosure Requirements:* To ensure quality and transparency, France issued criteria guidelines to be complied with by green funds seeking to be qualified for the "Energy and Ecological Transition for Climate" Label.[60] Similarly, Malaysia's Guidelines on Sustainable and Responsible Investment Funds[61] and Guernsey's Green Fund Rules[62] have been launched. The European Commission will also establish labels for green financial products as part of its Action Plan on Sustainable Finance, so that investors can easily identify those that comply with green or low-carbon criteria.[63]

30. The SFC will pay increased attention to the quality of the disclosure of authorised ESG-related funds and will strengthen public education in green investment through the Investor Education Centre. Our preliminary review shows that although most funds have disclosed the ESG definition or ESG-related elements in their investment objectives or strategies, a majority do not specifically disclose how investment managers integrate ESG factors into the criteria used in the investment selection process for the fund portfolio.

Stock Exchange Initiatives

31. A number of leading stock exchanges have been pursuing business opportunities arising from green and sustainable finance.

    - *The Luxembourg Green Exchange (LGX):* Home to more than half of all listed labeled green bonds globally,[64] the LGX has further expanded to list sustainable investment funds, leveraging Luxembourg's position as the world's second largest fund domicile. Its website enhances the visibility and transparency of green financial instruments and brings clarity to the requirements applicable for listing and displaying sustainable instruments on the LGX.

    - *The London Stock Exchange (LSE):* The LSE recently completed its largest green bond listing of US$1.58 billion, by the Industrial and Commercial Bank of China London branch.[65] Beyond green bonds, green and sustainable equity capital raised at the LSE rose at a rate of 197% year-on-year.[66] The number of ESG-related ETFs listed on the LSE hit a record high with a total of 31 ETFs and £3.97 billion of assets under management.[67] Furthermore, as part of its broader efforts to support small and mediumsized companies and connect them with capital, the LSE annually promotes its "1000 Companies to Inspire" programme for Britain and European companies which are expected to shape the future of the economy, including green companies, even though they may not be already listed.[68]

- *The Shanghai Stock Exchange (SSE)*: In April 2018, the SSE published its Vision and Action Plan for Supporting Green Development and Promoting Green Finance for 2018-2020.[69] It also launched a dedicated group to drive green finance innovation and development.

- *Cross-Market Cooperation and Development:* LGX launched separate partnerships with the Shanghai and Shenzhen Stock Exchanges in 2017 to allow synchronous displays of Chinese green bond indices in the Mainland and Luxembourg.[70] In 2018, the "Green Bond Channel" was launched to allow green bonds listed on the SSE to be displayed on the LGX. In addition, the LSE recently announced a collaboration with Japan Exchange Group to promote sustainable investment through financial market infrastructure initiatives.[71] New Zealand Stock Exchange has also signed cooperation agreements with HKEX and the Singapore Exchange to partner on green finance and sustainability initiatives.[72]

Action Agenda for Hong Kong

32. The SFC would consider providing internationally-compatible disclosure guidance, harmonised criteria and frameworks to facilitate product disclosure and reporting, and to raise the credibility of green product offerings in Hong Kong. We will seek to work with HKEX on how it can develop and promote the listing and trading of green financial products such as bonds, indices and green derivatives. All these would help facilitate the development of business opportunities in Hong Kong for a wide range of green-related investments, including listed green products, as well as unlisted, exchange-traded and OTC green products.

33. In addition, we will continue to promote Hong Kong as an international green finance centre and to put Hong Kong on the global map of green finance by participating in international initiatives as well as exploring cooperation opportunities with environmental authorities.

Conclusion

34. Effective implementation of our action agenda will provide a strong foundation to further develop green finance locally and will enhance Hong Kong's cooperation with Mainland China and overseas jurisdictions. This will be of local and global importance in light of the significant work that the Mainland is pursuing in green finance and the extremely large size and coverage of Hong Kong's capital markets where international investment intersects with the Mainland's economy and where there are increasingly large outbound flows. This globally significant pool of comingled liquidity is, in our view, an obvious global hub in which to embed the green finance agenda.

[1] See Article 2 of the Paris Agreement, United Nations Framework Convention on Climate Change, November 2015: https://unfccc.int/process/conferences/pastconferences/paris-climate-change-conference-november-2015/paris-agreement

[2] Read more about the TCFD at https://www.fsb-tcfd.org/.

[3] UK-China Climate and Environmental Information Disclosure Pilot – Action Plan, China Green Finance Committee and the City of London Green Finance Initiative, September 2018: http://greenfinanceinitiative.org/uk-china-climate-and-environmental-information-disclosure-pilot/

[4] Read more about the China-UK TCFD Pilot Group at http://greenfinanceinitiative.org/china-uk-tcfd-pilot-group/.

[5] Complete upgrade of listed companies' disclosure of environmental information, JRJ.com, February 2018: http://finance.jrj.com.cn/2018/02/09073024091121.shtml

[6] Notice regarding the Public Consultation on the Draft Green Investment Guidelines (for Trial Implementation), the Asset Management Association of China, July 2018: http://www.amac.org.cn/xhdt/zxdt/393245.shtml?; China launches its first green investing consultation, Ignites Asia, July 2018: http://ignitesasia.com/c/2033513/238673/china_launches_first_green_investing_consultation?referrer_module=emailMorningNews&module_order=0&code=WjJ0amQyOXVaMEJ6Wm1NdWFHc3NJRFkyTkRVd01UTXNJREV3T0RneE1EZzFPUT09

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[8] Guidelines for Establishing the Green Financial System, jointly issued by the People's Bank of China, Ministry of Finance, National Development and Reform Commission, Ministry of Environmental Protection, China Banking Regulatory Commission, China Securities Regulatory Commission and the China Insurance Regulatory Commission, August 2016: http://www.pbc.gov.cn/english/130721/3133045/index.html. For the Chinese version, see: http://www.mee.gov.cn/gkml/hbb/gwy/201611/t20161124_368163.htm.

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[10] See Paragraph 3.15 of Connecting for Consensus and A Better Future, Manifesto of Carrie Lam, Chief Executive Election 2017, February 2017: https://www.ceo.gov.hk/eng/pdf/Manifesto_E_revised.pdf

[11] See page 74 of Annex: Implementing the Recommendations of the TCFD, TCFD, June 2017: https://www.fsb-tcfd.org/publications/, and Long-term investors: Are you aware of your climate change risk exposure?, Mercer, 2015: https://www.mercer.com/content/dam/mercer/attachments/global/investments/long-term-investors-are-you-aware-of-your-climate-change-risk-exposure-mercer-2015.pdf

[12] See letters to companies by BlackRock: https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter, Vanguard: https://about.vanguard.com/investment-stewardship/governance-letter-to-companies.pdf and State Street Global Advisors: https://www.ssga.com/investment-topics/environmental-social-governance/2017/Letter-and-ESG-Guidelines.pdf.

[13] Read more about Climate Action 100+ at http://www.climateaction100.org/.

[14] The ESG journey begins: 2017 ESG reporting survey of Hong Kong listed issuers, KPMG, November 2017: https://assets.kpmg.com/content/dam/kpmg/cn/pdf/en/2017/11/the-esg-journey-begins.pdf

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[16] See endnote 8.

[17] The AMF affirms its commitment to sustainable finance on Climate Finance Day, Autorité des Marchés Financiers, December 2017: https://www.amf-france.org/en_US/Actualites/Communiques-de-presse/AMF/annee-2017?docId=workspace%3A%2F%2FSpacesStore%2F6772b882-9e69-44d8-b9a4-1028b6ed876a

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[19] Formerly known as the Carbon Disclosure Project.

[20] Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures, TCFD, June 2017: https://www.fsb-tcfd.org/publications/

[21] The TCFD recommendations have been mapped against existing disclosure frameworks. See "Alignment with Other Frameworks" at the TCFD Knowledge Hub at https://www.tcfdhub.org/home/alignment.

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[23] See endnote 5.

[24] UK-China Climate and Environmental Information Disclosure Pilot – Action Plan, China Green Finance Committee and the City of London Green Finance Initiative, September 2018: http://greenfinanceinitiative.org/uk-china-climate-and-environmental-information-disclosure-pilot/

[25] Read more about the China-UK TCFD Pilot Group at http://greenfinanceinitiative.org/china-uk-tcfd-pilot-group/.

[26] The Action Plan on Sustainable Finance adopted by the European Commission, March 2018: https://ec.europa.eu/info/publications/180308-action-plan-sustainable-growth_en

[27] See endnote 17.

[28] Guidance for issuers on the integration of ESG into investor reporting and communication, the London Stock Exchange Group, February 2017: https://www.lseg.com/resources/media-centre/press-releases/london-stock-exchange-group-launches-guidance-esg-reporting

[29] Accelerating Green Finance, a report to UK Government by the Green Finance Taskforce, March 2018: http://greenfinanceinitiative.org/wp-content/uploads/2018/03/Accelerating-Green-Finance-GFT-FINAL-report.pdf

[30] Greening Finance: embedding sustainability in financial decision making, the UK Parliament's Environmental Audit Committee, June 2018: https://publications.parliament.uk/pa/cm201719/cmselect/cmenvaud/1063/106302.htm

[31] Canadian securities regulators report on climate change-related disclosure project, the Canadian Securities Administrators, April 2018: http://www.osc.gov.on.ca/en/NewsEvents_nr_20180405_csa-report-on-climate-change-related-disclosure-project.htm

[32] Climate change, Keynote address by John Price, Commissioner, Australian Securities and Investments Commission, June 2018: https://asic.gov.au/about-asic/media-centre/speeches/climate-change/

[33] Collaborative Initiative for Green Finance in Singapore: Singapore as a Green Finance Hub for ASEAN and Asia, UNEP Inquiry and the Singapore Institute of International Affairs, November 2017: http://unepinquiry.org/publication/collaborative-initiative-for-green-finance-in-singapore/

[34] The TCFD has received significant support from leading companies and organizations around the world since releasing its recommendations in June 2017. An overview of all supporting organizations can be found at https://www.fsb-tcfd.org/supporters-landing/.

[35] The TCFD Knowledge Hub gives access to a range of practical content that will increase understanding and facilitate implementation of the TCFD recommendations: https://www.tcfdhub.org/

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