



Vision Statement on
Turning Obligations into Opportunities in
Developing the Sustainability Disclosure Ecosystem in Hong Kong

This statement issued by the Financial Services and the Treasury Bureau (“FSTB”) sets out the vision and approach of the Government and financial regulators in developing a comprehensive ecosystem for sustainability disclosure in Hong Kong.

International Developments on Sustainability Disclosure Requirements

2. It is increasingly apparent that sustainable development is gaining heightened worldwide awareness. What has become vital is to ensure that investors and other market participants have accurate, consistent and relevant information about sustainability-related matters for managing risks and supporting investments.

3. The International Sustainability Standards Board (“ISSB”) published in June 2023 its first set of International Financial Reporting Standards (“IFRS”) - Sustainability Disclosure Standards (“ISSB Standards”) as the global baseline for entities around the globe to prepare comparable, consistent and reliable climate and sustainability-related information, and make sustainability disclosures focusing on the needs of investors and the financial markets. It is recognised that the ISSB’s work has received strong support from investors, governments and international bodies including the G20, the Financial Stability Board, the Basel Committee on Banking Supervision (“BCBS”), the

International Association of Insurance Supervisors (“IAIS”) and the International Organization of Securities Commissions (“IOSCO”).

Turning Obligations into Opportunities

4. Hong Kong plays a leading role as a premier sustainable finance hub, leveraging its unique position as an international financial centre that connects capital flows between economies across the Asia-Pacific region, with unparalleled connectivity to the Mainland. Envisioning the promising prospects from the transition towards more sustainable, low-carbon economies and business models, we have the determination to turn relevant obligations on sustainability disclosure into opportunities to propel our development of green and sustainable finance to new heights.

5. To seize these opportunities to flex their strengths in pursuing long term business development, corporates in Hong Kong (particularly the financial services sector and listed companies) must be equipped for the communication of sustainability considerations and issues in a common international language in order to maintain competitiveness in the global supply chains, attract capital towards environmentally responsible projects, and contribute to worldwide efforts in building a sustainable future. This calls for the availability and gainful utilisation of sustainability-related information as the foundation for informed decision-making, risk assessment, transparency, and innovation in sustainable financing. This is indeed an important element of Hong Kong’s climate strategy to achieve carbon neutrality before 2050 under *Hong Kong’s Climate Action Plan 2050*, our country’s “3060 Dual Carbon Targets” and the global sustainability agenda.

Our Vision

6. Fully acknowledging the importance of sustainability disclosure, we **aim to be among the first jurisdictions to align the local sustainability disclosure requirements with the ISSB Standards**. We consider it essential to showcase to international investors and markets Hong Kong's commitment to reinforcing its leading position on the international sustainable finance map and solidifying the competitiveness of businesses in Hong Kong to address the global demand for sustainability disclosure.

7. As a public commitment, the Government already announced in the 2023 Policy Address that it will work with financial regulators and stakeholders to develop a roadmap ("Roadmap") on the appropriate adoption of the ISSB Standards to align with international standards.

8. In a proactive manner, the Green and Sustainable Finance Cross-Agency Steering Group ("Steering Group")¹ has set up a dedicated working group ("Working Group"), which is co-led by FSTB and the Securities and Futures Commission, with members comprising other financial regulators², the Hong Kong Exchanges and Clearing Limited ("HKEX") and stakeholders including the Hong Kong Institute of Certified Public Accountants ("HKICPA"), to prepare the Roadmap. Assuming the role of the sustainability reporting standard setter in Hong Kong, the HKICPA will develop the local sustainability reporting standards ("Hong Kong Standards") aligned with the ISSB Standards as well as the complementary application and implementation guidance.

1 Established in May 2020, the Steering Group is co-chaired by the Hong Kong Monetary Authority ("HKMA") and the Securities and Futures Commission. Members include FSTB, the Environment and Ecology Bureau, the Insurance Authority ("IA"), the Mandatory Provident Fund Schemes Authority ("MPFA"), the Accounting and Financial Reporting Council ("AFRC"), and HKEX. The Steering Group coordinates the management of climate and environmental risks to the financial sector, accelerates the growth of green and sustainable finance in Hong Kong and supports the Government's climate strategies.

2 Namely, the HKMA, the IA, the MPFA and the AFRC.

A Holistic Approach to Develop the Hong Kong Standards and Sustainability Disclosure Ecosystem

9. We will adopt a holistic approach in developing the Hong Kong Standards and the local sustainability disclosure ecosystem –

(a) **Coverage of all financial services sub-sectors:** The Hong Kong Standards are intended for cross-sectoral observance, including listed companies and regulated financial institutions, such as banks, fund managers, insurance companies, and MPF trustees, etc. Premising on the Hong Kong Standards, sector specific rules and regulations for regulated financial institutions will be formulated by the respective authorities/ regulators with reference to the relevant guidance issued by international regulatory standard setting bodies including the BCBS, the IAIS, the IOSCO, and the International Organisation of Pension Supervisors.

(b) **Phased implementation:** Application of the Hong Kong Standards will prioritise publicly accountable entities such as listed companies and regulated financial institutions, taking into account their relative preparedness and capabilities. As a first step to prepare listed companies towards eventual sustainability reporting in accordance with the Hong Kong Standards, the Stock Exchange of Hong Kong Limited (“SEHK”) will enhance climate-related disclosures for listed companies under the Listing Rules framework. In this respect, SEHK launched a consultation in 2023 on the enhancement of climate-related disclosure requirements³ for Hong Kong listed companies. SEHK is expected to publish the consultation conclusions

3 The proposed climate-related disclosure requirements were informed by the IFRS S2 Climate-related Disclosures Exposure Draft published by the ISSB and subsequent deliberations of the ISSB.

in the first half of 2024, which will take into account the market feedback received, the requirements of the ISSB Standards and the guidance issued by the ISSB. Amendments to the Listing Rules are expected to take effect from 1 January 2025.

- (c) **Sustainability assurance to enable credible implementation:** Assurance helps build credibility and reliability of reported sustainability-related information. Local sustainability-related assurance and ethics standards will be developed, taking account of the latest global developments including relevant discussions at the International Auditing and Assurance Standards Board and International Ethics Standards Board for Accountants. The AFRC will be involved in driving the development of sustainability assurance in Hong Kong.
- (d) **Capacity building to support the industry and companies:** Availability of trained sustainable finance professionals is important to supporting the implementation of the above focus areas and the comprehensiveness of the ecosystem. The existing capacity building schemes will continue to foster talent development. Capacity enhancement programmes will also be developed for preparers, reporting and assurance professionals, and sustainability-related service providers.
- (e) **Facilitating the use of technological solutions:** Technology driven solutions will enhance efficiency and reduce cost for preparers and users of sustainability-related disclosures. They also enable comparability and interoperability of disclosures across sectors and markets. Active efforts will be made to improve data availability, support data collection and reporting, and promote the use of green and sustainable financial technology solutions, on top of the measures having been rolled out –

- **Climate and environmental risk questionnaire for non-listed companies and small and medium enterprises (“Questionnaire”):** The Steering Group launched in 2022 the Questionnaire to assist the sustainability reporting processes of corporates concerned and raise their sustainability visibility to lenders, investors and supply chain clients. It also enables financial institutions’ collection and assessment of company-level data for risk assessment and relevant business decisions. Its digital version further facilitates reporting and supports broader consent-based data sharing between corporates and financial institutions.
- **Greenhouse gas emissions calculation and estimation tools (“Tools”):** The Steering Group, in collaboration with the Hong Kong University of Science and Technology, launched the publicly accessible Tools⁴ in February 2024 to aid sustainability reporting by corporates and financial institutions in Hong Kong. They help equip companies with the means to manage their environmental footprint and encourage market participants to improve sustainable business practices.

Next Steps

10. Our target is to launch the Roadmap within 2024, to provide a transparent and well-defined pathway on sustainability reporting for businesses in Hong Kong as well as sufficient time for making preparations and developing readiness for the pragmatic implementation of the Hong Kong Standards.

11. The Working Group is already engaging with stakeholders (including listed companies and regulated financial institutions) to consolidate details on the aspirations,

⁴ The Tools are available for free public access on the Steering Group’s website ([calculation tool](#) and [estimation tool](#)).

questions, capability issues of local corporates at different stages of sustainability reporting. The objective is to identify the specific circumstances, including whether there is any need for legislative amendments, that should be considered for the development and implementation of the Hong Kong Standards.

12. Looking ahead, the Government and financial regulators will continue to work closely with the corporates in Hong Kong in methodically constructing and applying the Hong Kong Standards, collectively building the sustainability disclosure system, and practically providing businesses with policy and technical support for strengthening their competitiveness and sustainability in the global market.

Financial Services and the Treasury Bureau

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