

SFST's speech at Deloitte Seminar: "Beyond Compliance: Driving Sustainability with Hong Kong's Roadmap" (English only)

Following is the speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the Deloitte Seminar: "Beyond Compliance: Driving Sustainability with Hong Kong's Roadmap" today (February 6):

Distinguished guests, ladies and gentlemen,

It is an honour to explore and share with you how Hong Kong is driving sustainable finance – not merely by complying with global standards, but by setting new benchmarks. Our market's role as Asia's leading green finance hub is founded on a long-standing commitment to channel international capital towards a greener future. In today's address, I will discuss our progress in sustainability disclosure, the Government's proactive initiatives, and our vision for an integrated and inclusive sustainable financial system.

Hong Kong's emergence as a green finance leader

Global capital flows now play a crucial role in financing the transition towards a low-carbon and sustainable economy. In this context, Hong Kong has firmly established itself as a key investment gateway. As of September 2024, more than 230 ESG funds have been authorised by the Securities and Futures Commission, managing over HK\$1.3 trillion in assets. This growth – with an 11 per cent increase in funds and a 10 per cent rise in assets from last year – underscores both investor confidence and the mounting demand for sustainable investments.

Moreover, our market has made remarkable strides in debt issuance. The volume of green and sustainable bonds arranged in Hong Kong topped the Asian market from 2021 to 2023. In 2023, the total green and sustainable debt (including both bonds and loans) issued in Hong Kong exceeded US\$50 billion, among which the volume of green and sustainable bonds arranged in Hong Kong was around US\$30 billion, accounting for 37 per cent of the regional total. Last year, one of the leading airlines in Hong Kong, Cathay Pacific Airways Limited, settled 50 000 tonnes of voluntary carbon credits on the Hong Kong Exchanges and Clearing Limited's Core Climate platform, showcasing Hong Kong's green finance capabilities. The transaction highlights the role of Core Climate in supporting corporates on their climate transition journey, offering trustworthy settlement services to enhance efficiency and mitigate risks. All these vividly illustrate Hong Kong's capacity to merge financial innovation with environmental stewardship.

Pioneering government initiatives

The Government's commitment to sustainable finance is at the heart of our success. Since 2019, we have issued government green bonds totalling HK\$220 billion under the Government Green Bond Programme. These bonds have not only funded vital local green projects but also set benchmarks for future issuances. Reflecting our evolving targets, the programme was rebranded last year as the Government Sustainable Bond Programme to include a broader range of sustainable projects.

Aligning local practices with global standards

Now let me turn to sustainability disclosure. In March 2024, the Government published a vision statement outlining our strategy for developing a comprehensive ecosystem for sustainability disclosure. This roadmap reaffirms our commitments: to maintain Hong Kong's status as an international financial centre and to scale global sustainability efforts through enhanced reporting and transparency.

Hong Kong's commitment to international best practices is apparent in our response to the evolving landscape of sustainability reporting. In December 2024, the Hong Kong Institute of Certified Public Accountants introduced our local sustainability reporting standards, fully aligned with the International Financial Reporting Standards – Sustainability Disclosure Standards (ISSB Standards). Effective from August 1, 2025, these standards will harmonise our approach with global practices, offering assurance to both local and international investors.

Further reinforcing this alignment is the newly launched sustainability disclosure roadmap introduced in December 2024. The roadmap offers clear guidance for Publicly Accountable Entities to adopt the ISSB Standards by 2028. Alongside regulatory measures, it lays the groundwork for developing an ecosystem that supports transparency and consistency – including sustainability assurance, data and technology integration, and capacity building initiatives. This comprehensive approach promotes both financial innovation and accountability, ensuring that our local market remains competitive and sustainable on the global stage.

Empowering all market participants

True sustainability is built on inclusivity, and our efforts extend beyond large enterprises to embrace businesses of all sizes. Recognising diverse challenges faced by enterprises, especially SMEs (small and medium enterprises), we have initiated several support measures to assist in managing environmental footprints and adopting sustainable practices.

A prime example is the launch in February 2024 of a suite of greenhouse gas emissions calculation and estimation tools. Developed by the Green and Sustainable Finance Cross-Agency Steering Group in collaboration with the Hong Kong University of Science and Technology, these tools are accessible to both corporates and financial institutions. They provide a reliable way to estimate emissions and enhance the overall quality of sustainability

reporting.

Additionally, the Steering Group introduced the Climate and Environmental Risk Questionnaire, specifically designed for non-listed companies and SMEs. This tool helps these enterprises showcase their sustainability performance to investors, lenders, and supply chain partners – facilitating easier access to sustainability financing and encouraging better environmental management across the board.

Establishing a consistent classification framework

A clear and consistent classification of green activities is critical for the success of any sustainable finance strategy. In May 2024, the Hong Kong Monetary Authority (HKMA) introduced the Hong Kong Taxonomy for Sustainable Finance. This taxonomy, which currently covers 12 economic activities across the power generation, transportation, construction, and water and waste management sectors, aligns with the taxonomies used by the Mainland and the European Union.

Understanding that the evolution of green and sustainable finance requires flexibility and forward planning, the HKMA has already undertaken Phase 2 of the taxonomy's development. This phase will extend coverage to include transition activities and introduce additional green activities crucial for the evolving market. Scheduled for public consultation in the first half of this year, this expanded taxonomy will be shaped by ongoing dialogue with banks, corporates, investors, and other key stakeholders. Such engagement guarantees that our framework remains relevant, comprehensive, and conducive to the smooth flow of sustainable finance across various sectors.

Hong Kong's leadership through innovation and collaboration

At the core of Hong Kong's strategy for sustainable finance is our robust commitment to global leadership in sustainability reporting. Our forward-looking initiatives not only secure our place as an international financial hub but also ensure that businesses of all sizes are able to actively contribute to the sustainability journey.

Sustainability reporting is not merely about meeting regulatory requirements – it is an opportunity to build trust, foster transparency, and stimulate long-term, positive change. The integration of international standards into our local practices reflects Hong Kong's resolve to lead by example. Our collaborative frameworks, innovative digital solutions, and tailored support for smaller enterprises demonstrate that we are paving the way for a resilient and inclusive financial environment.

The transformation under way is profound. Every regulation, every initiative, and every collaboration is designed with the understanding that our environmental and economic well-being are intrinsically linked. By turning compliance into an opportunity, Hong Kong is not only enhancing its reputation on the global stage but also inspiring a new era of sustainable growth.

Looking ahead: embracing a sustainable and inclusive future

As I conclude, I invite you to reflect on the broader vision that guides our efforts: a commitment to a future where economic development and environmental stewardship go hand in hand. Our journey towards holistic sustainability is rooted in shared responsibility – a collective effort where every stakeholder, including multinational institutions and local SMEs alike, contributes to building a robust, transparent, and forward-thinking ecosystem.

The rapid evolution of global financial markets, combined with our ongoing drive for innovation, uniquely positions Hong Kong to lead the transformation in sustainable finance. Through dynamic regulatory frameworks, cutting-edge technological solutions, and an unwavering commitment to inclusivity, we are not merely keeping pace with international trends; we are actively shaping the future. It is our firm belief that this proactive approach will secure a brighter, greener future for Hong Kong, our region, and the global community.

As we celebrate the Year of the Snake, I extend my heartfelt wishes for prosperity and progress to all present here today. May this new year bring renewed energy, innovative partnerships, and meaningful advancements in our collective journey towards sustainability. Together, we will continue to build an ecosystem where financial growth and environmental responsibility reinforce each other, ensuring enduring prosperity for generations to come.

Thank you for your dedication, your innovative spirit, and your unwavering commitment to making Hong Kong a model of sustainable finance. Let us go forward with confidence and resolve, turning today's opportunities into tomorrow's achievements, and firmly establishing Hong Kong as a beacon of sustainable progress on the international stage.