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Cross-Agency Steering Group announces progress and way forward to advance Hong Kong's green and sustainable finance development

The Green and Sustainable Finance Cross-Agency Steering Group (Steering Group) announced today (16 December 2021) the progress made and the way forward to advance Hong Kong's position as a leader in green and sustainable finance (GSF) and help the financial ecosystem's transition towards carbon neutrality.

Centre for Green and Sustainable Finance (GSF Centre)

The two working groups established under the GSF Centre reviewed the capacity and data constraints faced by the financial services sector. The working groups recommended the following measures in respect of capacity building and GSF data:

Capacity building:

- develop a common GSF qualification framework;
- support practitioners and young people to take up GSF training; and
- provide young people with practical industry experience.

GSF data:

- enhance access to and availability of GSF data and data analytics tools; and
- fill the key data gaps identified by market participants.

To take forward the working groups' recommendations, the Hong Kong Monetary Authority (HKMA) will begin work to develop a new module on Green and Sustainable Finance under the Enhanced Competency Framework for Banking Practitioners. The GSF Centre will also launch information portals on GSF data and resources. More details will be announced in due course.

Taxonomies, climate-related disclosures and sustainability reporting

Following the publication of the Common Ground Taxonomy (CGT) report by the International Platform on Sustainable Finance ([Note 1](#)), the Steering Group will, with the aim of aligning with the CGT, explore developing a green classification framework for

adoption in the local market which facilitates easy navigation among the CGT, China and the EU's taxonomies. The work will be guided by the principles of interoperability, comparability and inclusiveness, taking into account other definitions of green, transitional activities, and local considerations. The Steering Group will work with industry practitioners, experts and stakeholders to operationalise the CGT.

In addition, the Steering Group is making progress towards mandating climate-related disclosures aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework by 2025 across relevant sectors. The Securities and Futures Commission (SFC) and Hong Kong Exchanges and Clearing Limited continue to collaborate with stakeholders with a view to evaluating and potentially adopting the IFRS Foundation's ([Note 2](#)) Sustainability Disclosure Standards which would be built on the TCFD framework.

Carbon market opportunities

The Steering Group has completed a preliminary assessment of carbon market opportunities for Hong Kong. In view of Hong Kong's status as a champion of international standards, a facilitator to channel global capital into the Mainland and an international financial and risk management centre, the Steering Group will further explore how Hong Kong may develop into a regional carbon trading centre, including the development of a global high-quality voluntary carbon market. As part of this effort, it will work with relevant authorities on carbon market opportunities as part of the Guangdong-Hong Kong-Macao Greater Bay Area cooperation.

Eddie Yue, Co-Chair of the Steering Group, Chief Executive, HKMA said:

"COP26 has once again reminded us of the challenges that mankind faces in addressing climate change. The financial sector plays a critical role here, in securing the capital needed for the transition. With our work on capacity building, data and taxonomy in particular, the Steering Group seeks to ensure that financial institutions and market practitioners have the relevant skills and information, as well as an internationally recognised framework, to manage climate risk and capture the resulting opportunities."

Ashley Alder, Co-Chair of the Steering Group, Chief Executive Officer, SFC said:

"Carbon trading will be a key tool to mobilise finance for the transition to a low carbon

economy. With Hong Kong’s world-class regulatory standards and its instrumental role in bridging international capital flows with Mainland markets, it is well placed to make a significant contribution to the global effort to develop and scale carbon markets.”

End

Notes:

1. The CGT is a report resulting from an in-depth comparison exercise that puts forward areas of commonality between China and the EU’s taxonomies.
2. The IFRS Foundation is a not-for-profit, public interest organisation established to develop globally accepted accounting standards—the International Financial Reporting Standards—and promote and facilitate their adoption.

About the Green and Sustainable Finance Cross-Agency Steering Group

Established in May 2020, the Steering Group is co-chaired by the Hong Kong Monetary Authority and the Securities and Futures Commission. Members include the Environment Bureau, Financial Services and the Treasury Bureau, Hong Kong Exchanges and Clearing Limited, Insurance Authority and the Mandatory Provident Fund Schemes Authority. The Steering Group aims to coordinate the management of climate and environmental risks to the financial sector, accelerate the growth of green and sustainable finance in Hong Kong and support the Government’s climate strategies.