



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C
B9/197C

26 March 2024

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Greenhouse Gas Emissions Calculation and Estimation Tools

I am writing to encourage your institution and clients to make use of the new greenhouse gas emissions calculation and estimation tools (“Tools”) available on the website (<https://sustainablefinance.org.hk/en/>) of the Green and Sustainable Finance Cross-Agency Steering Group (“CASG”).

The Hong Kong Monetary Authority (“HKMA”) recognises that banks face numerous challenges in collecting GHG emissions data from their non-listed clients, especially small- and medium-sized enterprises (“SMEs”). As climate-related disclosure requirements come into effect and the international discussions around transition planning continue, there will be a stronger push from stakeholders for banks to make good quality disclosures and sound transition planning, both of which require granular GHG emissions data on their clients. The new Tools provide an easy-to-use starting point for authorized institutions (“AIs”) and their clients. They could facilitate SMEs’ completion of the Climate and Environmental Risk Questionnaire for Non-listed companies (“Questionnaire”, <https://sustainablefinance.org.hk/en/data-technology/casg-non-listed-company-questionnaire-on-climate-and-environmental-risk>),¹ thereby improving the availability of emissions data to AIs.

¹ The Questionnaire was launched in 2022 by the CASG and CDP, a global non-profit organisation that runs the world’s environmental disclosure system for companies, cities, states and regions. The Questionnaire has been digitalised to facilitate sustainability reporting and will support broader consent-based data sharing between corporates and financial institutions. The results generated from the Tools can be automatically exported to answer relevant questions in the Questionnaire.

The Tools, comprising a calculation tool and an estimation tool, were developed by the CASG in collaboration with the Hong Kong University of Science and Technology. The calculation tool enables users to calculate GHG emissions based on actual activity levels, while the estimation tool enables users to estimate the GHG emissions of their investees or borrowers where data of underlying companies is limited. The Tools cover Scope 1 and Scope 2 GHG emissions initially and will continue to be improved.

The HKMA is aware that there are other tools and methodologies for quantifying GHG emissions available in the market. AIs which are already using or planning to use other tools and methodologies are free to continue to do so. Regardless of the tools or methodologies used, AIs should adhere to the requirements set out in the Supervisory Policy Manual module GS-1 on “Climate Risk Management”.

If you have any questions about the Tools, please email info@sustainablefinance.org.hk. For enquiries about this circular, please contact Ms Renita Au (2878-8267) or Mr Warwick Yuen (2597-0933).

Yours faithfully,

Donald Chen
Executive Director (Banking Policy)

cc: FSTB (Attn: Mr Justin To)