



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C
B9/197C

21 October 2024

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Sustainable Finance Action Agenda

I am writing to inform you that the Hong Kong Monetary Authority (“HKMA”) today (21 October 2024) launched the Sustainable Finance Action Agenda (“Action Agenda”) (**Annex**), setting out our vision to further consolidate Hong Kong’s position as the sustainable finance hub in the region and support the sustainable development of Asia and beyond. The Action Agenda sets out eight goals in four areas, covering aspirations not only for the HKMA, but also the banking sector. I would like to highlight the following goals which have direct implications in our formulation of banking policy.

Goal #1 – All banks to strive to achieve net zero in their own operations by 2030 and in their financed emissions by 2050

All banks should strive to achieve net zero in accordance with science-based pathways. In addition, tentatively from 2030, banks should start making available their transition plans to the HKMA regularly on a “comply or explain” basis. The transition plans should be Paris-aligned, robust, actionable and up-to-date.

The HKMA will provide guidance to support the banking sector in meeting the goals. We are planning to consult the industry by end-2024 on a new Supervisory Policy Manual (“SPM”) module on transition planning, which will cover target

setting and transition plans.¹ We are also distilling good practices from our earlier survey on transition planning² and plan to issue them before the year ends. Furthermore, we are considering reflecting the benefits of the transition planning efforts of banks when embedding climate considerations into the Supervisory Review Process.

Consistent with the HKMA's application of SPM module GS-1 on "Climate Risk Management", the HKMA will take a pragmatic and proportionate approach to reviewing AIs' implementation of the new SPM module on transition planning.

Goal #2 – All banks to enhance transparency on climate-related risks and opportunities

Amid increasing market expectations and rapid developments in international frameworks around sustainability disclosures, the HKMA has been undertaking measures to enhance relevant disclosures by banks. In particular, the HKMA is analysing the landscape and will share the observed insights and practices. The HKMA will also consult the banking sector on our proposal on the timeline and approach to implementing the Pillar 3 disclosure framework on climate-related financial risks and the IFRS Sustainability Disclosure Standards.

Goal #8 – Close talent and knowledge gaps in sustainable finance in the region

Given the rapidly evolving landscape of sustainable finance, it is crucial to equip relevant banking practitioners in Hong Kong with appropriate sustainable finance knowledge and skills. The HKMA will collaborate with the industry to identify any additional training needs in this area in the upcoming study "Capacity Building for Future Banking 2026-2030", and will launch the Professional Level module on Green and Sustainable Finance under the Enhanced Competency Framework within 2024.

¹ These transition plans should set out how authorized institutions ("AIs") intend to manage the risks associated with the real economy's transition. We may use an alternative term in the new SPM module to avoid confusion with the strategic transition plans currently produced by some AIs.

² In the circular dated 29 August 2023 in which we set out high-level principles on transition planning, we stated that the HKMA would conduct a survey on AIs' practices in transition planning, with a view to sharing with the industry a range of practices based on the survey results. The survey was subsequently conducted in Q4 2023 on 38 AIs. Some findings were shared with the industry at a briefing session on 16 August 2024.

Should you have any questions about this letter, please contact Ms Renita Au (2878-8267) for Goal #1, Mr Willy Mak (2878-1219) for Goal #2, and Ms Denise Tai (2878-1589) / Ms Ivy Yong (2878-8495) for Goal #8.

Yours faithfully,

Donald Chen
Executive Director (Banking Policy)

cc: FSTB (Attn: Mr Justin To)