

Chief Executive's Message

Climate change is a real and imminent threat. The urgency to accelerate global climate action has never been greater. The World Meteorological Organization has confirmed that 2024 was the hottest year on record, marking the first time global temperatures exceeded the critical threshold of 1.5°C above pre-industrial levels¹. Meanwhile, global greenhouse gas emissions have hit new highs after the Covid lull, underscoring the inadequacy of current mitigation efforts². As the world continues to navigate the consequences of global warming, the materialisation of climate-related risks will intensify, bringing unforeseeable economic and financial impact. These challenges are further compounded by the current geopolitical landscape, marked by growing geo-economic fragmentation, heightened energy security concerns, and global economic uncertainty.

Transition to a lower-carbon economy requires tremendous and sustained financing. Nowhere else in the world is this challenge more apparent than in Asia. As suggested by the World Economic Forum, it is here in Asia, the driving engine of global economic growth and also the region most vulnerable to the effects of climate change, that the battle for net zero will ultimately be won or lost. As the premier international financial centre in Asia, Hong Kong needs to step up and play a central role in harnessing the power of finance to support and catalyse regional transition efforts.

To help Hong Kong rise up to this vision, the HKMA launched last year our Sustainable Finance Action Agenda (Action Agenda) to articulate our roadmap to embed sustainability at the core of our financial system. Our work is centred on enhancing the financial sector's resilience to climate-related risks and enabling it to better capture new opportunities while doing our part to lead by example. In particular, our sustainability efforts are underpinned by four key pillars: banking for net zero, investing in a sustainable future, financing net zero, and making sustainability more inclusive.



Mr Eddie Yue, Chief Executive, announces the Sustainable Finance Action Agenda

¹ World Meteorological Organization, 2025. *Its report documents spiralling weather and climate impacts* (<https://wmo.int/news/media-centre/wmo-report-documents-spiralling-weather-and-climate-impacts>).

² UN Environment Programme, 2024. *Emissions Gap Report 2024: No more hot air... please!* (<https://www.unep.org/resources/emissions-gap-report-2024>).

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Banking for net zero

The banking sector plays a pivotal role in supporting Hong Kong and Asia's transition to net zero, yet it faces significant risks during the transition. Under our Action Agenda, we have set an ambitious target for banks to strive to achieve net zero in their operations by 2030 and in their financed emissions by 2050, as well as to enhance transparency on climate-related risks and opportunities. To this end, in addition to the ongoing work on strengthening banks' climate risk management, we are guiding banks in transition planning to enhance resilience and enable better risk management, collaborating with stakeholders on preparatory work to align local sustainability disclosure requirements with global standards to enhance transparency, and enhancing the Hong Kong Taxonomy for Sustainable Finance launched in May last year to provide clarity on more sustainable activities, including transition activities, to channel more capital into credible transition pathways.

Investing in a sustainable future

Climate change poses significant physical and transition risks that can impact the long-term financial performance and value of the Exchange Fund's investments. However, it also presents opportunities for growth and positive change. Building on our experience that it is possible to align financial performance with positive impact, we strive to achieve net zero emissions in the Exchange Fund's Investment Portfolio by 2050 and support Asia's transition through investment under our Action Agenda. Sustainable investments now exceed 10% of the Investment Portfolio. To catalyse further sustainable investment in the region, the HKMA struck strategic partnership with the Asian Development Bank, the Asian Infrastructure Investment Bank and the International Finance Corporation in last November to pool resources and make collective investments that accelerate Asia's shift to a low-carbon economy. Our HKMA ESG Expectations, launched last September, further promote active ownership and best practices in sustainable investment.

Financing net zero

Access to capital is crucial to accelerate the region's transition. As an international financial hub, and building on our momentum as the top location for arranging international sustainable bond issuances in Asia, including for Mainland provincial and municipal governments, Hong Kong is poised to play a key role in channelling the necessary capital. Our Action Agenda outlines our vision to develop Hong Kong into the go-to sustainable financing platform of the region and our goal to catalyse innovation in sustainable finance. From harnessing the demonstration effect of the Government Sustainable Bond Programme in order to innovate on green bond features (including the world's first multi-currency digital bond issuance in February last year), to the expanded Green and Sustainable Finance Grant Scheme last May that covers transition bonds and loans, and the new Digital Bond Grant Scheme last November, we are paving the way for issuers in the region to decarbonise, leveraging Hong Kong's financial platform.

Making sustainability more inclusive

A robust transition requires more than just capital and innovation – it requires inclusive and accessible frameworks for sustainability, including reliable sustainability-related data, transparent disclosures and a skilled workforce equipped with the necessary knowledge and tools. That is why under our Action Agenda, we are committed to supporting high-quality and comprehensive sustainability disclosures as well as closing sustainable finance talent and knowledge gaps in the region. We have made significant strides in empowering stakeholders and making sustainability disclosures more accessible, particularly for small- and medium-sized enterprises, by enhancing the climate disclosure toolkit with user-friendly reporting templates. The launch of the Professional Level of the Enhanced Competency Framework on Green and Sustainable Finance last November strengthens the knowledge and skills of local banking practitioners, while events like the inaugural Hong Kong Green Week in February last year foster collaboration and innovation, ensuring sustainability is accessible to all.



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Mr Eddie Yue (centre), Chief Executive, with Mr Arthur Yuen, Deputy Chief Executive (second from the left), Mr Donald Chen, Executive Director (Banking Policy) (second from the right), Mr Kenneth Hui, Executive Director (External) (first from the left), and Mr Leong Cheung, the Chief Strategy Officer of the Exchange Fund Investment Office (first from the right) at the launch event

Leading by example through corporate sustainability

Within the HKMA, we align our own operations with our vision. Under the Action Agenda, we have committed to advancing net zero emissions in our corporate operations to 2030, two decades ahead of our original commitment. Furthermore, we are also making active preparation to align our sustainability disclosures with international standards, following the roadmap promulgated by the Government. From adopting electric vehicles in 2024 to embracing low-carbon procurement and digital efficiencies, we are cultivating a culture of sustainability that inspires action among staff.

Pushing ahead

International collaboration and institutions, key underpinnings of the global effort to fight climate change, are being reshaped before our eyes. Geopolitics is adding a layer of complication. But it is not the time to lose heart or scale back our climate ambition or momentum. No matter whether and how we talk about climate change, it is real and it is coming. It is our firm belief that an orderly and inclusive transition is necessary to avert climate risks to our financial system and avail ourselves of the opportunities in the process. As we move forward into 2025, we will push ahead on our sustainability efforts with purpose and determination, forging deeper alliances with like-minded partners. Despite the daunting challenges we face, we remain as dedicated as ever to building a more sustainable future for Hong Kong, Asia, and beyond.

Eddie Yue
Chief Executive
25 April 2025