

Chief Executive's Message

2025 was a pivotal year that tested global resolve on climate action, as apathy grew in some quarters of the world, and economies around the world navigated slower growth amid heightened geopolitical uncertainty, escalating trade tensions, and supply chain fragmentation. This was before military conflicts in the Middle East broke out in 2026 that severely disrupted global energy supply, exposing deep structural dependencies. Against this backdrop, many economies are faced with an increasingly complex situation, balancing between ensuring energy security and affordability in the short-term on the one hand, and advancing sustainability on the other, as near-term challenges may overshadow longer-term climate objectives at times. The rollback and delays in climate pledges of some economies further complicated the global climate agenda.

Here in Asia, these challenges are particularly acute. According to the World Meteorological Organization, the region is warming nearly twice as fast as the global average¹, fuelling more frequent and severe weather events and imposing growing economic and social costs. Meanwhile, the region's heavy reliance on fossil fuels underscores the formidable challenge of balancing rapid development with urgent climate action. The transition to a low-carbon economy across Asia therefore remains both complex and capital-intensive, requiring substantial and steady fund flows to drive meaningful progress.

Despite these challenges, Hong Kong remains steadfast in its commitment to sustainability. This determination is grounded in our deep conviction that a just and orderly transition is essential for long-term financial stability and economic resilience. That is why last year, we pressed ahead with our Sustainable Finance Action Agenda, a comprehensive strategy launched in 2024 to embed sustainability at the core of our financial system and catalyse climate action across Asia. I am encouraged by the concrete progress achieved across our strategic priorities and the growing momentum among market participants.

Building a climate-resilient financial system

As a core pillar of Hong Kong's financial system, the banking sector plays a vital role in channelling capital towards green and sustainable activities. To support banks in this role, we focused on addressing pain points faced by the industry, including closing gaps in standards, readiness, information and talent. Following a public consultation in 2025, we recently published Phase 2A of the Hong Kong Taxonomy for Sustainable Finance to provide greater clarity on green and sustainable activities, including introducing transition elements, adding a new category on climate change adaptation, and expanding coverage to additional sectors. We also strengthened supervision of banks' climate risk management, launched the formal version of the Physical Risk Assessment Platform to support banks in assessing physical risks to property assets, conducted an industry consultation on banks' transition planning guidelines, and continued to work towards aligning sustainability disclosure requirements with evolving global standards.

Investing in a sustainable future

As a major asset owner and manager, we are committed to supporting Asia's green and sustainable development through strategic investment. Our experience demonstrates that sustainable investing can deliver strong financial performance alongside positive environmental impact, with sustainable investments now constituting more than 10% of the Exchange Fund's Investment Portfolio. To support regional transition efforts, we partnered with the Asian Infrastructure Investment Bank to jointly invest in venture capital funds focused on green and technology-enabled infrastructure.

¹ <https://wmo.int/news/media-centre/rising-temperatures-and-extreme-weather-hit-asia-hard>

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Mr Eddie Yue, Chief Executive, opens the Green Fintech Symposium during the Hong Kong Green Week 2025

Enhancing the green and sustainable finance ecosystem

The success of Asia's low-carbon transition hinges on the effective mobilisation of capital towards high-impact initiatives. As Asia's premier financial centre, Hong Kong has fully embraced this responsibility and opportunity. In 2025, Hong Kong reaffirmed its position as the largest arranging hub for international green and sustainable bond issuances in Asia, accounting for 40% of the region's total issuance volume. To drive further innovation, we supported the Government in issuing a third batch of tokenised green bonds of around HK\$10 billion, which marked the largest digital bond issuance globally. Through issuances under the Government Sustainable Bond Programme and subsidies under the Green and Sustainable Finance Grant Scheme, we continued to strengthen the sustainable finance ecosystem.

Recognising that talent is critical to sustaining progress, we supported the Government in providing subsidies for sustainable finance training and hosted flagship events to foster collaboration and knowledge exchange, including the Hong Kong Green Week and the HKMA-DFSA Joint Climate Finance Conference.

Sustainable HKMA

As we continue to scale our efforts externally, we remain equally committed to operating as a responsible and sustainable organisation ourselves. From climate scenario analyses and corporate emissions reporting to the cultivation of an environmentally conscious and inclusive workplace, we integrate sustainability considerations into every facet of our operations.

Navigating uncertainty with purpose

As we look ahead, I am reminded that the path to a sustainable future is rarely straightforward. The world around us is shifting – shaped by global realignments, rapid technological advances and an increasingly complex economic environment. Yet amid these uncertainties, there are immense opportunities to innovate, to collaborate, and to strengthen the resilience of our financial systems and communities. By harnessing our shared purpose and working together across borders and sectors, we can turn today's challenges into the momentum that carries us forward. Hong Kong will continue to lead with purpose and to play an active role in forging a more resilient, inclusive, and sustainable future for finance.

Eddie Yue
Chief Executive
30 April 2026