

Chinachem Group Sustainability Conference 2022

Creating Social Impact on the Zero Carbon Journey in Hong Kong



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Summary

Green Finance Development Hong Kong and Beyond

- Since the 2020 Policy Address pledge to achieve carbon neutrality before 2050, several strategies have been proposed covering everything from electric vehicles to carbon market opportunities.
- Hong Kong is one of the fastest-growing green finance markets and has made significant headway in ESG disclosures since HKEX first released its ESG Reporting Guide in 2013. In 2022, it incorporated key Task Force on Climate-related Financial Disclosures (TCFD) elements, which significantly strengthens the board's role in ESG management. Other financial markets have quickly followed suit.
- The success of Hong Kong's green financial market is the result of the continuous and collaborative effort between Government and industry players.
- The Steering Group has made significant progress in the following key areas:
 - Ensure climate-related disclosures align with Task Force on Climate-related Financial Disclosures (TCFD) by 2025.
 - Align and operationalise the Common Ground Taxonomy.
 - Launch a Green and Sustainable Finance Centre.
 - Dedicate Carbon Market Workstream to explore carbon market opportunities.
- Hong Kong has been making various carbon market efforts, including launching the Hong Kong International Carbon Market Council in July 2022. Its next move should be to develop a global voluntary carbon market (VCM).
- While emissions trading systems employ a "cap and trade" approach, there is no emission limit in a VCM. In some cases, regulated entities are allowed to meet a portion of their compliance obligations using eligible VCM credits known as compliance offsets.
- Challenges to participation in the VCM for compliance purposes include:
 - ETS that allow carbon offsets to meet compliance obligations are capped.
 - Compliance offset requires projects to be of the same geographic location.
- While VCMs are currently much smaller than emissions trading systems due to these limitations, the VCM's 2021 turnover was a four-fold increase from 2020 showing significant growth, suggesting it is the best timing for Hong Kong to enter the market.
- There are four major standard setters for voluntary carbon credits with Verra issuing nearly 70%.
- The success of Hong Kong's voluntary carbon market depends on how the credits traded can be used to comply with different jurisdictions' emission limits.
- Aviation is one of the few industries that Hong Kong can tap into. The International Civil Aviation Organization (ICAO) has established the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) which is a global market-based measure to reduce emissions from international flights. CORSIA does not have geographical limitations. Cathay Pacific will be an important end-user of the CORSIA credits in Hong Kong after 2027.
- In developing a carbon ecosystem, we can explore the market potential of carbon credit derivatives. A vast majority of carbon market transactions occurs in emissions trading systems which Hong Kong has limited chance to directly participate in. However, we can still tap into the markets by facilitating transactions of carbon credit derivatives.
- By implementing the above strategies, I believe that Hong Kong can seize a notable market share and leverage on this market power to act as a "super-connector", e.g. by channeling global capital to green projects in Mainland China and in the countries of the Belt and Road Initiative.
- The future of Hong Kong's carbon market is promising, given our proximity to China and connection to international markets.



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可持續發展論壇 2022 香港零碳之旅 · 創造社會效益



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重點

香港朝向綠色金融發展

- 自2020年《施政報告》承諾在2050年之前實現碳中和，當中已經提出了多項策略建議，涵蓋範疇廣泛，包括電動汽車和碳市場等。
- 香港是發展最快的綠色金融市場之一，香港交易所早於2013年公布首份「環境、社會及管治」(ESG) 報告指南，在ESG披露方面現已取得重大進展。2022年「氣候相關財務信息披露工作小組」被納入關鍵披露要素，顯著加強了董事會在ESG管治中的作用，其他金融市場迅速仿效。
- 香港綠色金融市場的成功是政府與業界持續合作的成果。
- 督導小組在以下關鍵領域取得顯著進展：
 - 確保2025年前，氣候相關資料披露需按照氣候相關財務披露工作小組的建議。
 - 調整和實施「共通綠色分類目錄」。
 - 成立綠色和可持續金融中心。
 - 成立碳市場專責團隊探索碳市場機遇。
- 香港一直在碳市場作出各項努力，包括於2022年7月成立香港國際碳市場委員會，進一步拓展全球自願的碳市場(VCM)。
- 雖然排放交易系統採用「限額與交易」方法，但VCM中沒有排放限制。在某些情況下，受監管的實體可以使用符合條件的VCM信用額來抵消合規義務。
- 出於合規目的參與VCM的挑戰，包括：
 - ETS設置上容許為履行合規義務而進行的碳抵消。
 - 合規抵消要求規定項目需位於相同地區。
- 基於某些限制，雖然VCM目前規模比排放交易系統小得多，但VCM於2021年的營業額較2020年增加了四倍，顯示出有顯著增長，表明這是香港進入市場的最佳時機。
- 自願碳信用額有四個主要標準制定者，其中自願減排交易項目(Verra)發出了近70%。
- 香港自願碳市場的成功取決於交易的信用額度如何用於遵守不同司法管轄區的排放限制。
- 航空是香港可以涉足的少數行業之一國際民用航空組織(ICAO)制定了國際航空業碳抵換及減量計劃(CORSIA)，這是一項旨在減少國際航班排放的全球市場措施。CORSIA沒有地域限制。國泰航空將於2027年後成為香港CORSIA信用額最主要的用家。
- 在發展碳生態系統中，我們可以發掘碳信用衍生產品的市場潛力。在香港絕大多數碳市場交易發生在排放交易體系中，直接參與的機會有限，但是我們仍然可以通過促進碳信用衍生品交易來進入市場。
- 通過實施上述策略，我相信香港可以搶佔顯著的市場份額，並利用這種市場力量充當「超級連系人」，例如將全球資本引導至中國和「一帶一路」沿線國家的綠色項目。
- 香港碳市場的未來充滿希望，因為我們背靠國家並與國際市場接軌。

