Calculation and Estimation Tools

Welcoming Remarks

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Professor Loh, Professor Lau, distinguished guests, ladies and gentlemen, I wish you all a Happy Chinese New Year!

I just returned from Paris to celebrate the Lunar New Year. In Paris, I participated in a high-level conference on sustainable finance organised by the International Organization of Securities Commissions (IOSCO). The conference brought together leading regulators from more than 10 jurisdictions to exchange views on topics ranging from corporate sustainability reporting, transition finance, combatting greenwashing, to climate-related information and data.

These are all salient topics for market regulators and intermediaries for a simple reason: whether you are a fund management firm, bank or international corporation, an increasing number of family offices and institutional investors are paying attention to companies' performance in sustainable development. This covers the disclosure of climate-related information, the impact of climate change on corporate profitability and growth, as well as the climate-related risks and opportunities for them.

Carbon emission is one of the key indicators, as most major economies have set decarbonisation targets, including Mainland China's dual goals to achieve carbon emission peak by 2030 and carbon neutrality by 2060. Many investors and financial institutions, such as fund managers, banks, insurers and pension fund managers, have joined various net zero alliances and set out their own decarbonisation roadmaps.

These intermediaries require investee companies to provide greenhouse gas emissions data when making investment or providing financing. Regulatory authorities have also set standards for these disclosures to facilitate comparison by investors. For example, the Stock Exchange of Hong Kong Limited is in the final stages of developing climate-related disclosure requirements for Hong Kong-listed companies informed by the IFRS Sustainability Disclosure Standards. The quantitative disclosure requirements cover Scopes 1 and 2 greenhouse gas emissions, and eventually Scope 3.

You may wonder: If I am neither a listed company nor a large enterprise and do not tap into international capital, perhaps I do not need to understand or calculate my carbon emissions. However, in fact, these are closely related to your future operations and businesses.

Note: This is the text of the speech as drafted, which may differ from the delivered version.

When large and multinational companies assess their own decarbonisation performances, they need to take into account the carbon emissions of their supply chains, including such processes as raw material production, processing, and transportation. Companies failing to make appropriate sustainability-related disclosures may miss opportunities of obtaining investments and financing. Therefore, if you are a supply-chain company, you may be