



Press Release

## Earth Forum 2024: Transition Finance Towards a Net Zero Economy

**Hong Kong, April 22, 2024** – Friends of the Earth (HK) (FoE (HK)), the Financial Services Development Council (FSDC), and the China Sustainable Investment Forum (China SIF) joined forces to host the Earth Forum 2024, aiming to accelerate transition finance for a sustainable future.

Financial institutions play a crucial role in facilitating the transition to a net-zero economy. Recognizing the urgent imperative to combat climate change and propel the transition towards a net-zero economy, transition finance assumes a pivotal role in driving economic transformations aligned with the Sustainable Development Goals (SDGs). In Hong Kong, transition finance has been identified by the Green and Sustainable Finance Cross-Agency Steering Group as a priority for 2024 to solidify the city's position as a leading sustainable finance hub.

Mr Plato Yip, Chairperson of FoE (HK), emphasised the pivotal role of the financial industry in driving sustainable development. "Financial institutions must take the lead in actively managing the risks of transition finance and ensuring rigorous climate-related financial disclosure," he asserted. "Transparent and credible reporting is crucial for fostering trust and channelling investments towards a low-carbon future." Mr Yip also highlighted the organisation's initiatives, including partnering with the CESGA program, the SME ESG Best Practices Recognition Program, and the establishment of the Corporate Climate Index to evaluate companies' climate efforts across various industries.



Emphasizing the necessity for innovative financial products, Mr Daniel R Fung, SBS, SC, KC, FCI Arb, JP, Vice Chairman of the FSDC, stated, "The sustainable bond market has experienced remarkable growth since 2018, soaring to USD 4.3 trillion by the end of 2023. It has become a vital funding conduit for governments and corporations, propelling the transition to a low-carbon economy. The corporate sector has been at the forefront, accounting for over half of the total issuance. Leveraging its strategic position, Hong Kong is poised to lead the development of dependable transition finance instruments, including sustainability-linked bonds, thereby providing invaluable support to corporate decarbonisation endeavours."

Dr Peiyuan Guo, Chairman of the China SIF and China Advisor to the United Nations Environment Programme Finance Initiative (UNEP FI), stated, "I want to highlight the prevailing trends in transition finance and emphasize the utmost importance of enhancing transition standards and disclosure, especially at the product and asset levels. It is through these measures that we can ensure a high-quality transition towards a sustainable future."

The Earth Forum 2024 brought together financial institutions, professional associations, corporations, and industry experts to deliberate on the latest developments and exemplary practices in transition finance. Discussions focused on product innovation in transition finance, climate-related financial disclosure, and transition risk management for financial institutions.

### **About the FoE (HK)**

Friends of the Earth (HK) ("FoE (HK)") is a leading environmental advocate that actively engages with the government, businesses, and the community to foster equitable and sustainable policymaking, business practices, and community lifestyles in protection of the local and regional environment. We are also dedicated to promoting green finance and cultivating ESG talents. By partnering closely with government and research institutes, professional bodies, SME associations, and international organisations, FoE (HK) strives to build a sustainable society and environment for all.

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### **About the FSDC**

The FSDC was established in 2013 by the Government as a high-level, cross-sectoral advisory body to engage the industry in formulating proposals to promote the further development of Hong Kong's financial services industry and to map out the strategic direction for development.

The FSDC has been incorporated as a company limited by guarantee with effect from September 2018 to allow it to better discharge its functions through research, market promotion and human capital development with more flexibility.



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### **About the China SIF**

China Sustainable Investment Forum (China SIF), established in Beijing as a non-profit organisation in 2012, is dedicated to promoting responsible investment and providing an internationalised platform for exchanging and sharing ideas on issues concerning sustainable development, with focus on facilitating Environmental, Social and Governance (ESG) integration, advocating green finance, and contributing to a responsible capital market in China as well as its sustainability.

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