

FSDC releases report on ESG strategy

The Financial Services Development Council (FSDC) today (November 28) released a research report entitled "Environmental, Social and Governance (ESG) Strategy for Hong Kong". The report sets out key recommendations for fostering the development of an ESG ecosystem in Hong Kong.

The Chairman of the FSDC, Mr Laurence Li, said, "ESG investment has become a mainstream investment area which many developed economies strive to seize through a combination of incentives and regulations. An optimal balance between the two is not easy to achieve but there is a need for Hong Kong to take this into serious consideration in order to not be left behind."

The report seeks to present the value proposition of ESG integration from the perspectives of both financial investors and investee companies. The report recommends (i) the Government to take the leadership role in encouraging public funds' support for ESG integration; (ii) the Hong Kong Monetary Authority to scale up ESG requirements on their external investment managers; (iii) the Mandatory Provident Fund Schemes Authority to incorporate ESG factors into its trustee approval and monitoring process and to encourage trustees to take into account international ESG standards; (iv) the Securities and Futures Commission (SFC) to strengthen the emphasis on ESG through upgrading the Principles of Responsible Ownership to at least "comply or explain"; (v) the SFC and the other regulators to provide more guidance on ESG thematic investment products; and (vi) the Stock Exchange of Hong Kong to strengthen the emphasis on ESG for both listing applicants and listed companies.

The full version of the report can be downloaded from the FSDC website: www.fsd.org.hk.

About the FSDC

The Hong Kong Special Administrative Region Government established the FSDC in 2013 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 set up five committees, namely the Policy Research Committee, the Mainland Opportunities Committee, the New Business Committee, the Market Development Committee and the Human Capital Committee, as the five streams of its work.

Ends/Wednesday, November 28, 2018