

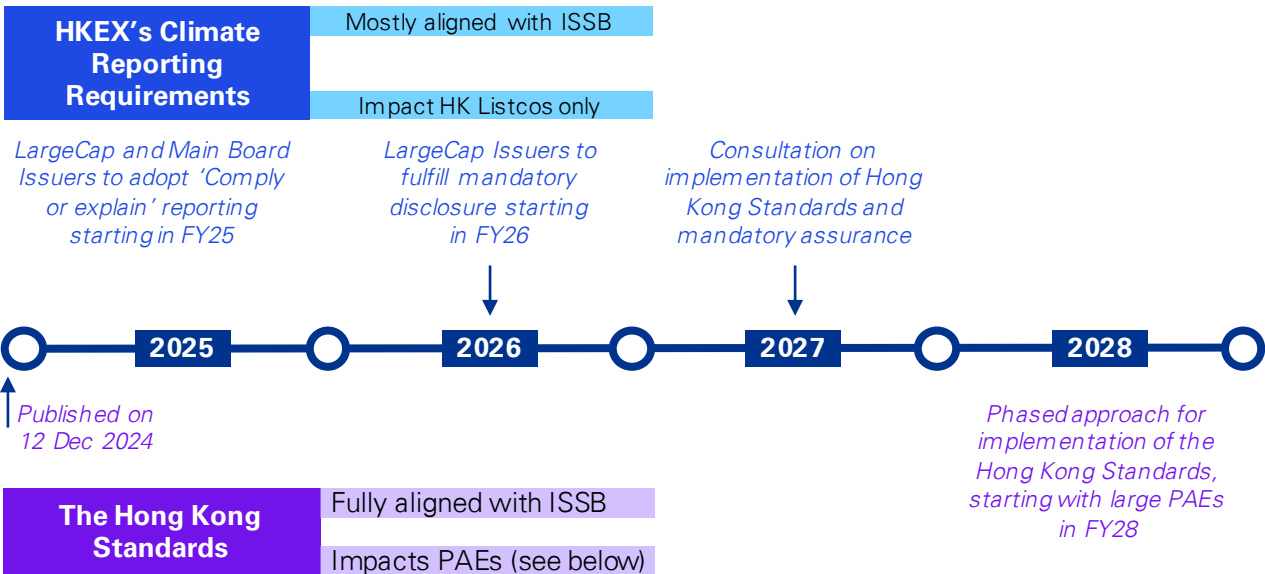


The implications of the FSTB Sustainability Reporting Roadmap for Hong Kong companies

April 2025

The Financial Services and the Treasury Bureau (FSTB) issued a [roadmap](#) (the Roadmap) for wider adoption of sustainability reporting in Hong Kong. Whilst the HKEX’s Climate Reporting Requirements impact listed companies, the Roadmap will impact a subset of both listed and non-listed companies referred to as “publicly accountable entities” (PAEs) with the first batch of PAEs to report in 2028.

The Roadmap requires disclosure against the Hong Kong Sustainability Disclosure Standards (Hong Kong Standards) which are fully aligned with the International Sustainability Standards as issued by the International Sustainability Standards Board (ISSB). With the announcement of the Roadmap, companies now need to assess if, how and when they will be affected so that they can determine a plan of action.



Who will be impacted

The Roadmap mentions 2028 as the tentative implementation year for mandatory disclosure for large PAEs. PAEs are defined as:

- Entities whose securities are traded in a public market or entities in the process of issuing securities for trading in a public market; and
- Entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses (e.g. banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks) and have significant weight in the jurisdiction, regardless of their ownership structure or listed status.

“Large PAEs” are those who “carry a significant weight”. This includes LargeCap listed entities and non-listed financial institutions carrying a significant weight. The definition of “significant weight” has not been defined. At the current standing, the applicability and implementation timeline for other PAEs remain unclear.

Assurance requirements

Whilst Hong Kong requirements currently do not mandate ESG assurance, the Accounting and Financial Reporting Council (AFRC) will release a proposed local regulatory framework for sustainability assurance for public consultation in 2025. Following implementation of the HKEX Climate Reporting Requirements in 2025 and 2026, the HKEX has indicated that it will launch a consultation in 2027 to assess assurance requirements and alignment with the Hong Kong Standards.

What we believe companies should focus on

LargeCap Issuers subject to HKEX's Climate Reporting Requirements are currently preparing for 2025 reports. They will need to determine how to meet full compliance in their 2026 report when 'comply or explain' is no longer an option. They need to monitor the further alignment of HKEX Climate Reporting Requirements to the Hong Kong Standards as this may lead to increased disclosure requirements.

Non-listed companies that are impacted by the Hong Kong Standard in 2028 need to understand the requirements and the impact of their implementation. That will then allow them to decide when to do the actual implementation work which we expect will largely need to be in 2026 and 2027.

How can we help?

We help our clients with implementation of HKEX Climate Reporting Requirements and can translate many of our learnings to help companies think through an implementation roadmap for the Hong Kong Standards by 2028. We would be very happy to come and speak to you or your Boards to help you determine a pragmatic approach to become compliant.

Contact us



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