



Hong Kong Green Strategy Alliance

香港綠色策略聯盟

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The Hon John LEE Ka-chiu, GBM, SBS, PDSM, PMSM

The Chief Executive

Hong Kong SAR Government

Dear

Suggestions to prominent environmental issues
for the 2024-25 Policy Address Consultation

The Hong Kong Green Strategy Alliance (HKGSA) would like to share our views and comments regarding the prominent environmental issues for the 2024-25 Policy Address. Please find enclosed our submission in Appendix A for your perusal.

HKGSA is a non-profit making organization founded in 2012 by a group of professionals and stakeholders who are visionary and wish to undertake the responsibility on the issues of environmental protection and sustainable development. Through active participation, discussions and exchange of views in green issues, projects and technologies etc., HKGSA would offer our professional opinions and solutions to tackle green issues in Hong Kong and neighbouring region.

Should you need any further information, please feel free to contact me at 9032 3816 (drwklo@gmail.com) or our Honorary Secretary Ir Kenny Wong at 9482 3227 (irkennywong@gmail.com).

Yours sincerely,

Ir Dr. Hon LO Wai Kwok, GBS, MH, JP

Chairman, Hong Kong Green Strategy Alliance

c.c. Mr TSE Chin-wan, Secretary for the Environment and Ecology

Encl.

Recommendations from the Hong Kong Green Strategy Alliance to 2024-2025 Policy Address

The Hong Kong Green Strategy Alliance (HKGSA) proposes the following views for the Administration's consideration.

General

1. Green economy - upstream & downstream

The administration / government should leverage on Hong Kong's position, role and location to grow the green economy by all means.

From policy to budget, from infrastructure to projects, from supply chain, industries to education; the administration should take a leading role in defining and redefining short, medium as well as long term goals for sustainable development.

It is essential and critical to nurture the next generations with the right mindset and skillsets to take on foreseeable and lasting ventures and opportunities.

HKGSA firmly believes that opportunities should be created not only for big corporations but also for SMEs.

2. Local and regional

While Hong Kong is part of the Greater Bay Area (GBA) and Asia with its unique experience, success, talents, etc., we should embrace more diversity without losing our competitive advantages.

Local companies, businesses and communities require and deserve the financial, relevant and technical support from both local and regional agencies, organisations and government. In other words, it is advantageous to establish more regional and international collaboration across the regions.

For example, the administration should establish missions and programs beyond existing frameworks. Quasi government agencies are relatively mature, more industrial, commercial, business leaders should be engaged to develop these new missions and programs.

Thinking out of the box is an art of common sense, however, stepping out of the comfort zone and cutting down the bureaucracy are equally important.

Governance shall always be there, and survival of businesses and individuals heavily rely on flexibility and accountability. HKGSA appreciates the KPIs as defined and introduced in previous years' policy address. Time is of essence that it is critical and necessary to strike a balance between the time span of consultation, feasibility studies and actual project delivery and execution.

Waste charging policy is becoming a sensitive issue however there is little doubt that it is the way to go if the ultimate goal is to reduce waste, to encourage recycling and reuse. The

pressing issues are from all walks of life. Landfill extensions are subject to limitations, Waste-to-energy projects take time to build, infrastructure projects require extensive processes to be completed.

3. Labour, technical, professional

From HKGSA's observation, it is undeniable that Hong Kong is subject to shortage of work force, a gap of experience/ technical practitioners, missing generations of professionals in many disciplines of green jobs, including but not limited to engineering, innovation, Green finance, ESG, technology, etc.

Policy should encourage more mentorship projects from senior executives, retiring professional to transfer their expertises, experiences to young generations.

4. Land Supply and Environmental Protection & Conservation

There is no doubt that the sluggish property market has made public land sales not so easy as before. Nevertheless, HKGSA supports the government's commitment to taking the lead in providing a stable land supply including the use of green belts and resumption and clearance of brownfields and, development of the Northern Metropolis and Kau Yi Chau Artificial Islands under the Lantau Tomorrow Vision. It is understandable that with due consideration to the public finance position, the mega projects have to be deferred a bit than the original plan. Its development could not be stopped. Similar to any large infrastructure project developments, the Administration has to seek to strike a new balance between urban development and ecological conservation and to conduct the stakeholder engagements to collect views on the engineering design during the planning and engineering study stage. To attract more creative ideas from the industry, HKGSA previously provided views GFA concession should be given to green features i.e., waste sorting area, food waste treatment systems and solar panels carpark covers for residential and commercial areas should be waived throughout Hong Kong, instead of just rural area. HKGSA respectfully requests the Administration to provide the response to this view.

Sustainable Waste Management

5. As the Administration has decided not to take effect the Municipal Solid Waste (MSW) Charging Scheme as per the originally planned schedule, HKGSA believes the short term approach towards sustainable waste management shall now be steered away from "penalizing" to "encouraging".
6. With the Administration's tremendous efforts in setting up numerous Community Green Stations, initiatives to enhance public awareness and funding supports to various related entities at different levels, HKGSA has little doubt that a majority of the general public is now willing (and indeed eager) to be part of the recycling community for the long-term betterment of Hong Kong.
7. However, the recycling efforts of citizens appear to have been undermined and not receiving proper recognition / reward – for it being tangible or simply psychological. While traditional recognition / reward schemes serve the purpose to some degree, another set of metrics based on, for example, quantity of certain types of waste recycled and their deduced

“environmental good” shall be considered and disclosed. A district-wide and friendly competition using certain predefined recycling performance may kickstart this intangible recognition / reward scheme.

8. While it has been crystal clear that it has never been the Administration’s intention to recover part of the costs on waste management through MSW charging, the Administration shall also be aware that not all citizens seek recognition / rewards through monetary reimbursement on their dedication to recycling.
9. Without waste charging, other policy initiatives should be kick started timely in order to maintain the citizen’s momentum of using less resources with recycling more materials. The producer responsibility scheme (PRS) for plastic beverage bottles and beverage cartons should be the next major PRS that can gather the effort of the community to recycle more. Even the Administration has been putting quite an effort in the past few years, the recycling rate for single use plastic beverage bottles remains at 10+% only, which is much lower than other major cities around the world. The recycling rate for beverage cartons is even in the lower single digit, since the recycling network has not even been built up comprehensively yet. HKGSA is pleased to learn that the Administration is determined to put up the proposal of this important PRS to the Legislative Council in the next few months, however the responsibility of some major stakeholders, e.g. retailers, is still not very clear at this moment. Without clear duties among various working parties, it would likely lead to unclear roles and the need of additional or overlapping works which may in return increase the total recycling fee. HKGSA urges the government to set an aggressive plan with clear responsibilities for the suppliers, retailers, scheme operators and recyclers respectively so that they can work together to achieve a relatively high recycling rate with reasonable costs.
10. While we are all looking forward to the commissioning of the 1st modern Energy from Waste (EfW) plant I-Park1 in Hong Kong, it is no secret that these EfW plants are very expensive, and it makes no sense to incinerate non-combustible materials and those that have an intrinsic value to the economy. In fact, the Government has also expressed its desire for innovative new-industrialization and a commitment to carbon neutrality. Materials Recovery Facilities (MRFs) in the form of automatic waste / recyclables sorting systems have been adopted very successfully in many other jurisdictions. Hence this revitalized, hi-tech system would support the government’s green living and industrial plans for the Northern Metropolis, Lantau Tomorrow Vision, etc. Modern MRFs can be compact and built-in multistorey developments, or these plants could be readily placed in operational landfills, refuse transfer stations or in EfW plants. It could be one of the best options that the government may encourage citizens in these new development areas to try out sorting of dry and wet wastes – dry wastes (or recyclables) go to MRF, food waste goes to O.Parks and the much less remaining mixed wastes go to incinerators. This is the more advanced circular economy model of other metropolitans. HKGSA urges the Administration to seriously consider incorporating MRFs in our future master plan as an important step to move towards carbon neutrality.
11. As far as future major environmental infrastructure is concerned, HKGSA urges the Administration to consider shifting away from the traditional contract procurement approach to a more market-driven and private investment / execution regime. Rightfully, a set of time-consuming but essential procedures are required of the Administration during

the development of any major environmental infrastructure, involving design consultants, contracts and tender experts, procedures to the selection of contracting party then project management thereafter. However, the pace of this typical development cycle may no longer be able to catch up with our imminent waste problems and fast-changing environmental landscape. Qualified players in the commercial market shall be considered, making the best use of their technical knowhow, their market intelligence / sensitivity, their financial capabilities as well as their accustomed risk-reward business models. Evidently, this will require a major revamp in the current traditional procurement model and procedures of the Administration, but the advantages of involvement by these qualified private section players shall be obvious.

12. With an “encouraging” mindset towards recycling and a fast-track approach on the development of future major environmental infrastructure, HKGSA believes that the sustainable waste management practice in Hong Kong can be much accelerated.

Air Quality

13. HKGSA welcomes the Administration to conduct the 2-month public consultation on Air Quality Objectives (AQOs) in August 2023 and noted that the Administration would continue its efforts in improving air quality, and will explore the scope for further tightening the AQOs in the next AQOs review period (i.e. 2024-2028). However, HKGSA expressed reservation that there would be no revision on NO₂ (24-hour and Annual and O₃ despite that there were a no. of mitigation measures proposed. To protect public health, the Administration should set more stringent AQOs, with a clear goal of in order to fully meet the ultimate targets set out by the WHO.
14. The Administration formulated a comprehensive plan to improve the air quality, by launching the first Clean Air Plan for Hong Kong in 2013, publishing a progress report in 2017 and releasing the Clean Air Plan for Hong Kong 2035 in 2021. The plan summarized the challenges of improving air quality and introduction of relevant policies and new measures in Hong Kong over the years. The successful example is the provision of grid-electricity supply for construction sites to eliminate the use of diesel generators to generate electricity, thereby substantially reducing carbon emissions, air and noise pollution during construction stage while saving energy cost. HKGSA respectfully requests the Administration to prepare a progress report on the Clean Air Plan for Hong Kong in 2025, four years after each release so that the public would be well informed of the plan for continuously showing support to Hong Kong to become an international metropolis and a smart city that is more environmentally friendly, liveable, and low-carbon.
15. Adequate EV charging stations are the key to achieving the target that no new registration of fuel-propelled private cars including hybrid vehicles would be allowed in 2035 or earlier according to the Hong Kong Roadmap on Popularisation of Electric Vehicles (EV) released by the Administration in March 2021. However, the application for "EV-charging at Home Subsidy Scheme" ("EHSS") to subsidize the installation of EV charging-enabling infrastructure ("EVCEI") in car parks of existing private residential buildings closed on 31 December 2023. HKSGA urges the Administration to inject funds to the EHSS to materialize the roadmap on popularisation of EVs. Hong Kong's first hydrogen-powered double-decker bus and hydrogen refueling station have been put in operation in February 2024. The valuable O&M experience would be useful to the long term application of hydrogen powered public and commercial vehicles in Hong Kong. In this regard, HKGSA

urges the Administration to set a target to review the roadmap on for the promotion of electric public transport and commercial vehicles and the long-term strategies for the application of hydrogen energy in the transport sector as a whole, not just focusing on EVs.

16. Thanks to the concerted efforts of all relevant parties to promote the use of EVs, as at end of June 2024, the total number of EVs was about 96 600, representing about 10.5% of the total number of vehicles in Hong Kong. With the rising of EVs on the road, there may be the issues related to the huge predicted deficit of EV charging stations and demand for industrial and warehouse space for recycling and storage of EV batteries. The PRS for EV batteries recycling should be put in place timely. HKGSA urges the Administration to implement more favorable measures for the relevant stakeholders to tackle the above issues in order to achieve the target of no new registration of fuel-propelled private cars by 2035.
17. HKGSA is of the view that smart low emission transport and avoidance of congestion are important to provide a healthy and clean Hong Kong. We understand that the study of electronic road pricing (ERP) Pilot Scheme in Central has been completed in 2022. The time varying tolls of the three Road Harbor Crossings with the use of HKeToll have been successfully implemented. HKGSA suggested the Administration to jointly combine the experience of adopting HKeToll with the ERP study result to combat traffic congestion issues in Hong Kong.
18. In 2023 CE Policy, HKGSA is pleased to note that the Administration will develop a green maritime fuel bunkering centre by conducting the study of feasibility of providing green methanol bunkering for both local and ocean-going vessels, and taking forward the preparatory work, including technical studies and installations, on providing liquefied natural gas (LNG) bunkering for ocean-going vessels. Given that the floating storage and regasification unit (FSRU) in the offshore LNG terminal had been put in operation in July of 2023, HKGSA supports the Administration's proposal to explore the use of this offshore LNG terminal as a bunkering facility for ocean-going vessels, but without the expense of deteriorating the original objective to provide gas to power companies. To plan and develop LNG bunkering in Hong Kong, HKGSA looks forward to the release of the preparatory work and would provide views on this preparation work. This policy would incentivise and attract LNG-fueled ships to berth and bunker in Hong Kong with a view to transform Hong Kong SAR as a hub port and expedite the decarbonisation of its shipping sector.

Climate Change and Energy Efficiency

19. June 2024 was the hottest June since records began and the thirteenth month in a row to set a temperature record, according to the European Union's Copernicus Climate Change Service. As quoted from the World Meteorological Organization, these latest figures unfortunately highlighted that the 1.5 degrees Celsius level will be exceeded on a temporary basis with increasing frequency. To address climate change, HKSAR targets to achieve carbon neutrality before 2050 and reduce its carbon emission by 50 per cent before 2035 as compared with the level in 2005. To strengthen co-ordination and promote deep decarbonisation, HKGSA is pleased to note that the Office of Climate Change and Carbon Neutrality has been set up in 2023. A Council for Carbon Neutrality and Sustainable Development has also been established to provide advice on decarbonisation tactics. However, there is still no sign of a more aggressive action plan to achieve the above targets from the relevant website. Furthermore, there was no record of the meetings to discuss or

formulate the solid measures. HKGSA urges the office and council to quickly advise their work and way forward so that the stakeholders could participate in the journey to address climate issues.

20. To achieve carbon neutrality by 2050 as the long-term target, the two power companies play an important role. In looking for suitable zero-carbon energy, four important factors should be taken into account : safety, reliability, affordability and environmental performance. Administration should look for ways to import reliable and affordable zero-carbon energy for HK across the border through regional collaboration from other places or develop those clean energy sources that have potential but not yet market ready such as hydrogen. For regional collaboration, the transmission system should be constructed in a way to ensure a high level of reliability while the power supply system will need to have a back-up from local generation sources. HKGSA also understands that the 5-year development plan under the Scheme of Control Agreement for the power companies has been finalized in 2023. The new power generation plant with the capability to switch to zero emission fuel such as hydrogen and ammonia should be considered in the current and future development plan. HKGSA also suggested the Administration to consider to setup additional energy storage systems either in HK or in Greater Bay Area (GBA) which integrated with nuclear power plants from GBA to take up the night time nuclear production which could reduce carbon emission. If the energy storage systems are to be built in Hong Kong, the Administration should review if the reservoirs could be modified to serve the purposes.
21. Innovation for Addressing Climate Change - President Xi Jinping was quoted as saying "Just as there are no bounds to practice, there is no end to theoretical innovation. The key to long-term development lies in reform and innovation, and the road to reform is never smooth." Digital technology is a tool for human creativity. Innovation is the application of technology to improve the existing procedure which may consume more energy. The adoption of digital technologies is essential to foster a smart future on deep decarbonization. The digital economy offers a way forward for providing opportunities for growth and resilience in the face of climate change. HKGSA has previously made repeated requests that the Administration should reform its outdated legislations with a view to promoting the development of innovation and technology. Only when outdated legislations are phased out, carbon economies and the collaborative consumption or sharing of economies such as car sharing service, which aims to reduce wastage of both physical materials and resources, as well as to reduce carbon emission, can be realized. However, little progress in this aspect is seen. HKGSA hopes to see the quick progress of the work and wishes to know the status of other relevant ordinances related to digital transformation.
22. Hydrogen, emitting no carbon or other pollutants to the atmosphere, is an environmental-friendly and inexhaustible energy supply for the future. The hydrogen can be stored and used in a fuel cell to generate electricity, with heat as a byproduct that could be directed to heating or other applications. HKGSA is pleased to note that the document "The Strategy of Hydrogen Development in Hong Kong" was launched in June 2024. The amendments were also proposed to the Gas Safety Ordinance and the new Gas Safety (Hydrogen) Regulations would be introduced to include the supply and use of Hydrogen Gas. Since it is new to Hong Kong, HKGSA urges the Administration to properly promote safety education and maintain a tight communication with public about the use of Hydrogen gas. Hydrogen systems require specialized knowledge and skills to ensure their safe operation. The Administration is suggested to work closely with the relevant stakeholders to provide

specific training and certification processes that equip them with the necessary expertise in handling hydrogen systems and high-voltage components. HKGSA also requests the Administration to form a taskforce inviting experts to oversee the development of use of Hydrogen gas and also to regularly inform the public the progress.

23. The successful implementation of feed-in tariff (FiT) scheme as an incentive is, however, limited to RE coming from wind and solar powers under the Scheme of Control Agreement. In order to encourage development of different kinds of RE for promoting innovation, HKGSA previously suggested that the Administration can consider expanding the FiT Scheme to cover other types of RE generation other than wind and solar power with similar financial incentive. However, there is no feedback from the Administration. Furthermore, the FiT Agreement will take effect from the FiT Agreement Start Date until the expiry date of the entire project life of the renewable energy power system or 31 December 2033, whichever is earlier. If customers want to join the FiT scheme, the duration from now to 2033 is shorter and the scheme will become less attractive. To make the scheme sustainable the expiry date should be further extended with due consideration of the financial treatment with power companies beyond the Scheme of Control Agreement.
24. Super Typhoon Saola attacked Hong Kong in 2023, which has exposed some of the weaknesses of solar energy development in Hong Kong's urban backdrop. The solar panels not properly installed on the roof were being blown away from the roofs of some high-rise buildings, triggering the safety issues. These used and damaged panels treated as regular municipal solid waste would increase the burden of landfill. HKGSA urges the Administration to seriously consider the lifecycle from the proper installation, disposal and treatment of used solar panels and provide the guidelines for the public to follow.
25. In their Climate-related Disclosures Report, many major corporate companies are required to report their scope 3 indirect GHG emissions from their supply chains. However, the "Guidelines To Account For And Report On Greenhouse Gas (GHG) Emissions And Removals For Buildings In Hong Kong" have been released for more than 10 years and are not able to provide the latest greenhouse gas emission factors for companies. HKGSA urges the Administration to update the Guidelines based on the international or Hong Kong practice, which provide consistency and continuity in the estimation of GHG emissions for the companies.
26. Regarding the use of biodiesel, it seems that only one franchised oil company in Kowloon side sells 5% biodiesel blend product for customers. At present a total of two petrol stations are supplying biodiesel in Ma On Shan and Tsing Yi. HKGSA repeatedly suggested the Administration to review with the oil companies and see whether they could sell the biodiesel in the whole territory of Hong Kong including Hong Kong Island. It is not environmentally friendly for consumers on Hong Kong Island particularly drive to New Territories side for consuming biodiesel. However, there is no report of any suggestions to address the issues.

Biodiversity Strategy

27. The Biodiversity Strategy and Action Plan (BSAP) (2016-2021) was formulated to step up biodiversity conservation. HKGSA understands that a diverse Expert Biodiversity Steering Committee has been formed locally to review progress under the current BSAP, and make suggestions for the new phase. HKGSA urges the Administration to update the action plans

as soon as possible. It is hoped that Hong Kong people could make concerted effort to protect flora and fauna, marine and endangered species.

28. The causes of death of the Bryde's whale in Hong Kong was concluded. With this, the Agriculture, Fisheries and Conservation Department (AFCD) came up with a follow up work on four aspects (i.e. Formulation of response plan, legislative review, exchanging with experienced agencies and enhancing publicity and education). HKGSA acknowledged AFCD's progress in the four aspects of work and trusts that these measures could prevent similar incidents from happening in the future.
29. As stated in CE Policy Address 2023, the Blueprint for the Sustainable Development of Agriculture and Fisheries has been launched in 2024 to introduce a public-private partnership model and the concept of "harvest-to-sale" and to set up modern hydroponic farms and stalls on suitable rooftops of public markets and to offer leisure farming activities as ancillary businesses, etc. HKGSA welcomes the approach since it can enhance the livelihoods of relevant stakeholders. However, this blueprint was presented in low profile and not well reported in the public. HKGSA urges the Administration to properly inform the public of the progress of the blueprint.

Fresh Water Supply

30. In the face of climate change, fresh water would undoubtedly become scarce in the future. Given that there is over reliance on imported water, HKGSA welcomes that the Water Supplies Department (WSD) has been exploring new water sources which are not susceptible to climate change, including seawater desalination and recycled water (viz. reclaimed water, treated grey water and harvested rainwater). It is noted from WSD's website that Tseung Kwan O Desalination Plant has started supplying potable water to public from 22 December 2023. Apart from this, the WSD completed the review of total water management strategy in 2019. The review is important to confirm major initiatives in both water demand and water supply management under the Strategy and update the forecast of water demand and supply methodologies and projections up to 2040 with consideration of the possible impacts of climate change. HKGSA is pleased to note that after implementation of the Strategy, the total fresh water consumption in Hong Kong has been successfully contained at the level of around 1,000 million cubic metres over the past ten years. With the changes in consumer spending and operation of Tseung Kwan O Desalination Plant, HKGSA urges WSD to review the strategy and update the major initiatives which could help reduce water consumption in 2024/2025, 5 years after the review in 2019.

Marine Water Quality

31. For marine odour nuisance such as those at Tsuen Wan Bay caused by the discharge of wastewater from buildings into the sea through the stormwater system instead of public sewers network. As stipulated in the CE Policy Address 2022, the Administration will regularly monitor odour levels at stormwater drain outlets and rectify misconnections of sewer pipes, aim to reduce the amount of sewage discharge from outfalls identified outfalls emanating stench by half before end-2024. HKGSA is pleased to note from the LegCo paper in February 2024 that the administration would continue to monitor and adopt a multi-pronged approach in implementing pragmatic and cost effective measures for ensuring the sustained improvement of the coastal water quality and odour problems of

Victoria Harbor. HKGSA suggests the Administration to regularly report the progress as appropriate with an aim to make Hong Kong a liveable city.

Review and Development of Water Quality Objectives (WQO)

32. WQOs were progressively applied to different water control zones from 1987 to 1996. The review and development of WQO, include two stages of public engagement. The first stage on the review methodology has been completed in 2010. The second engagement on any proposed changes has not yet been kicked off. It is noted that Review and Development of Marine Water Quality Objectives – Feasibility Study has been published on 4 February 2014. The summary of existing and proposed WQOs are found in the report. While the AQO has been reviewed, and the relevant regulations/ordinances on noise, waste, EIA issues have been amended, there is no timeline to implement the recommendations made for the proposed WQO which is to protect marine waters which is our valuable natural assets. HKGSA respectively requested the Administration to provide the status.

Sustainable Development of Environmental Industry

33. In order to develop a sustainable environmental industry in Hong Kong, HKGSA is of the view that the territory should have sufficient talents as well as good market opportunities. It has been proven that HK has developed cutting edge environmental technologies by local industry players when opportunities arose, e.g. HK's home grown technologies on recycling spent lubricant oil, treating landfill leachate, manufacturing eco-bricks with C&D waste, etc. However the applications are still far lower than our neighboring jurisdictions that have comparatively large industry base to support utilization of recycled materials. Majority of the local recycling operations are limited to materials baling and manual sorting only, which is considered low value addition. While new-industrialization is high in government's agenda, HKGSA urges the Administration to consider (i) allocating more land specifically for the environmental industry, e.g. lands at closed landfills, the 2nd EcoPark, etc. (ii) introducing PRSs that could incubate / utilize local environmental industry's capabilities on adopting / developing high value addition technologies, (iii) be open minded on adopting innovative environmental technologies (as detailed in Clause 34), (iv) providing good facilitation measures, such as funding to support development of environmental and decarbonization technologies which could be applied directly to tackle real life problems, and (v) attracting and retaining talents and investment to build a robust and sustainable environmental industry for the betterment of Hong Kong.
34. It is the Administration's tendering practice to utilize proven technology. However, many of the innovative technologies developed by Hong Kong owned enterprises may not have the chance to be widely used, and thus would be difficult to meet the Administration's tender requirement. Innovation is essential for advancing the economy. HKGSA previously recommended the Administration to consider adopting innovative environmental technologies/applications as the criteria in evaluating the tender submissions and would like to know the progress.
35. By referring to the Smart City Blueprint for Hong Kong 2.0 released in December 2020, "SMART CITY BLUEPRINT 3.0 Advisory Report" was prepared by Smart City Consortium (SCC) in 2023 to study this multidisciplinary topic. Along with this, the Hong Kong Innovation and Technology Development Blueprint (I&T Blueprint) promulgated in December 2022 has established a systematic strategic plan for Hong Kong's I&T

development. In view of their similarities of two blueprints in nature HKGSA considers it appropriate to combine the above two documents into one single blueprint for easily keeping track of its implementation. HKGSA welcomes LegCo paper prepared by Innovation, Technology and Industry Bureau in July 2024 about the updates on smart city development. The Administration would continue to implement more smart city initiatives according to the development strategies, objectives and recommendations set out in the I&T Blueprint. HKGSA supports the administration's approach as mentioned above and respectfully requests the Administration to set up a clear timeline for implementation of the initiatives for transforming Hong Kong into a smart and low-carbon city.

36. Since the introduction of the ESG Guide in 2013 as a voluntary guide, HKGSA welcomes that Hong Kong Exchanges and Clearing Limited (HKEX) Exchange has been continuously upgrading its ESG reporting framework. However, it is not applicable to non-listed companies and smaller business. Hence, The HKGSA previously requested the Administration to study the possibility of developing ESG laws in driving capital and investments towards green or sustainable finance, making ESG mandatory and wants to know the progress. HKGSA continues to support HKEX to closely align with the IFRS S2 Climate-related Disclosures as a driver for the contributors to develop their climate governance and would review if the reporting of climate related disclosure is mandatory to the listed companies. With this, the companies need to make a commitment to ongoing improvement of transparency and will regularly update their progress and performance against their set climate metrics and targets.

Green Finance

37. Noted that there is a blooming on the use of various approaches/tools under the ambit of Green Finance to promote innovative financing for green projects. The Administration should promote the establishment of common framework for Environment, Social and Governance (ESG) Reporting in order to facilitate easy understanding and comparison of ESG performance of corporates for making investment decisions. It has been discussing for long time on the essences of common ground taxonomy in green finance. Without this common framework, it is hard for investors to evaluate green performance of corporates. Moreover, the structure and work scope of the Green and Sustainable Finance Cross-Agency Steering Group should be strengthened to include key players like the Development Bureau who is one of the biggest public fund spenders in terms of infrastructure provision. Clear guidelines are necessary for reference of SMEs in complying with the upcoming ISSB Scope 3 emission disclosure in 2026. Solid actions are required to foster the use of the Carbon Emission Calculation and Estimation Tool jointly developed by SFC and HKUST as the first step for SMEs to get themselves familiar with the requirements for carbon emission disclosure. HKGSA urges the Administration to set clear framework for transition financing to enable corporates to formulate their transition plan towards carbon neutrality with clear road map and planning on their financing.

~END~

9 September 2024