

Press Release

29 December 2025

AFRC Proposes Mandatory Sustainability Assurance to Strengthen Hong Kong's Role as a Leading Green Finance Hub

The Accounting and Financial Reporting Council (**AFRC**) today publishes a [consultation paper](#) on the proposed regulatory framework for sustainability assurance in Hong Kong ("**Framework**"). This proposal marks a critical milestone in the HKSAR Government's Roadmap on Sustainability Disclosures, published in December 2024.

Sustainability challenges, particularly climate change, remain a critical global concern. Hong Kong is committed to supporting the global transition towards a more sustainability future. Leveraging its position as an international financial centre, the city will help channel capital into sustainable projects and is actively working towards achieving carbon neutrality before 2050.

To accelerate green capital mobilisation, the Government has introduced a four-pillar strategy including enhanced sustainability transparency. This approach calls for a robust ecosystem of credible information supported by independent and reliable assurance.

Hong Kong must also act now to stay aligned with global best practices. Around 40 jurisdictions, including Hong Kong, have adopted or are taking steps to implement the International Sustainability Standards Board (ISSB) standards.

Key Proposals of the Framework

The proposed framework seeks to promote high-quality assurance by adopting international standards; enhancing the credibility and reliability of sustainability disclosures; and ensuring a level playing field for all assurance providers.

In developing the proposals, the AFRC underwent a rigorous and consultative process to ensure credibility and practicality. This process involved:

- a. Analysing five jurisdictions that have implemented or are in the process of implementing mandatory sustainability / climate assurance requirements, namely Australia, the European Union, Malaysia, New Zealand, and Singapore;
- b. Assessing Hong Kong's state of readiness building on [our study](#) published in January 2025. For instance, 67% of Hang Seng Composite LargeCap Index constituents published voluntary sustainability assurance reports in 2025; and

- c. Incorporating perspectives from 27 key stakeholder organisations, including listed companies, assurance providers including certified public accounting firms (**CPA firms**) and non-CPA firms¹, investors, and professional bodies.

This consultation paper covers five key proposals under the framework:

1. Subject to further consultations by Hong Kong Exchanges and Clearing Limited and relevant financial regulators, **all entities subject to mandatory reporting using HKFRS Sustainability Disclosure Standards (Mandatory HKSDS Reporting)** must obtain independent assurance.
2. Subject to the aforementioned consultations, all in-scope entities must obtain **limited assurance** in phases:
 - **Phase 1:** Scope 1 and 2 greenhouse gas emission disclosures from the third financial year of the Mandatory HKSDS Reporting; and
 - **Phase 2:** All remaining HKSDS-mandatory disclosures from the fifth financial year of the Mandatory HKSDS Reporting
3. Mandatory assurance must be provided by **registered sustainability assurance providers (SAPs)** comprising either:
 - Registered local public interest entity auditors that meet additional criteria; or
 - Accredited local non-CPA firms that meet similar criteria.
4. Mandatory assurance must be carried out in compliance with **Hong Kong Standard on Sustainability Assurance 5000**.
5. A **single regulatory model** is proposed to register and regulate all SAPs and oversee the related standard-setting by the Hong Kong Institute of Certified Public Accountants.

Ms. Janey Lai, CEO of the AFRC, commented, "Our proposals are inclusive and pragmatic, designed to formalise the voluntary assurance practices adopted by many major listed companies in Hong Kong. The framework will bring consistency, credibility, and comparability to these disclosures, which is essential for building market trust. We are committed to working collaboratively with all stakeholders to develop a framework that delivers the highest standards of accountability and quality".

Dr. David Sun, Chairman of the AFRC, remarked, "Global finance is being transformed by the net-zero transition and growing investor interest in sustainability. As capital moves towards sustainable assets, there is growing demand for reliable information. This proposed framework, aligned with international standards, aims to safeguard Hong Kong's market competitiveness while strengthening our position as a premier green finance hub."

¹ Professional service providers, other than accounting firms, with expertise in sustainability-related disciplines. This often includes environmental science consultants, engineering firms, and Testing, Inspection, and Certification firms that provide verification and assurance services over sustainability information.

Call for Public Feedback

The AFRC invites all stakeholders to provide feedback on the proposals. We specifically welcome views from listed companies and non-listed financial institutions, investors, assurance providers (both CPA and non-CPA firms), and professional bodies. Your diverse perspectives are essential to ensure the framework is robust and practical.

The deadline for submitting responses is 30 March 2026. Feedback must be submitted using the prescribed form available on the AFRC website [here](#).

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About the Accounting and Financial Reporting Council

The Accounting and Financial Reporting Council is an independent body established under the Accounting and Financial Reporting Council Ordinance. As an independent regulator, the AFRC leads the accounting profession by upholding professional standards, safeguarding the public interest and promoting the profession's healthy development.

For more information about the statutory functions of the AFRC, please visit www.afr.org.hk.

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