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## AFRC Issues Consultation Paper on the Proposed Regulatory Framework for Sustainability Assurance in Hong Kong (“Consultation Paper”)

As Hong Kong’s commitment to play its role in the global transition to a sustainable future, the Hong Kong government issued a **Roadmap** on Sustainability Disclosure in Hong Kong (“Roadmap”). The Roadmap provided a pathway for large publicly accountable entities (“PAEs”) to adopt HKFRS Sustainability Disclosure Standards (“HKSDS”) under a phased-in approach. Under this approach, large cap issuers and large non-listed financial institutions

carrying a significant weight will fully adopt HKSDS no later than 2028 . The Roadmap also tasked the Accounting and Financial Reporting Council (“AFRC”) with developing a regulatory framework for sustainability assurance (the “Framework”).

**To this end, on 29 December 2025, the AFRC issued the Consultation Paper. This was issued after conducting global benchmarking and undertaking significant stakeholders' engagement during 2025. The Consultation Paper covers five key proposals:**

1. Subject to further consultations to be conducted by the Stock Exchange of Hong Kong ("HKEx") and relevant financial regulators, all entities subject to mandatory reporting using HKSDS must obtain independent assurance;
2. Subject to the consultations above, limited assurance would be undertaken in phases:
  - Phase 1: Scope 1 and 2 greenhouse gas emissions from the third financial year of the mandatory reporting; and
  - Phase 2: All remaining HKSDS disclosures from the fifth financial year of the mandatory reporting;

So assuming a large cap issuer would be required to report using HKSDS in 2028, its Scope 1 and 2 greenhouse gas emissions would need to be assured in 2030 and all other HKSDS disclosures in 2032.

3. The assurance work must be carried out by registered sustainability assurance providers ("SAPs") comprising either:
  - Registered local public interest entity ("PIE") auditors that meet additional criteria; or
  - Accredited local non-CPA firms that meet similar criteria.
4. The assurance work must be carried out under Hong Kong Standard on Sustainability Assurance 5000, which requires the use of:
  - Hong Kong Standard on Quality Management 1; and
  - Hong Kong Ethics Standards for Sustainability Assurance;
5. A single regulatory model will be used to register and regulate all SAPs and oversee the standard-setting by the Hong Kong Institute of Certified Public Accountants on sustainability reporting, assurance and ethics.

The Consultation Paper will be opened for three months with a deadline of 30 March 2026. You can refer to the [Press Release](#) by the AFRC and the [Consultation Paper](#) here.



<sup>i</sup> The HKEx will determine the scope and implementation timeline for listed issuers through its consultation planned in 2027. The relevant financial regulators, including the Securities and Futures Commission, the Hong Kong Monetary Authority, the Insurance Authority, and Mandatory Provident Fund Authority will determine the approach and timeline across different financial sectors.