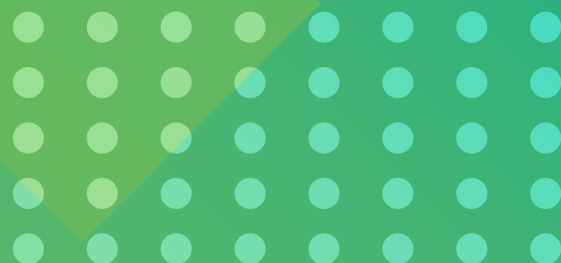




Hong Kong Special Administrative Region  
of the People's Republic of China

# Green Bond Framework

The Government of the  
Hong Kong Special Administrative Region



Dated 22 February 2022

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# Introduction

The Government of the Hong Kong Special Administrative Region of the People's Republic of China (the “**HKSAR Government**”) is committed to developing the Hong Kong Special Administrative Region (the “**HKSAR**” or “**Hong Kong**”) into a more sustainable and liveable city.

The good health of our environment determines whether we and other species can be sustained and thrive in the longer term. The HKSAR Government has made efforts in improving the environment, including air quality, water quality, waste management, biodiversity conservation; promoting energy efficiency and conservation, green buildings and renewable energy; as well as making Hong Kong climate-resilient. This Green Bond Framework (“**GBF**” or the “**Framework**”) sets out how the HKSAR Government intends to issue Green Bonds to fund projects that will improve the environment and facilitate the transition to a low carbon economy.

## Background on HKSAR's commitments and/or environmental policies

### ■ Hong Kong's Climate Actions

Hong Kong has been responding positively to the goal of the Paris Agreement to limit the increase of the global average temperature, and published in January 2017 the Hong Kong's Climate Action Plan 2030+<sup>1</sup> to set out the target to reduce Hong Kong's carbon intensity by 65% to 70% by 2030 from the 2005 levels. With the implementation of various decarbonisation measures, we are moving steadily towards the 2030 carbon reduction target. The total carbon emissions have shown a downward trend after reaching its peak in 2014. The carbon intensity in 2019 was about 35% lower than that in 2005.

The Central People's Government sets out in “The Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035” the plan to promote a comprehensive green transformation for economic and social development, and to endeavour to have carbon emissions peak before 2030 and achieve carbon neutrality before 2060. To align with our country's commitment to achieve carbon peak before 2030 and carbon neutrality before

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1 <https://www.enb.gov.hk/sites/default/files/pdf/ClimateActionPlanEng.pdf>

2060, the Chief Executive (“**CE**”) announced in the 2020 Policy Address that Hong Kong would strive to achieve carbon neutrality before 2050. A new inter-departmental “Steering Committee on Climate Change and Carbon Neutrality” was formed and chaired by the CE to formulate the overall strategy and oversee work progress. Four major decarbonisation strategies were announced in the 2021 Policy Address to help Hong Kong achieve carbon neutrality before 2050, namely “net-zero electricity generation”, “energy saving and green buildings”, “green transport” and “waste reduction”, as well as the interim target to reduce Hong Kong’s total carbon emissions from the 2005 levels by half before 2035. The Environment Bureau (“**ENB**”) announced the Hong Kong’s Climate Action Plan 2050<sup>2</sup> on 8 October 2021 to set out the above mitigation strategies and targets in detail.

In 2019, electricity generation was Hong Kong’s largest source of carbon emissions (66%), followed by transport (18%) and waste (7%). Therefore, our decarbonisation work would focus on these three key areas. The four major decarbonisation strategies in the Hong Kong’s Climate Action Plan 2050 cover the following targets and measures:

- 1. Net-zero electricity generation:** Achieve the long-term target of net-zero electricity generation before 2050 by ceasing the use of coal for daily electricity generation by 2035; increasing the share of renewable energy in the fuel mix for electricity generation to 7.5% to 10% by 2035, and to 15% subsequently; and exploring and trying out the use of different types of zero-carbon energy for electricity generation and exploring ways to strengthen regional co-operation.
- 2. Energy saving and green buildings:** Reduce the overall electricity consumption of buildings through promoting green buildings, improving buildings’ energy efficiency and promoting a low-carbon lifestyle. The goal is to reduce the electricity consumption of commercial buildings by 30% to 40% and that of residential buildings by 20% to 30% by 2050, and to achieve half of the above targets by 2035, using the operational conditions of 2015 as the comparison basis.
- 3. Green transport:** Achieve the long-term target of attaining zero vehicular emissions and zero carbon emissions in the transport sector before 2050, through the electrification of vehicles and ferries, development of new-energy transport and measures to improve traffic management. The HKSAR Government will cease the new registration of fuel-propelled and hybrid private cars in 2035 or earlier. Apart from promoting electric buses and commercial vehicles, the HKSAR Government also plans to collaborate with the franchised bus companies and other stakeholders in the next three years to test out hydrogen fuel cell electric buses and heavy vehicles.

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2 [https://www.enb.gov.hk/sites/default/files/pdf/cap\\_2050\\_en.pdf](https://www.enb.gov.hk/sites/default/files/pdf/cap_2050_en.pdf)

**4. Waste reduction:** To achieve the long-term target of carbon neutrality in waste management before 2050, the HKSAR Government will strive to develop adequate waste-to-energy facilities by 2035, so as to move away from reliance on landfills for municipal solid waste (“**MSW**”) disposal. The HKSAR Government will continue to promote waste reduction and recycling, and preparatory work is underway for the implementation of MSW charging. The HKSAR Government also aims to regulate disposable plastic tableware in phases from 2025 onwards.

In the next 15 to 20 years, the HKSAR Government will devote about HK\$240 billion to take forward various measures on climate change mitigation and adaptation. ENB will also set up a new Office of Climate Change and Carbon Neutrality to strengthen co-ordination and promote deep decarbonisation. Also, a dedicated advisory committee on combating climate change will be formed to encourage different sectors in the community, including young people, to participate actively in climate actions.

In order to support the transition to a low carbon economy and minimise climate change’s impact on our environment, the HKSAR Government has carried out a number of measures and published policy documents to address major environmental issues in Hong Kong and to map out blueprints for low carbon and sustainable development. The following is a summary of these measures, blueprints and policies:

## **Pollution Prevention and Control**

### *Clean Air for Hong Kong*

After the release of the first Clean Air Plan for Hong Kong (“**CAP 2013**”)<sup>3</sup> in 2013 and a progress report<sup>4</sup> to give an account of the results of CAP 2013 in June 2017, ENB released the Clean Air Plan for Hong Kong 2035 (“**CAP 2035**”)<sup>5</sup> in June 2021, setting out the vision of “Healthy Living · Low-carbon Transformation · World Class”, and the challenges, goals and strategies to enhance the air quality of Hong Kong to 2035.

The CAP 2035 will lead Hong Kong to be a more liveable city with air quality on par with major international cities by 2035, and advance towards the target of meeting the ultimate standards of the World Health Organization Air Quality Guidelines in the long run. It covers six major areas, including green transport, liveable environment, comprehensive emissions reduction, clean energy, scientific management and regional collaboration. The HKSAR

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3 [https://www.enb.gov.hk/en/files/New\\_Air\\_Plan\\_en.pdf](https://www.enb.gov.hk/en/files/New_Air_Plan_en.pdf)

4 [https://www.enb.gov.hk/sites/default/files/CleanAirPlanUpdateEng\\_W3C.pdf](https://www.enb.gov.hk/sites/default/files/CleanAirPlanUpdateEng_W3C.pdf)

5 [https://www.enb.gov.hk/sites/default/files/pdf/Clean\\_Air\\_Plan\\_2035\\_eng.pdf](https://www.enb.gov.hk/sites/default/files/pdf/Clean_Air_Plan_2035_eng.pdf)

Government will continue to implement measures to further improve Hong Kong’s air quality, coupled with the review of Hong Kong’s Air Quality Objectives every five years to progressively tighten the objectives.

### *Hong Kong Roadmap on Popularisation of Electric Vehicles*

ENB launched the first Hong Kong Roadmap on Popularisation of Electric Vehicles (“**EV Roadmap**”)<sup>6</sup> in March 2021, setting out long-term policy objectives and plans to promote the adoption of electric vehicles (“**EVs**”) and their associated supporting facilities in Hong Kong.

The EV Roadmap will guide Hong Kong’s future direction to attain zero vehicular emissions before 2050. This acts in concert with our other target to strive for carbon neutrality in the same time frame, and forges ahead with the vision of “Zero Carbon Emissions · Clean Air · Smart City”.

Key measures of the EV Roadmap include no new registration of fuel-propelled and hybrid private cars in 2035 or earlier, proactively promoting trials for electric public transport and commercial vehicles, expanding the EV charging network and promoting its marketisation, training for EV professionals, formulating a Producer Responsibility Scheme for retired EV batteries, establishing a task force to examine the high-end development of new decarbonisation technologies globally, reviewing the strategies and targets of the EV Roadmap roughly every three years.

### *Water Quality Improvement*

To safeguard public health and aquatic life, ENB and the Environmental Protection Department (“**EPD**”) are committed to improving water quality in Hong Kong. EPD has devised the Harbour Area Treatment Scheme (“**HATS**”) and Sewerage Master Plans (“**SMPs**”) to provide a blueprint of the sewerage infrastructure required to collect the sewage and direct it to treatment facilities before disposal into the sea in an environmentally acceptable manner. The HATS and recommendations of these SMPs are being carried out progressively to cater for the present and future development needs of Hong Kong. With the implementation of the HATS and SMPs, the sewerage network now covers more than 93% of our population with a total treatment capacity of 2.8 million cubic metres per day.

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6 [https://www.enb.gov.hk/sites/default/files/pdf/EV\\_roadmap\\_eng.pdf](https://www.enb.gov.hk/sites/default/files/pdf/EV_roadmap_eng.pdf)

## Waste Management and Resource Recovery

### *Waste Blueprint for Hong Kong 2035*

In order to tackle the imminent waste challenge, ENB released the Waste Blueprint for Hong Kong 2035<sup>7</sup> in February 2021. Setting out the vision of “Waste Reduction · Resources Circulation · Zero Landfill”, the blueprint outlines the strategies, goals and measures to tackle the challenge of waste management up to 2035. The HKSAR Government will work with the industry and the community to move towards two main goals. The medium-term goal is to gradually reduce the per capita MSW disposal rate by 40% to 45% and raise the recovery rate to about 55% by implementing MSW charging as well as other waste reduction and recycling initiatives such as launching various producer responsibility schemes, expanding recyclables collection network and services, developing new waste management facilities as well as enhancing education and publicity, while the long-term goal is to move away from the over-reliance on landfills for MSW disposal by developing adequate waste-to-energy facilities. To achieve the above goals, the HKSAR Government will promote six major areas of action, namely Waste Reduction, Waste Separation, Resources Circulation, Industry Support, Innovation and Cooperation, and Education and Publicity, leading the advancement of various policies and measures as well as building a circular economy and a sustainable green living environment.

## Nature Conservation/ Biodiversity

Country parks and nature reserves cover about 40% land area of Hong Kong. A total of 24 country parks have been designated for the purposes of nature conservation, countryside recreation and outdoor education. There are 22 special areas created mainly for the purpose of nature conservation. The Biodiversity Strategy and Action Plan (“**BSAP**”)<sup>8</sup> for Hong Kong was released in December 2016 to outline the strategy and actions to be taken for conserving biodiversity within and outside Hong Kong as well as supporting sustainable development. It also sets out an action plan of 67 specific actions in four major areas, i.e. enhancing conservation measures, mainstreaming biodiversity, improving knowledge and promoting community involvement, so as to step up biodiversity conservation and support sustainable development in Hong Kong according to our own conditions and capabilities.

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7 [https://www.enb.gov.hk/sites/default/files/pdf/waste\\_blueprint\\_2035\\_eng.pdf](https://www.enb.gov.hk/sites/default/files/pdf/waste_blueprint_2035_eng.pdf)

8 [https://www.afcd.gov.hk/tc\\_chi/conservation/Con\\_hkbsap/files/HKBSAP\\_ENG\\_2.pdf](https://www.afcd.gov.hk/tc_chi/conservation/Con_hkbsap/files/HKBSAP_ENG_2.pdf)

## Green Buildings

As buildings account for about 90% of electricity consumption in Hong Kong, the HKSAR Government is working on multiple fronts to promote green buildings. In 2015, ENB and the Development Bureau updated a joint circular titled “Green Government Buildings” which states that all new government buildings of construction floor area above 5,000 square metres with central air-conditioning or those above 10,000 square metres should aim to obtain the second highest grade (i.e. “Gold” rating) or above under the Building Environmental Assessment Method (“**BEAM**”) Plus as far as practicable<sup>9</sup>. All new government buildings are also required to outperform the Building Energy Code under the Buildings Energy Efficiency Ordinance (Cap. 610) by 3% to 10%. As regards existing government buildings, Bureaux and Departments (“**B&Ds**”) are encouraged to seek green building certifications in particular those that are planned to undergo major renovation or retrofitting works to showcase the green achievements made. Please refer to the Appendix for details on the local green building certification.

## Energy Efficiency and Conservation

In May 2015, ENB published the Energy Saving Plan for Hong Kong’s Built Environment 2015~2025+<sup>10</sup>, which sets a target of reducing Hong Kong’s energy intensity by 40% by 2025 compared to the 2005 level. The Plan sets out the strategy and policy measures to promote green buildings and energy efficiency on multiple fronts. The HKSAR Government is leading by example with a commitment to making both new and existing government buildings more energy efficient. The phased implementation of the District Cooling System (“**DCS**”) at the Kai Tak Development, the first of its kind in Hong Kong, is on track. The maximum annual saving in electricity consumption upon completion of this DCS project is estimated to reach 85 million kilowatt-hour (or about 35% reduction as compared with the electricity consumption using traditional air-cooled air-conditioning system). The HKSAR Government is also embarking on the implementation of an additional DCS at the Kai Tak Development to meet a projected increase in cooling demand. DCS projects in Tung Chung New Town Extension (East) and Kwu Tung North New Development Area will also be implemented. The HKSAR Government will consider the provision of DCS in other new development areas and redevelopment areas to foster low-carbon development.

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9 Other internationally recognised building environmental assessment systems which are suitable for Hong Kong’s local use and the relevant building types may be considered with full justifications.

10 <https://www.enb.gov.hk/sites/default/files/pdf/EnergySavingPlanEn.pdf>



## Renewable Energy

The HKSAR Government has been taking the lead in promoting the development of renewable energy (“RE”) where technically and financially feasible. The HKSAR Government has also committed to applying RE on a wider and larger scale in the coming years based on mature and commercially available technologies. To do so, the HKSAR Government has earmarked HK\$3 billion (US\$385 million) for the provision of small-scale RE installations in government buildings, venues and community facilities. The HKSAR Government is also actively exploring the development of large-scale RE projects, such as floating photovoltaic systems at impounding reservoirs and photovoltaic systems at suitable landfills.

Further to this, the HKSAR Government supports private development of RE projects such as the installation of rooftop solar panels or wind systems by introducing the Feed-in Tariff (“FIT”) Scheme at rates of HK\$3-5/kWh (or US\$0.384 - 0.641/kWh<sup>11</sup>; depending on the system’s generation capacity), which is estimated to reduce the payback period of most renewable energy systems to within 10 years.

## Clean Transportation

In order to enhance the sustainability, connectivity, liveability and mobility of our city, the HKSAR Government has been developing a comprehensive public transport system combined with different means of transport of which railway, a clean transportation, forms the backbone of the system. The HKSAR Government accords high priority in developing railway network to alleviate traffic congestion and attenuate air pollution. In September 2014, the Transport and Housing Bureau announced “Railway Development Strategy 2014”<sup>12</sup> which recommends seven new railway schemes<sup>13</sup> in new towns. On completion of the schemes, there will be over 300 kilometres of railways in Hong Kong covering areas inhabited by 75% of local population. The railways would bring environmental benefits of about 2% to 4% reduction of emissions of roadside air pollutants and greenhouse gases each year.

To promote green transport, the HKSAR Government will take forward the measures under the EV Roadmap and the CAP 2035, including the development of green transport network, adoption of environmentally friendly transport modes in new development areas and promotion of the use of new energy ferries.

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11 The 2021 average net tariff rates of the two power companies in Hong Kong are about US\$0.156 for the CLP Power Hong Kong Limited and US\$0.162 for the Hongkong Electric Company Limited.

12 <https://www.thb.gov.hk/eng/publications/transport/publications/rds2014.pdf>

13 The seven railway proposals are Northern Link (and Kwu Tung Station), Hung Shui Kiu Station, Tung Chung West Extension, Tuen Mun South Extension, East Kowloon Line, South Island Line (West) and North Island Line.

# HKSAR's Support for Green and Sustainable Finance Market

As an international financial centre, Hong Kong has participated actively in the global economy's transition towards a low carbon and sustainable economy. Over the years, the HKSAR Government, together with the financial regulators, has continued to develop green and sustainable finance to boost investments conducive to reducing carbon emissions and building a low-carbon economy. With a view to contributing to the climate goals of our country and Hong Kong, and elevating Hong Kong's position as a green and sustainable finance hub in the region, the HKSAR Government is enhancing its efforts to promote market development, align Hong Kong's regulatory standards with international best practice, encourage more entities to make use of Hong Kong's capital markets as well as financial and professional services for green and sustainable investment, financing and certification, and capitalise on the enormous green finance opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area (“**GBA**”) development and the Belt and Road Initiative.

As announced in the CE's 2017 Policy Address and the Financial Secretary's 2018-19 Budget, the HKSAR Government will launch a Government Green Bond Programme (“**GGBP**”) with a borrowing ceiling of HK\$100 billion (US\$12.8 billion), to demonstrate our support for sustainable development and determination to improve the environment and combat climate change, as well as to promote the development of green finance in Hong Kong. As authorised by the Legislative Council of the HKSAR in November 2018, the sums raised under the GGBP are credited to the Capital Works Reserve Fund (“**CWRF**”) to provide funding for the Government's public works projects with environmental benefits. The Legislative Council approved in July 2021 the HKSAR Government's proposal to expand the scope of and raise the borrowing ceiling under the GGBP to HK\$200 billion. Under the expanded GGBP, the sums raised will still be credited to the CWRF but will fund a wider variety of green projects not limited to public works projects.

Formed by relevant Government bureaux and financial regulators, the Green and Sustainable Finance Cross-Agency Steering Group (“**Steering Group**”) was established in May 2020<sup>14</sup> to coordinate the management of climate and environmental risks to the financial sector, accelerate the growth of green and sustainable finance in Hong Kong and support the HKSAR Government's climate strategies. In December 2020, the Steering Group promulgated a Strategic Plan which sets out six key focus areas for strengthening Hong Kong's financial

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14 The Steering Group was co-initiated and co-chaired by the Hong Kong Monetary Authority and the Securities and Futures Commission. Members include ENB, the Financial Services and the Treasury Bureau, the Hong Kong Exchanges and Clearing Limited, the Insurance Authority and the Mandatory Provident Fund Schemes Authority.

ecosystem to support a greener and more sustainable future in the longer term<sup>15</sup>, and agreed to implement five near-term action points<sup>16</sup>.

As priorities, the Steering Group is taking forward the following initiatives to advance Hong Kong's green and sustainable finance development –

1. The Centre for Green and Sustainable Finance was established in July 2021 to co-ordinate cross-sector efforts in capacity building and policy development. It will work towards developing a common green and sustainable finance (“**GSF**”) qualification framework, supporting practitioners and young people to take up GSF training, and providing young people with practical industry experience. Information portals will also be launched to enhance access to GSF data and resources.
2. Following the publication of the Common Ground Taxonomy (“**CGT**”) report by the International Platform on Sustainable Finance, the Steering Group will, with the aim of aligning with the CGT, explore developing a green classification framework for adoption in the local market which facilitates easy navigation among the CGT, China and the European Union's taxonomies.
3. The Steering Group will continue to collaborate with stakeholders with a view to evaluating and potentially adopting the International Financial Reporting Standards Foundation's Sustainability Disclosure Standards which would be built on the Climate-related Financial Disclosures (“**TCFD**”) framework and mandating climate-related disclosures aligned with the TCFD framework across relevant sectors by 2025.
4. The Steering Group has completed a preliminary assessment of carbon market opportunities for Hong Kong and will further explore how Hong Kong may develop into a regional carbon trading centre, including the development of a global high-quality voluntary carbon market. As part of this effort, it will work with relevant authorities on carbon market opportunities as part of the GBA cooperation.

To help banks develop the solutions needed to address climate change across emerging markets, the Hong Kong Monetary Authority (“**HKMA**”) has co-launched the Alliance for Green Commercial Banks (“**Alliance**”) with International Finance Corporation in

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15 (1) strengthening climate-related financial risk management; (2) promoting the flow of climate-related information at all levels to facilitate risk management, capital allocation and investor protection; (3) enhancing capacity building for the financial services industry and raising public awareness; (4) encouraging innovation and exploring initiatives to facilitate capital flows towards green and sustainable causes; (5) capitalising on Mainland opportunities to develop Hong Kong into a green finance centre in the GBA; and (6) strengthening regional and international collaboration.

16 (1) climate-related disclosures aligned with the Task Force on Climate-related Financial Disclosures recommendations will be mandatory across relevant sectors no later than 2025; (2) aim to adopt the Common Ground Taxonomy; (3) support the International Financial Reporting Standards Foundation's proposal to establish a new Sustainability Standards Board; (4) promote climate-focused scenario analysis; and (5) establish a platform to act as a focal point for financial regulators, Government agencies, industry stakeholders and the academia on Green and Sustainable Finance.

November 2020. With the HKMA being the founding member and first regional anchor for the Asia Chapter, Hong Kong will serve as the green finance hub among commercial banks in Asia. The Alliance will launch targeted initiatives and campaigns in the region to undertake green finance research, provide unique market insight, tailor capacity building and training support, and provide practical guidance for banks to develop their own roadmap to mainstream green finance as their core business and develop new green financial products.

The Hong Kong Exchanges and Clearing Limited launched the Sustainable and Green Exchange (“**STAGE**”) in December 2020 for greater information access and promotion of transparency and international standards adherence in the space of green and sustainable finance. STAGE is Asia’s first multi-asset sustainable investment product platform.

In May 2021, the HKSAR Government launched the Green and Sustainable Finance Grant Scheme for three years to provide subsidy for eligible bond issuers and loan borrowers to cover their expenses on bond issuance and external review services. Each eligible issue could be granted up to HK\$2.5 million for the general bond issuance costs and HK\$800,000 for the external review costs.

## Framework Overview

This Green Bond Framework sets out how the HKSAR Government intends to issue Green Bonds under the GGBP to fund new financing or the re-financing of green projects that are consistent with its vision to improve the environment, combat climate change and transition to a low carbon economy.

This Green Bond Framework has been updated based on the version dated 28 March 2019 (“**2019 Green Bond Framework**”), reflecting HKSAR’s latest climate commitments and strategy and aligning with the latest international standards and practices in the green bond market. The Framework will be applicable to the HKSARG Green Bond issuances launched on or after the date of this Framework.

All Green Bond Transactions (“**GBT**”) will conform to the principles and conditions set out in this GBF. Green bonds issued under the GBF will be aligned with the Green Bond Principles 2021 (“**GBP**”) <sup>17</sup> or as they may be subsequently amended.

The GBT may be done in any currency or tenor and with other terms and conditions including covenants to reflect the financing strategy and plan of the HKSAR Government as updated

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<sup>17</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

from time to time and the outcome of the commercial discussions between the Issuer and Manager/Arranger.

For each GBT, the HKSAR Government asserts that it will comply with the following principles, as set out in this GBF: (i) Use of Proceeds, (ii) Project Evaluation and Selection, (iii) Management of Proceeds and (iv) Reporting.

## **(i) Use of Proceeds**

The proceeds of Green Bonds will be used exclusively to finance or refinance projects that fall under one or more of the “Eligible Categories” in the below table, which will provide environmental benefits and support the sustainable development of Hong Kong. Such projects are defined as “Eligible Projects” under this Framework.

Eligible Projects should be within the territory of HKSAR.

<b>No.</b>	<b>Eligible Categories</b>	<b>Alignment with GBP 2021</b>	<b>Main Environmental Objectives and benefits</b>	<b>Description</b>
1.	Renewable energy	Renewable energy	<b>Climate change mitigation</b> <ul style="list-style-type: none"> <li>Reduction of greenhouse gas (“GHG”) emissions</li> <li>Increase in the use of renewable energy for electricity generation</li> </ul>	<ul style="list-style-type: none"> <li>Design, construction, installation, operation and connection of renewable energy systems, including solar (photovoltaic), wind and hydropower, at buildings, venues, facilities and infrastructure.</li> </ul>
2.	Energy efficiency and conservation	Energy efficiency	<b>Climate change mitigation</b> <ul style="list-style-type: none"> <li>Reduction of GHG emissions</li> <li>Energy saving in the private and public sectors</li> </ul>	<ul style="list-style-type: none"> <li>Design, construction, installation and operation of energy-efficient and energy-saving systems and installations in buildings and properties;</li> <li>Design, construction and operation of energy-efficient infrastructure.</li> </ul>
3.	Pollution prevention and control	Pollution prevention and control	<b>Pollution prevention and control</b> <ul style="list-style-type: none"> <li>Improvement of air quality through the reduction of air pollutant emissions</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring, treatment systems and facilities for improvement of air quality.</li> </ul>

No.	Eligible Categories	Alignment with GBP 2021	Main Environmental Objectives and benefits	Description
4.	Waste management and resource recovery	Pollution prevention and control	<p><b>Pollution prevention and control</b></p> <ul style="list-style-type: none"> <li>Reduction in waste generation and improvement of the rate of resource recovery through recycling; ensuring proper treatment of waste for final disposal</li> </ul> <p><b>Climate change mitigation</b></p> <ul style="list-style-type: none"> <li>Reduction of GHG emissions through renewable energy generation</li> </ul>	<ul style="list-style-type: none"> <li>Waste treatment, recycling and resource recovery projects;</li> <li>Waste-to-energy projects: power generation projects from solid waste and sewage sludge with 25% waste-to-energy efficiency<sup>18</sup>, as well as life-cycle GHG emissions intensity below 100gCO<sub>2</sub>e/kWh and where waste has been sorted prior to input;</li> <li>Recycling of organic waste.</li> </ul>
5.	Water and wastewater management	Sustainable water and waste water management	<p><b>Conservation and sustainable use of water resources</b></p> <ul style="list-style-type: none"> <li>Increase of the proportion of wastewater treated, reused and avoided</li> <li>Reduction of water consumption</li> </ul> <p><b>Climate change adaptation</b></p> <ul style="list-style-type: none"> <li>Strengthen resilience of the water infrastructure in case of extreme weather and climate events including droughts and flood</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of intelligent network management system with analytical tools and associated works to reduce water consumption;</li> <li>Collection, treatment and recycling facilities for grey water, treated effluent and rainwater;</li> <li>Provision and rehabilitation of sewerage infrastructure for the collection and treatment of sewage;</li> <li>Construction and maintenance of water infrastructure which help enhance climate resilience.</li> </ul>
6.	Nature conservation/biodiversity	<p>Terrestrial and aquatic biodiversity conservation</p> <p>Environmentally sustainable management of living natural resources and land use</p>	<p><b>Biodiversity conservation</b></p> <ul style="list-style-type: none"> <li>Conservation and sustainable use of terrestrial inland freshwater and marine ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>Conservation and restoration of natural environment and biodiversity.</li> </ul>

18 Part of the residual will be recycled while the remaining part not suitable for recycling will be disposed of at landfills.

No.	Eligible Categories	Alignment with GBP 2021	Main Environmental Objectives and benefits	Description
7.	Clean transportation	Clean transportation	<p><b>Climate change mitigation</b></p> <ul style="list-style-type: none"> <li>• Reduction of GHG emissions through the promotion of zero direct carbon emission transportation</li> <li>• Improvement of air quality</li> <li>• Reduction of air pollutant emissions through the promotion of zero direct carbon emission transportation</li> </ul>	<p>Development, construction and operation of and investment in zero direct carbon emission transportation solutions:</p> <ul style="list-style-type: none"> <li>• Projects to build or operate public, urban metro, heavy or light electric rail, non-motorised, multi-modal transportation;</li> <li>• Construction of infrastructure that supports zero direct carbon emission transportation: ground preparation, stations, signalling equipment, network interfaces (passenger access, ancillary passenger services, facilities required for the safe, clean and efficient operation of the network, utilities and other enabling infrastructure);</li> <li>• Construction of infrastructure and related expenditure which facilitate cycling.</li> </ul>
8.	Green buildings	Green buildings	<p><b>Climate change mitigation</b></p> <ul style="list-style-type: none"> <li>• Enhance the sustainability performance of a building, including reduction of GHG emissions through the development of green buildings</li> </ul>	<p>Construction of new buildings/ facilities and renovation/ retrofitting of existing buildings/ facilities that have received or are expected to receive a recognised green building certification:</p> <ul style="list-style-type: none"> <li>• Schemes under BEAM Plus with a provisional/ final rating at “Gold” or “Platinum”, or “Excellent” or “Good” under the Selective Scheme of BEAM Plus Existing Buildings; or</li> <li>• U.S. Leadership in Energy and Environmental Design (LEED) with a rating at “Gold” or “Platinum”.</li> </ul>
9.	Climate change adaptation	Climate change adaptation	<p><b>Climate change adaptation</b></p> <ul style="list-style-type: none"> <li>• Strengthen adaptation and resilience capabilities of Hong Kong to combat climate change and extreme weather and climate events</li> </ul>	<ul style="list-style-type: none"> <li>• Design, development, installation, operation and connection of observation and early warning systems for extreme weather and climate events;</li> <li>• Design, construction, maintenance and operation of infrastructure, buildings and installations for combating climate change and extreme weather and climate events: sea level rise, extreme rainstorms, tropical cyclones, drought and heat.</li> </ul>

For the avoidance of doubt, in any case, the Eligible Projects shall not include any project of fossil fuel-based electric power generation or improvement in the efficiency of fossil fuel-based electric power generation. The Eligible Projects shall exclude hydropower plants with a reservoir and with power density below 5W/m<sup>2</sup> (unless they meet the life cycle-based GHG emission intensity threshold of 100gCO<sub>2</sub>e/kWh) and concentrated solar power. Biomass generation feedstock will be limited to MSW, food waste and sewage sludge which will not deplete existing terrestrial carbon pools, such as agricultural or forestry resources.

## **(ii) Project Evaluation and Selection**

The Steering Committee on the Government Green Bond Programme (the “**SC**”) chaired by the Financial Secretary and comprising the Secretary for Financial Services and the Treasury, the Secretary for the Environment and Deputy Chief Executive of the Hong Kong Monetary Authority among others have been set up to oversee the implementation of the GGBP, to review and approve (a) each GBT under this Framework (b) the allocation of proceeds of each GBT issued to Eligible Projects (c) Eligible Projects continue to meet the eligibility criteria during the life of the bond and (d) reports prepared, in each case in accordance with the terms of this Framework. Senior officials of relevant B&Ds may be invited to join the SC on a need basis.

B&Ds of the HKSAR Government may submit Potential Eligible Projects to the SC for consideration against the eligibility criteria outlined in the Use of Proceeds section, based on the following:

- Description of the project and the technical/scientific approach setting out the environmental benefits to be obtained
- Preliminary, provisional or final certificates received in respect of compliance with relevant standards
- Where applicable, review of energy, water, waste management review data, against relevant standards or benchmarks

If such project is approved as an Eligible Project by the SC in accordance with this Framework, it may be earmarked for the use of proceeds under this GBF.

The secretariat of the SC will maintain notes and records of all approved Eligible Projects and the allocation of proceeds of any GBT.

The HKSAR Government may commission a qualified third party to investigate and report on the eligibility, or otherwise, of projects as Eligible Projects under this Framework.



### **(iii) Management of Proceeds**

The proceeds of each Green Bond will be credited to the CWRP, administered by the Financial Services and the Treasury Bureau (“**FSTB**”) pending earmarking to Eligible Projects.

The proceeds of each GBT will only be allocated to expenditures within the last two and next two financial years<sup>19</sup> from the GBT issuance date. It is also expected that more than half of the proceeds will be allocated to future expenditures.

For each GBT issued, FSTB will maintain an internal register to keep track of the following:

**1. Green Bond Transaction details:** key information including issuer entity, transaction date, principal amount of proceeds, maturity date, and interest or coupon, the International Securities Identification Number (ISIN), etc.;

**2. Allocation of Proceeds:**

- Confirmation of SC’s approval that the project is considered to be an Eligible Project;
- Summary detail of Eligible Projects to which the proceeds of the GBT have been allocated in accordance with this Framework;
- Amount of GBT proceeds allocated to each Eligible Project;
- Aggregate amount of proceeds of GBT allocated to Eligible Projects;
- The remaining balance of unallocated proceeds;
- Estimated environmental benefits;
- Phase of the Eligible Projects (i.e. construction or operational);
- Look-back period of Eligible Projects under re-financing;
- Other necessary information.

Proceeds pending allocation will remain at the CWRP which, as part of the Operational and Capital Reserves of the fiscal reserves, and in accordance with the existing arrangement between the HKSAR Government and the HKMA, is placed with the Exchange Fund at a fixed rate of return determined every year.

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<sup>19</sup> A financial year of the HKSAR Government runs from 1 April of a calendar year to 31 March of the next calendar year.

## **(iv) Reporting**

FSTB will provide information on the allocation of the proceeds of GBT(s) via a Green Bond Report. Such information will be provided on an annual basis. The Green Bond Report will contain the following details:

### **1. Summary:**

A list of all GBT executed in the reporting period and outstanding at the reporting date and summary terms of each transaction. Key information to be provided will include issuer entity, transaction date, principal amount of proceeds, maturity date, and interest or coupon, the ISIN, etc.

### **2. Allocation Reporting – for each GBT:**

- Amount of proceeds allocated to the various Eligible Project categories;
- Description of major Eligible Projects;
- Aggregate amount of proceeds of GBT allocated that has been earmarked to Eligible Projects;
- The remaining balance of unallocated proceeds yet to be earmarked;
- Percentages of refinancing and financing of Eligible Projects.

### **3. Impact Reporting – for each GBT:**

Where possible, FSTB will report on the environmental (and social impacts where relevant) resulting from Eligible Projects. Subject to the nature of Eligible Projects, availability of information and feasibility, FSTB will report using impact indicators such as the following, and the relevant impact calculation methodologies and standards:

<b>Eligible Categories</b>	<b>Impact Indicators<sup>20</sup></b>
Renewable energy	<ul style="list-style-type: none"><li>• Installed capacity (kW) and renewable energy generated (kWh)</li><li>• Carbon dioxide (CO<sub>2</sub>) and other GHG avoided, in CO<sub>2</sub>-equivalent (CO<sub>2</sub>e) where appropriate (in tonnes)</li></ul>
Energy efficiency and conservation	<ul style="list-style-type: none"><li>• Annual reduction of energy consumption (% or MWh)</li><li>• CO<sub>2</sub> and other GHG avoided, in CO<sub>2</sub>e where appropriate (in tonnes)</li></ul>
Pollution prevention and control	<ul style="list-style-type: none"><li>• Reduction in NO<sub>x</sub>, PM<sub>10</sub> and PM<sub>2.5</sub> emissions (in tonnes)</li></ul>

<sup>20</sup> Appropriate environmental impact indicators will be determined in reference to frameworks and resources published by ICMA, such as the Harmonised Framework for Impact Reporting June 2021. <https://www.icmagroup.org/green-social-and-sustainability-bonds/impact-reporting/>

Eligible Categories	Impact Indicators <sup>20</sup>
Waste management/ resource recovery	<ul style="list-style-type: none"> <li>• Waste that is reused, recycled, or otherwise treated (in tonnes)</li> <li>• Share of waste reused, recycled or otherwise treated (in % of total tonnes per year)</li> <li>• Waste diverted from landfills (in tonnes)</li> <li>• Reduction of waste sent to landfill (%)</li> <li>• CO2 and other GHG avoided, in CO2e where appropriate (in tonnes)</li> <li>• Renewable energy generated (MWh)</li> <li>• Waste-to-Energy efficiency (%)</li> </ul>
Water and wastewater management	<ul style="list-style-type: none"> <li>• Water and wastewater treated (in cubic metres)</li> <li>• Volume of leakage prevented</li> <li>• Annual volume (or population equivalence) of sewage / wastewater collected, conveyed, treated, reused and avoided (in cubic metres)</li> <li>• Population (number of people) with access to improved sanitation facilities</li> </ul>
Nature conservation/ biodiversity	<ul style="list-style-type: none"> <li>• Area conserved/restored/sustainably managed (in hectare)</li> <li>• Number of nature conservation/biodiversity facilities constructed</li> </ul>
Clean transportation	<ul style="list-style-type: none"> <li>• CO2 and other GHG avoided, in CO2e where appropriate (in tonnes)</li> <li>• Tracks built/repared/modernised (in km)</li> <li>• Number of rolling stock, carriages/ locomotives bought or repaired</li> <li>• Number of passengers carried</li> </ul>
Green buildings	<ul style="list-style-type: none"> <li>• Number and types of green building certifications obtained</li> <li>• Rating level of certifications obtained</li> <li>• Total floor area of buildings concerned (in metre square)</li> <li>• Amount of energy saved (MWh)</li> <li>• CO2 and other GHG avoided, in CO2e where appropriate (in tonnes)</li> </ul>
Climate change adaptation	<ul style="list-style-type: none"> <li>• Number and type of adaptation and resilience measures or systems installed</li> </ul>

The Green Bond Report will be reviewed and approved by the SC. The Green Bond Report will be available on the HKSAR Government Bonds website.

FSTB will engage an independent, qualified third party to assure the contents of the Green Bond Report.

## External Review

A Second Party Opinion has been obtained for the Framework from Vigeo Eiris, an independent international provider of Environmental, Social and Governance (ESG) research and services. This Second Party Opinion is available on the HKSAR Government Bonds website.

For each green bond issued under this Framework, the HKSAR Government will obtain an issuance level (pre-issuance) external review from an independent, qualified third party.

# Appendix

## **Building Environmental Assessment Method (BEAM) Plus (“BEAM Plus”)**

Recognised and certified by the Hong Kong Green Building Council, BEAM Plus offers a comprehensive set of performance criteria for a wide range of sustainability issues relating to the planning, design, construction, commissioning, management, operation and maintenance of a building. By providing a fair and objective assessment of a building’s overall performance throughout its life cycle, BEAM Plus enables organisations and companies of all sizes to demonstrate their commitment to sustainable development. For more information, please visit [www.hkgbc.org.hk](http://www.hkgbc.org.hk).