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

# Green Bond Report 2020

# Contents



# The Government Green Bond Programme

In February 2018, the Financial Secretary (FS) of the Government of the Hong Kong Special Administrative Region of the People's Republic of China (the Government) announced in his 2018-19 Budget to launch the ***Government Green Bond Programme*** (GGBP) with a borrowing ceiling of HK$100 billion (about US$12.8 billion)[1] to demonstrate our commitment to promoting green finance and developing the Hong Kong Special Administrative Region (the HKSAR or Hong Kong) into a more sustainable and liveable city.

As authorised by our legislature 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 Steering Committee on the GGBP, chaired by the FS, has been established to oversee and give strategic direction on the implementation and development of the GGBP. The Hong Kong Monetary Authority assists in implementing green bond issuance under the GGBP.

As a consistent step to consolidate and develop Hong Kong's position as a premier green finance hub regionally and internationally, the FS announced in his ***2020-21 Budget*** the plan to issue green bonds totalling HK$66 billion (about US$8.5 billion) in the five years from 2020-21. The actual size and timing of issuance will be determined having regard to the market situation.

[1] It refers to the maximum amount of outstanding principal at any time under the GGBP, i.e. the principal amount of bonds issued minus that of bonds matured.

# Hong Kong's Commitments to Climate and Environmental Protection

In January 2017, the Environment Bureau published ***Hong Kong's Climate Action Plan 2030+***, which represents the outcome of the dedicated work of all bureaux and relevant departments, in support of the Steering Committee on Climate Change chaired by the Chief Secretary for Administration of the Government. The Action Plan sets out Hong Kong's carbon emissions reduction target for 2030 and the concerted plans for achieving it. The Paris Agreement, which came into force in November 2016, applies to the HKSAR. As such, Hong Kong will implement the Paris Agreement and will follow its reporting timeline. Hong Kong targets to reduce its carbon intensity (carbon per unit of Gross Domestic Product) by 65% to 70% by 2030 compared with 2005 level, which is equivalent to an absolute reduction of 26% to 36% or a reduction in per capita emissions from 6.2 tonnes in 2014 to 3.3 to 3.8 tonnes by 2030.


In order to support the transition to a low carbon economy and minimise climate change's impact on our environment, various bureaux and departments (B&Ds) of the Government have implemented a number of measures[2] and published policy documents[3] to address major environmental issues and to map out blueprints for low carbon and sustainable development in Hong Kong.

The 2020-21 Budget includes a comprehensive set of environmental protection measures to turn Hong Kong into a more liveable city and contribute to its sustainable development. Such measures include the proposal to set up the new Green Tech Fund to support research and development on decarbonisation and green technologies and their application; the tax concessions, subsidies, pilot schemes and research works to promote the use of electric vehicles and potential adoption of electric public light buses and electric ferries; and the proposal for a waste paper recycling scheme.

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[2] Including the introduction of the ***Feed-in Tariff Scheme*** to further promote private development of distributed renewable energy, the ***"Railway Development Strategy 2014"*** to alleviate traffic congestion and attenuate air pollution as well as the ***Harbour Area Treatment Scheme*** and the ***Sewerage Master Plans***.

[3] Including -

- ***A Clean Air Plan for Hong Kong***;
- ***Hong Kong: Blueprint for Sustainable Use of Resources 2013-2022***;
- ***A Food Waste & Yard Waste Plan for Hong Kong 2014-2022***;
- ***Hong Kong Biodiversity Strategy and Action Plan 2016-2021***; and
- ***Energy Saving Plan for Hong Kong's Built Environment 2015- 2025+***.

# The Green Bond Framework

As a core component of the GGBP, we published our ***Green Bond Framework*** (the Framework) in 2019 which sets out how the Government intends to issue green bonds to fund projects that will improve the environment and facilitate the transition to a low carbon economy. The Framework, as well as any bonds issued under it, is aligned with the Green Bond Principles 2018 of the International Capital Markets Association (GBP).

In accordance with the Framework, the proceeds of issuances will be used exclusively to finance or re-finance public works projects of the Government that fall under one or more of the eight Eligible Categories, i.e. renewable energy; energy efficiency and conservation; pollution prevention and control; waste management and resource recovery; water and wastewater management; nature conservation / biodiversity; clean transportation; and green buildings.

The Steering Committee on the GGBP reviews and approves each project submitted by B&Ds as "Eligible Project" based on the eligibility criteria outlined in the Use of Proceeds section and the allocation of proceeds of each Green Bond Transaction (GBT) to Eligible Projects according to the process in the Project Evaluation and Selection section of the Framework.

The proceeds of each GBT will be credited to the CWRF pending earmarking to Eligible Projects, and will be allocated to expenditures within the last two or next two financial years[4] from the issuance date. It is expected that more than half of the proceeds will be allocated to future expenditures.

The Government will provide information on the allocation of the proceeds and expected environmental benefits on an annual basis.

Vigeo Eiris provided a second party opinion regarding, amongst other, the alignment of the Framework with the GBP.

[4] A financial year of the Government runs from 1 April of a calendar year to 31 March of the next calendar year.

**Renewable Energy**

**Energy Efficiency and Conservation**

## Pollution Prevention and Control

## Waste Management and Resource Recovery


## Water and Wastewater Management

## Nature Conservation / Biodiversity


## Clean Transportation

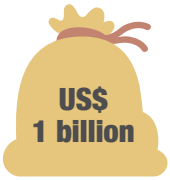
## Green Buildings

# The Inaugural Green Bond Issuance

The inaugural green bond issued under the Framework received the Green Finance Certificate (Pre-issuance Stage) from the Hong Kong Quality Assurance Agency (HKQAA).

Following a roadshow in major international financial centres including New York, London, Paris, Amsterdam, Frankfurt and our home city, we made a successful offering to global investors on 22 May 2019 with a very tight spread over the US Treasuries. The issuance was well received by investors worldwide, attracting orders more than four times the issuance size, including many green investors who are signatories to the Principles for Responsible Investment or investors who incorporate Environmental, Social, and Governance factors into investment decisions, with the aim of better managing risk and generating sustainable, long-term returns. 50% of the green bond was distributed to Asia, 27% to Europe and 23% to the United States.

## Details of the Inaugural Issuance



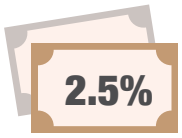

Size


Tenor

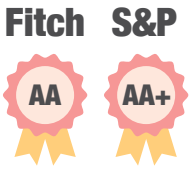

Issue Date


Maturity Date


Issue Price




Coupon Rate




Ratings
(at issuance)


Listing

It was included in four major indices - Bloomberg MSCI Barclays Green Bond Index, the BAML Green Bond Index, the S&P Green Bond Index and the Solactive Green Bond Index.

The issuance won the award of “Asia Pacific Green/ SRI Bond Deal of the Year” presented by GlobalCapital, FinanceAsia’s “Sustainable Deal of 2019” and “The Asset Country Awards 2019 Best Government Bond Hong Kong Sustainable Finance” by The Asset.

# Allocation of the Proceeds of the Inaugural Green Bond Issuance

As of 30 June 2020, the net proceeds, amounting to HK$7,829 million[5], have been allocated to seven public works projects that fall under four different Eligible Categories as defined in the Framework. 44.53% and 55.47% of the net proceeds have been used to finance the expenditure of these seven projects in the financial year of 2018-19 and 2019-20 respectively.

**(A) Waste Management and Resource Recovery**

Proceeds Allocated:
**HK$4,045 million (US$519 million)**

Percentage of Proceeds: **51.67%**

Projects Financed:
1. Integrated Waste Management Facilities Phase 1
2. O·PARK1

**(B) Green Buildings**

Proceeds Allocated:
**HK$2,156 million (US$276 million)**

Percentage of Proceeds: **27.53%**

Projects Financed:
1. West Kowloon Government Offices
2. Inland Revenue Tower in the Kai Tak Development

**(C) Water and Wastewater Management**

Proceeds Allocated:
**HK$1,127 million (US$144 million)**

Percentage of Proceeds: **14.40%**

Projects Financed:
1. Upgrading of San Wai Sewage Treatment Works - Phase 1
2. Additional Sewage Rising Main and Rehabilitation of the Existing Sewage Rising Main between Tung Chung and Siu Ho Wan

**(D) Energy Efficiency and Conservation**

Proceeds Allocated:
**HK$501 million (US$64 million)**

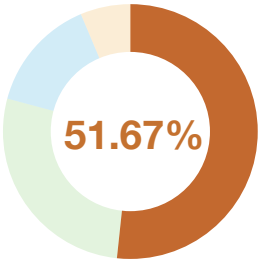
Percentage of Proceeds: **6.40%**

Project Financed:
District Cooling System at the Kai Tak Development

[5] The issuance proceeds were exchanged from US dollars to Hong Kong dollars immediately upon receipt

# Details of Expected Environmental Benefits of Projects Financed by Eligible Category

## A. Waste Management and Resource Recovery




**Proceeds allocated:**

HK$4,045 million
(about US$519 million)

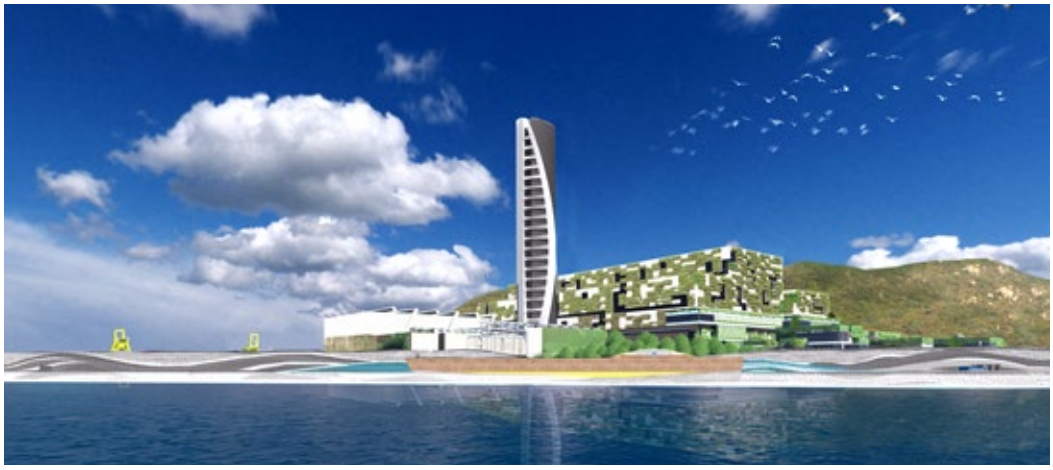
**Major expected impacts:**

(i) 3 000 tonnes of treatment capacity of mixed municipal solid waste (MSW) per day

(ii) 1.35 million kilowatt-hours (kWh) of electricity generated / saved per day

(iii) 465 000 tonnes of greenhouse gas emission avoided or reduced per year, in carbon dioxide equivalent ($CO_2e$)[6]

### 1. Integrated Waste Management Facilities Phase 1



The Integrated Waste Management Facilities (IWMF) aims to substantially reduce the bulk size of MSW and recover useful resources. The IWMF will be developed in phases. IWMF Phase 1 is located in an artificial island of about 16 hectares near Shek Kwu Chau (SKC) and is expected to be fully commissioned by 2025. It will have a treatment capacity of 3 000 tonnes of MSW in total each day and adopt advanced incineration as the core treatment technology. IWMF Phase 1 will also be equipped with a mechanical sorting and recycling facility capable of recovering useful materials from up to 200 tonnes of MSW per day.

IWMF Phase 1 will adopt state-of-the-art technologies and pollution control measures. Its air pollutants emissions will comply with Hong Kong's and the European Commission's emission standards for waste incineration facilities for the protection of public health and the environment.

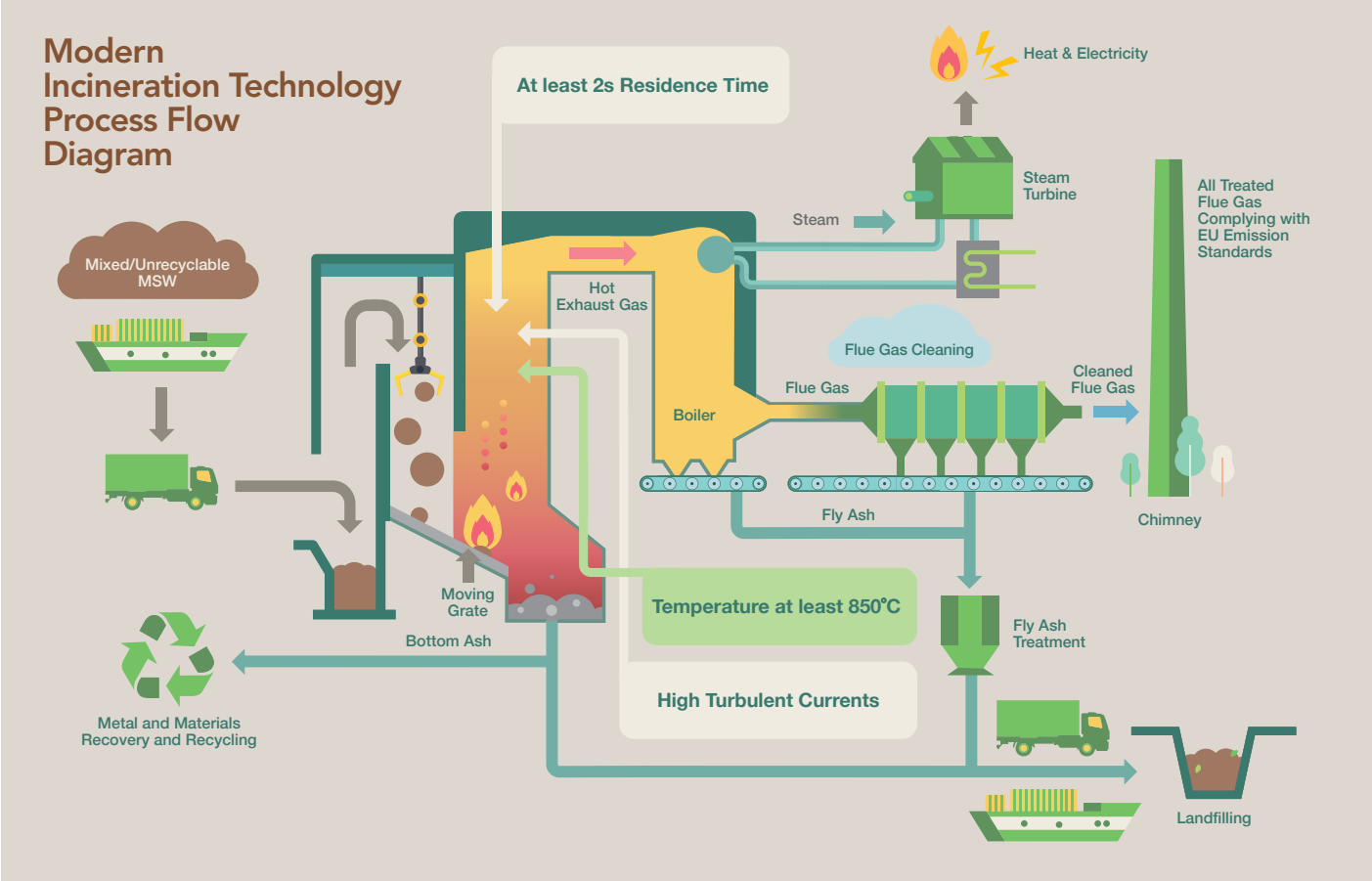
Air quality monitoring stations will be set up at SKC, Cheung Chau and South Lantau to provide objective data on local air quality to ensure that the operation of IWMF Phase 1 will not affect the surrounding environment.

[6] This is based on the estimated amount of greenhouse gas emission avoided or reduced owing to (1) the expected reduction in the volume of municipal solid waste and organic waste for landfill disposal; and (2) the expected reduction of the use of fossil fuel in electricity generation given the surplus electricity produced and exported to the existing power grid.

## Waste-to-Energy

IWMF Phase 1 will recover heat energy from the MSW incineration process to produce about 480 million kWh of surplus electricity (amounts to about 1% of the total electricity consumption in Hong Kong) for export to the existing power grid in Hong Kong every year. The surplus electricity will be sufficient for use by 100 000 households in Hong Kong.

Through the replacement of fossil fuel in electricity generation and reduction in the volume of MSW for landfill disposal, it is estimated that about 440 000 tonnes of greenhouse gas emission per year can be curtailed.




## Net Zero Wastewater Discharge

IWMF Phase 1 is designed with a net zero discharge of wastewater by equipping with a wastewater treatment plant on-site to provide treatment to wastewater generated from the facilities for reuse.

## Material Recovery

The mechanical sorting and recycling facility will make use of automatic waste sorting technology to recover useful resources, such as ferrous metal, non-ferrous metal, plastics and glass, from up to 200 tonnes of MSW per day.

For more details, please refer to the ***IWMF Phase 1 Project webpage***.

## 2. O·PARK1

Locating at Siu Ho Wan of North Lantau, the Organic Resources Recovery Centre 1, commonly known as O·PARK1, is the first organic resources recovery centre that adopts anaerobic digestion technology in Hong Kong to convert food waste into biogas (a source of renewable energy similar to natural gas) for electricity generation whilst the residues from the process can be produced as compost for landscaping and agriculture use. It is capable of handling 200 tonnes of food waste per day.

When running in full capacity, about 14 million kWh of electricity can be exported to the grid per year, which is equivalent to the power consumption by some 3 000 households.

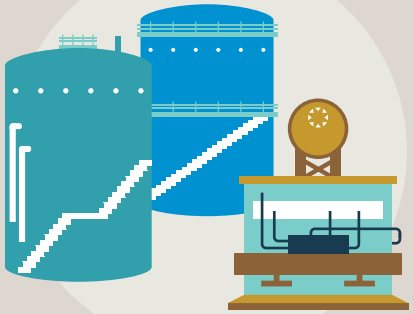
The decrease in the use of fossil fuel for electricity generation, together with the reduced amount of organic waste in landfills, would prevent the emission of some 25 000 tonnes of greenhouse gas each year.

The facility can generate about 20 tonnes of compost per day as a by-product of the anaerobic digestion process, which can be used for landscaping and agriculture applications. This dramatically cuts down the quantity of food waste to be disposed of at the landfills.

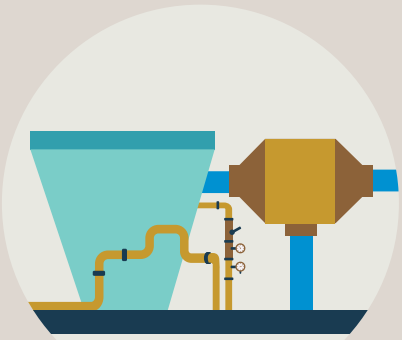
Following the successful commissioning of O·PARK1 in 2018, we are planning to build our second O·PARK (i.e. O·PARK2) at Sha Ling of the North District in the New Territories which has a daily food waste handling capacity of 300 tonnes and generates 24 million kWh of electricity annually for exporting to the grid (equivalent to the power consumption by some 5 000 households).

For more details, please refer to the ***O·PARK1 Project webpage***.

Food Waste Reception & Pre-treatment

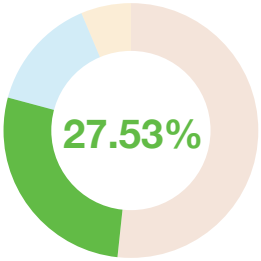


Bio-Treatment & Power Generation



Clean Emission

## B. Green Buildings




**Proceeds allocated:**

**HK$2,156 million**
**(about US$276 million)**

**Major expected impacts:**

Expect to receive BEAM Plus New Buildings Certificate at Gold rating or above

### 1. West Kowloon Government Offices

The new Government offices towers are situated at the West Kowloon Reclamation area and not very far from the Hong Kong West Kowloon Station for the High Speed Rail (Hong Kong Section). The twin-tower offices have a total construction floor area of about 98 000 square metres. The offices opened in 2019 and now house the operations of nine Government departments. The towers adopt many energy-efficient and renewable energy technologies such as –

- photovoltaic system to convert the solar radiation into usable electricity
- solar hot water system to absorb solar thermal radiation to heat up water, thereby minimising the electricity consumption from electric water heaters
- demand control of fresh air supply with carbon dioxide sensors to minimise the amount of fresh air supply to save energy for heating up or cooling down the supplied air to maintain the desired temperature of the building

- water-cooled chillers (fresh water cooling tower) to reduce the use of electricity
- automatic demand control of chilled water circulation system to reduce the energy consumption on pumping power to conserve energy
- the deployment of occupancy / motion sensors to control the supply of air-conditioning and lighting by zones

- the use of environmentally friendly and recycled materials
- daylight suntubes for underground carparks
- a rainwater harvesting system for landscape irrigation to conserve water

The Hong Kong Green Building Council has awarded a provisional certification at the Gold rating of BEAM Plus New Buildings scheme to the project for having achieved, amongst others, about 40% reduction of carbon dioxide emissions[7] (based on the assessed result in BEAM Plus Provisional Assessment Report).

## 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 to demonstrate their commitment to sustainable development. For more information, please visit *www.hkgbc.org.hk*.


## Do you know?
## Further to helping the planet Earth, you also help… …

A Student Health Service Centre is located on 2/F, South Tower of the West Kowloon Government Offices, offering health promotion and disease prevention services for primary and secondary school students. As many as 32 000 local students will enjoy the services offered by this Centre in each academic year.

[7] Applicable to office area only.

## 2. Inland Revenue Tower in the Kai Tak Development

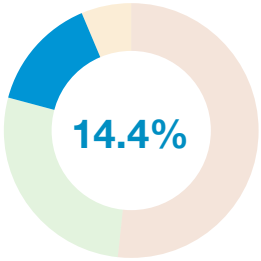
This new Inland Revenue Tower will be situated at the northern fringe of the Kai Tak Development (KTD) adjacent to the newly opened Kai Tak MTR station. Its construction commenced in 2018 and is expected to complete in 2022. The Tower will provide a net operational floor area exceeding 45 000 square metres and will be connected to the District Cooling System in KTD (please see the project under "Energy Efficiency and Conservation" at p.17-18 for more details) for chilled water supply. It adopts many energy-efficient and renewable energy technologies such as -

- the adoption of District Cooling System to reduce electricity consumption
- automatic demand control of chilled water circulation system to reduce the energy consumption on pumping power to conserve energy
- demand control of fresh air supply with carbon dioxide sensors to minimise the amount of fresh air supply to save energy for heating up or cooling down the supplied air to maintain the desired temperature of the building
- use of Light Emitting Diodes (LED) type lights
- the deployment of occupancy / motion sensors to control the supply of air-conditioning and lighting by zones
- lift power regeneration to save energy in lift ventilation
- photovoltaic system to convert the solar radiation into usable electricity
- a rainwater harvesting system for landscape irrigation to conserve water

The Hong Kong Green Building Council has awarded a provisional certification at the Gold rating of BEAM Plus New Buildings scheme to the project for having achieved, amongst others, about 30% reduction of carbon dioxide emissions[8] (based on the assessed result in BEAM Plus Provisional Assessment Report).

[8] Applicable to office area only.

## C. Water and Wastewater Management




**Proceeds allocated:**

**HK$1,127 million**
**(about US$144 million)**

**Major expected impacts:**

(i) 200 000 cubic metres of wastewater treated per day.

(ii) 275 000 cubic metres of water recycled per year

### 1. Upgrading of San Wai Sewage Treatment Works – Phase 1

The project will improve the treatment level of the existing San Wai Sewage Treatment Works (SWSTW) that helps reduce pollution loads to the North-western Waters of Hong Kong. It will also upgrade the sewage treatment level of the facilities from preliminary treatment to chemically enhanced primary treatment with UV disinfection. The daily capacity of the facilities will be expanded from the prevailing level of 164 000 cubic metres to 200 000 cubic metres to cater for additional flows owing to population growth in Yuen Long District. The project is expected to be commissioned by the first quarter of 2021.

The upgraded SWSTW will adopt many energy-efficient and renewable energy technologies such as -

- photovoltaic system
- solar water heater system
- the adoption of fresh air demand control ventilation
- a rainwater harvesting system for landscape irrigation to conserve water
- a portion of treated effluent (about 275 000 cubic metres per year) will be further filtered and reused for chemical preparation within the plant

The Hong Kong Green Building Council has awarded a provisional certification at the Platinum rating of BEAM Plus New Buildings scheme to the administration building and maintenance workshop of the upgraded SWSTW for having achieved, amongst others, about 30% reduction of carbon dioxide emission[9] (based on the assessed result in BEAM Plus Provisional Assessment Report).

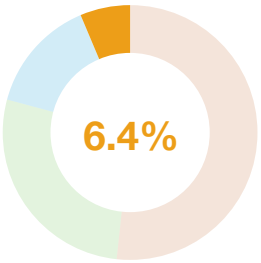
## 2. Additional Sewage Rising Main and Rehabilitation of the Existing Sewage Rising Main between Tung Chung and Siu Ho Wan

The existing sewage rising main system that conveys sewage from Tung Chung Town and Airport Island to the Siu Ho Wan Sewage Treatment Works (SHWSTW) has been in operation for 20 years and is due for retrofitting. In addition, its existing capacity is insufficient to serve the needs of the planned housing development of Tung Chung New Town Extension and the expansion of the Hong Kong International Airport.

The project will construct about 6.5 km of sewage rising main of 1 200 mm in diameter and rehabilitate the existing sewage rising main of the same length and size between Tung Chung Sewage Pumping Station and SHWSTW to increase the system's daily capacity from 60 000 cubic metres to 120 000 cubic metres. It is expected to be commissioned progressively from 2023.

[9] Applicable to office area only.

## D. Energy Efficiency and Conservation




**Proceeds allocated:**

**HK$501 million**
**(about US$64 million)**

**Major expected impacts:**

(i) 35% energy efficiency improvement compared to air-cooled cooling system

(ii) 85 million kWh of electricity saved per year

(iii) 59 500 tonnes of greenhouse gas emission avoided or reduced per year, in $CO_2e$[10]

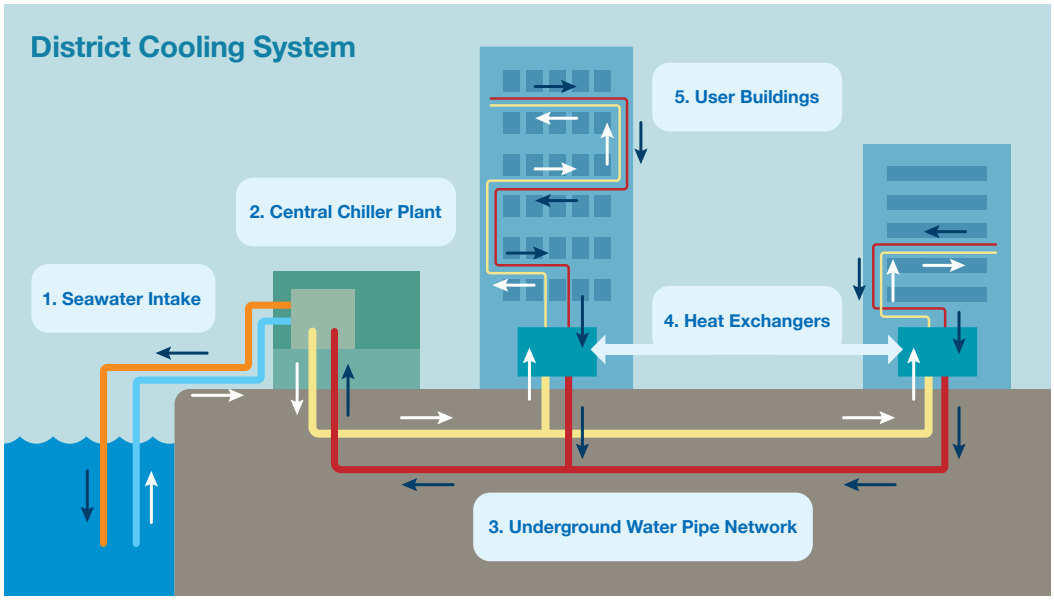
### 1. District Cooling System at the Kai Tak Development

The District Cooling System (DCS) at the Kai Tak Development (KTD) is a large-scale centralised air-conditioning system that uses chilled water from the central plants to provide cooling to multiple buildings at KTD connected by an underground cooling water pipe system. The DCS will provide cooling services for a total of about 1.73 million square metres of non-domestic air-conditioned gross floor area with about 284 megawatt of refrigeration cooling capacity. Phases I, II and III (Package A) of the DCS at KTD were completed in 2013, 2014 and 2017 respectively, and Phase III (Package B) works was completed in December 2019. Phase III (Package C) works has commenced in 2016 for completion in 2020 and the remaining works under Phase III has commenced in 2019 for completion in 2025.

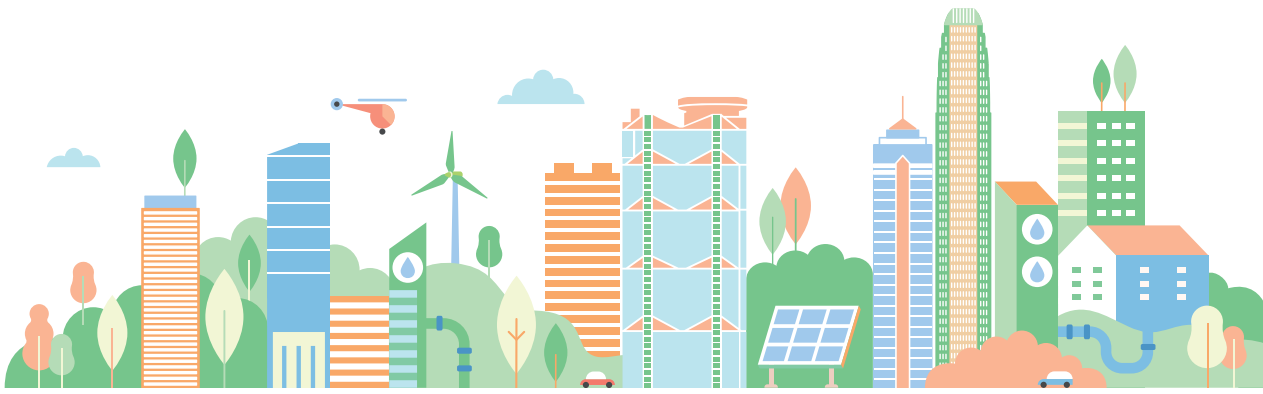
As of April 2020, 11 buildings were using the DCS. Other non-residential buildings at KTD, such as the new Inland Revenue Tower (please see the project under "Green Buildings" at p.14 for more details), will also be users upon commissioning.

[10] This is based on the estimated amount of greenhouse gas emission avoided or reduced owing to the electricity saved with the DCS as compared to traditional air-cooled systems.

It is estimated that the DCS consumes 35% and 20% less electricity as compared to traditional air-cooled systems and individual water-cooled systems respectively. As a result, the use of the DCS at KTD is estimated to save approximately 85 million kWh electricity annually, equivalent to 59 500 tonnes of carbon reduction per annum.




For more details, please refer to the ***DCS project webpage***.



# External Review

The Green Bond Report is approved by the Steering Committee on the GGBP. The inaugural green bond issued under the Framework has received the Green Finance Certificate (Post-issuance Stage) from HKQAA. For further information regarding HKQAA and its assessment, please refer to the Appendix.


**Post-issuance Stage**
**Certificate No.: CC 7193**

# Appendix

## Assessment Summary

HKQAA
HONG KONG QUALITY ASSURANCE AGENCY
香 港 品 質 保 證 局

## Scope and Objectives

Hong Kong Quality Assurance Agency (HKQAA) has been engaged by the Government of the Hong Kong Special Administrative Region of the People's Republic of China (the HKSARG) to undertake an independent assessment on the information presented in its Green Bond Report 2020 (the Report). The assessment provides assurance, in accordance with the HKQAA Green Finance Certification Scheme 2018[1] (GFCS) – Post-Issuance requirements, on the alignment of the green bond and the projects financed by its proceeds mentioned in the Report against the Green Bond Framework and the Environmental Method Statement of the HKSARG. This summary reflects our opinion for the issuance of the HKQAA Green Finance Certificate. The scope of HKQAA's assessment covers the data and information for the period between 28 May 2019 and 30 June 2020.

## Process and Methodology

The process applied to this assessment is set out in GFCS. The evidence gathering process set out in GFCS was designed to ensure an independence assessment process.

Our assessment procedures performed include:

- reviewing relevant documentation;
- visiting the relevant sites;
- interviewing persons who prepare the Report; and
- verifying the selected representative sample of projects, data and information.

Raw data and supporting evidence of the selected samples has been thoroughly examined by HKQAA's assessment team during the assessment process.

[1] GFCS is being developed with reference to widely adopted international and national guidelines and principles. For details, please refer to Section 2.1 and Appendix 3 of the Handbook for GFCS. Please *contact* HKQAA to obtain the Handbook.

## Independence

The HKSARG is responsible for the collection and presentation of the information in the Report. HKQAA is not involved in the collection and calculation of data presented in or compilation and development of the Report. Our assessment activities are independent from the HKSARG.

## Limitations

There are inherent limitations in performing the assessment. Assurance engagements are based on selective testing of the information and data being examined. It is possible that fraud, error or non-compliance may occur and not be detected. The assessment does not provide assurance on the information outside the defined reporting boundary and period.

There are additional inherent risks associated with the assurance over the information presented in the Report against the relevant requirements or criteria. Such assurance requires the information to be examined against source data compiled using definitions and estimation methods developed by the HKSARG. Finally, the assessment of the Report against GFCS is subjective and will be interpreted differently by different stakeholder groups.

Our assessment is limited to assurance in accordance with the GFCS post-issuance requirements, as well as the GFCS related policies and procedures in place on 31st March 2020.

## Conclusion

The information on the green bond activities presented in the Report are verified by the assessment team of HKQAA as consistent with the agreed assessment scope, objectives and criteria.

HKQAA adopts a risk-based approach. Our examination includes assessing the evidence relevant to the information and disclosures by the HKSARG in the Report.

Based on the assessment results, the assessment team has concluded that no material error or omission has been identified in the Report. It is materially correct and is a fair representation of the data and information for the reporting periods. The Report is prepared in accordance with the post-issuance requirements of GFCS.

## Hong Kong Quality Assurance Agency

HKQAA
HONG KONG QUALITY ASSURANCE AGENCY
香 港 品 質 保 證 局

Hong Kong Quality Assurance Agency (HKQAA) is a non-profit organisation established in 1989. As one of the leading conformity assessment organisations in the region, HKQAA is committed to providing certification and assessment services for the industries. Through knowledge sharing and technology transfer, HKQAA helps enterprises enhance management performance and competitiveness.

## Ample Experience in Fostering Sustainable Finance

HKQAA has developed diverse services and obtained ample experience in the fields of social responsibility, environmental protection, sustainability and responsible investment:

- Under the nomination of the China National Institute of Standardization and the Innovation and Technology Commission of the Government of the Hong Kong Special Administrative Region (the HKSAR), expert of HKQAA represents China and the HKSAR respectively to join the related ISO technical committees to develop the **ISO 14030 Green Debt Instruments – Environmental performance of nominated projects and assets** and **ISO 32210 Framework for sustainable finance: Principles and guidance**

- Observer of the Green Bond Principles (GBP) under the International Capital Market Association (ICMA)

- Approved verifier under the Climate Bonds Standard

- Accredited as the Designated Operational Entity by the Executive Board of the Clean Development Mechanism (CDM) under the United Nations Framework Convention on Climate Change (UNFCCC) to deliver CDM validation and verification services

- Provision of assessment and rating services on listed companies' sustainability performance for the Hang Seng Corporate Sustainability Index Series

## Enhancing Credibility in Green Finance

In keeping with the green finance development in the region, HKQAA launched the ***Green Finance Certification Scheme*** in 2018, to provide third-party conformity assessments for green bond and green loan issuers, so as to enhance credibility and stakeholder confidence in green finance. The Scheme has been developed with reference to a number of international and national standards on green finance including, amongst others:

- CDM under the UNFCCC;
- GBP under the ICMA;
- The People's Bank of China Announcement No.39 [2015] and its Annex – Green Bond Endorsed Project Catalogue; and
- ISO 26000:2010 Guidance on Social Responsibility.

In addition, HKQAA kicked off ***Green Finance Certification Scheme – Green Fund*** and ***Green Finance Certification Scheme – ESG Fund*** in 2019 and 2020 respectively. HKQAA strives to promote more capital flows towards green and sustainable uses, in response to the Securities and Futures Commission's Strategic Framework for Green Finance.

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