

FOR IMMEDIATE RELEASE

HKQAA's Green Finance Certification Scheme - ESG Fund Further Promoting ESG Initiative

(14 May 2020, Hong Kong) Hong Kong Quality Assurance Agency (HKQAA) announced the kick-off of its new initiative, the Green Finance Certification Scheme - ESG Fund, which provides third-party conformity assessments on environmental, social and governance (ESG) fund and further promotes ESG initiative to direct capital flows towards green and sustainable uses, in response to the Securities and Futures Commission's (SFC) Strategic Framework for Green Finance.

According to the Global Sustainable Investment Alliance (GSIA), the global scale of ESG investment has reached USD 30 trillion in 2018 and is expected to grow continuously. The global rising demand for ESG investment also focuses more investors' attention on ESG initiative in the local fund market. In response to SFC's Strategic Framework for Green Finance and the rising demand from investors to promote clarity among ESG funds, HKQAA has developed another new extension, Green Finance Certification Scheme – ESG Fund, subsequent to its certification service for green fund launched in September 2019.

ESG fund generally refers to a fund that aims to bring positive impact to ESG aspects by integrating ESG factors into its investment process, through which many investors reckon that such ESG investment could outperform in mitigating or managing key risks, identifying investment opportunities and generating competitive risk-adjusted returns.

Develop the Scheme with Reference to International Standards

The certification framework for ESG Fund was built on that of the Green Finance Certification Scheme. It was developed with reference to a number of international principles and guidances, including the United Nations Principles for Responsible Investment (UNPRI). The certification requirement for ESG Fund resembles that for Green Fund. To accommodate the broader coverage of ESG, certain adjustments have been made on the terminology and fund's objective requirements under the Scheme, such as addressing the objective in ESG aspects and expanding the related taxonomy.

With the launch of ESG Fund certification, HKQAA hopes to promote more capital flows towards green and sustainable uses for better consistency, transparency and sufficiency of disclosure for investors.

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HKQAA Background

HKQAA is a non-profit organisation established by the Hong Kong Government in 1989. As one of the leading conformity organisations in the Asia-Pacific region, HKQAA is committed to providing certification and assessment services. Through knowledge sharing and technology transfer, HKQAA helps enterprises enhance management performance and competitiveness.

Promoting Sustainable Finance through Experience and Knowledge

In addition to introducing world-class management systems, HKQAA has launched a wide range of innovative services to cope with increasingly diversified market demands and the growing need for sustainable development, bringing benefits to the community. HKQAA has developed diverse services and has ample experience in the fields of social responsibility, environmental protection, sustainability and responsible investment:

- Since 2011, HKQAA has been **the only Hong Kong organisation accredited as the Designated Operational Entity (DOE)** 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;
- Since 2014, HKQAA has been providing assessment and rating services on listed companies' sustainability performance for the **Hang Seng Corporate Sustainability Index Series**;
- Since 2017, our expert has been nominated by the **Innovation and Technology Commission of the HKSAR Government** and the **China National Institute of Standardization** respectively to directly take part in the technical committee of ISO/TC 207/SC 4 and the working group of **ISO/TC 207/SC 4/ WG 7** to develop **ISO 14030 Green Debt Instruments – Environmental performance of nominated projects and assets**;
- Since 2018, HKQAA has been admitted as an **Observer of the Green Bond Principles (GBP) under the International Capital Market Association (ICMA)**, taking part in the development of international standards on green finance;
- Since 2018, HKQAA has been an **approved verifier under the Climate Bonds Standard**;
- In December 2018, HKQAA's expert was nominated by the **Innovation and Technology Commission of the HKSAR Government** to directly take part in the technical committee for ISO/TC 322, which is developing **ISO 32210 Framework for sustainable finance: Principles and guidance**.

Strategic Partnerships to Foster Exchange within the Industry

In order to promote the development of green finance in the region, HKQAA has signed Memoranda of Understanding (MoU) with a number of organisations with a view to exploring more collaboration opportunities, including:

- International Finance Corporation, a member of the World Bank Group
- Guangdong Provincial Local Financial Supervision and Administration
- Shaanxi Provincial Local Financial Supervision and Administration
- Guangzhou Municipal Local Financial Supervision and Administration
- Bureau of Financial Affairs, Huadu, Guangzhou
- Administrative Committee of Chan-Ba Ecological District
- The Authority of Qianhai
- Shanghai Zhixin Low-Carbon Technology Research Center
- China Construction Bank, Guangdong branch
- The CECEP (Hong Kong) Investment Co. Ltd.
- GuangDong Financial Association

Please visit <http://www.hkqaa.org> for further information.