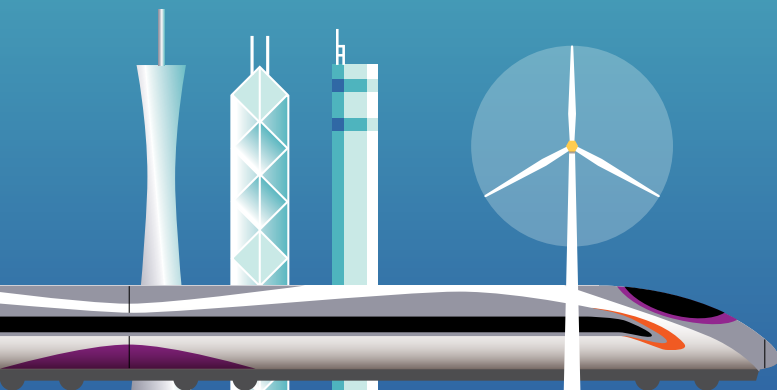


# HONG KONG

## Green and Sustainable Debt Market Briefing 2021



USD14bn in GSS+ labelled debt from HK issuers in 2021, three quarters in green theme

Cumulative green issuance USD20bn; 2021 issuance USD10.4bn, up four times YoY by Climate Bonds' definitions

USD57bn GSS+ debt arranged and issued in HK in 2021; USD31.3bn bonds, and USD25.4bn loans

### 2021 Hong Kong market analysis

This is the fourth iteration of the Hong Kong Green and Sustainable Debt Market Briefing, produced by the Climate Bonds Initiative (Climate Bonds) in association with the Hong Kong Monetary Authority (HKMA) and the Hong Kong Green Finance Association (HKGFA).<sup>1</sup> To reflect the growing development in the Hong Kong market, the scope of this report has been extended. It includes analysis of green, social, sustainability, transition bonds, and sustainability-linked debt instruments (GSS+).<sup>2</sup>



#### Expansion in GSS+ products

The 2021 Hong Kong GSS+ market expanded into new types of thematic debt, and across the board. This included a quadruple increase in green debt instruments, debut issuance of sustainability bonds, and burgeoning growth in transition finance products.

Climate Bonds identified volumes of USD14bn in GSS+ labelled debt originating from Hong Kong issuers in 2021.<sup>3</sup> Green debt instruments aligned with Climate Bonds Green Bond Database (GBDB) accounted for 75% of the total. Sustainability bonds, transition bonds and sustainability-linked bonds (SLBs) made up the rest. Climate Bonds captured no social bonds from Hong Kong issuers in 2021. Climate Bonds database does not capture sustainability-linked loans (SLLs).

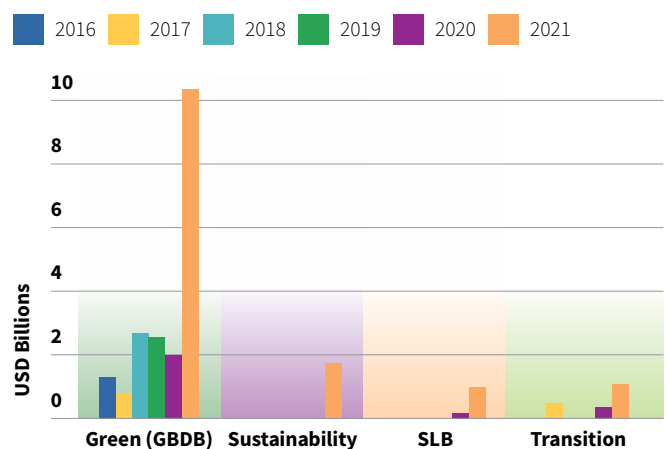
#### Green debt instruments

##### Highest growth since 2016

In 2021, Hong Kong's labelled green debt market grew 6.5 times year-on-year (YoY) to USD19bn. This was the highest growth by absolute value and percentage since the beginning of the dataset in 2016.

Climate Bonds screens self-labelled debt instruments against the Climate Bonds' Green Bond Database Methodology ([the Methodology](#)) to identify deals eligible for inclusion in the Climate Bonds GBDB.<sup>4</sup> Inclusion in the Climate Bonds GBDB indicates the instrument's general alignment to the [Climate Bonds Taxonomy](#).<sup>5</sup>

### Green is the largest thematic label in Hong Kong



Source: Climate Bonds Initiative

### Climate Bonds' approach to determining the country/jurisdiction of a debt issuer

Climate Bonds refers to the following rule to determine how to assign a country/jurisdiction to each bond.

**For unsecured bonds**, the country/jurisdiction is determined by the issuer's domicile. If it is a wholly-owned subsidiary, it becomes the parent group's domicile.

**For secured bonds**, the location of the assets being used as collateral is considered. However, a parent guarantee or other recourse to a parent company in another domicile would influence the determination.

For loans, the domicile country/jurisdiction of the borrower is used.

Climate Bonds does not take currency denomination, listing venue, or similar factors into account to determine the country/jurisdiction.

The below analysis is based on the Climate Bonds GBDB as of 8 April 2022, unless otherwise specified.

Climate Bonds identified USD10.4bn worth of green bonds and loans aligned with Climate Bonds GBDB from Hong Kong issuers in 2021. This represented the highest volume on record, with four times YoY growth. Hong Kong's cumulative green debt offering aligned with Climate Bonds GBDB had reached USD20bn by the end of 2021.

### Supply led by the government and corporates

The government, and corporate issuers were responsible for 93% of green debt instruments in 2021. The HKSAR Government issued volumes in excess of USD6bn in green bonds, spread across six deals throughout the year. This constituted 60% of the total 2021 green debt offering from Hong Kong. Non-financial and financial corporates printed USD2.0bn and USD1.5bn, accounting for 19% and 14% of the total, respectively.

The largest green bond from a non-financial corporate originated from real estate development company **Shimao Group Holdings**, with a USD748m deal in September 2021.

The largest deal from a financial corporate was an HKD5,290m (USD682.4m) green loan from a **Gaw Capital Partners**-led consortium to fund the acquisition of a green property.

### Issuer base extended in 2021

Twelve Hong Kong issuers/borrowers participated in the green debt market in 2021, the highest number on record. Eight issuers came to market with 18 green bonds with a combined volume of USD9.4bn; four borrowers raised USD1.0bn from green loans.

Nine of the 2021 participants were debut issuers/borrowers who had either not offered green debt products before or issued/borrowed labelled green bonds/loans which qualified for inclusion in the Climate Bonds GBDB the first time. For example, **Hongkong Land** printed its inaugural green bond of USD500m with a 10-year maturity in July based on its newly-established green financing framework. **Kowloon Motor Bus** signed a 5-year HKD500m green loan with Bank of China (Hong Kong) in August to fund its purchasing of eco-buses, electric buses, and solar panels. In September, **China Development Bank (Hong Kong Branch)** issued its inaugural green bond, a 3-year worth USD500m with proceeds earmarked for Renewable Energy, Low-Carbon Transport and Water.

### Use of Proceeds: allocation across all categories

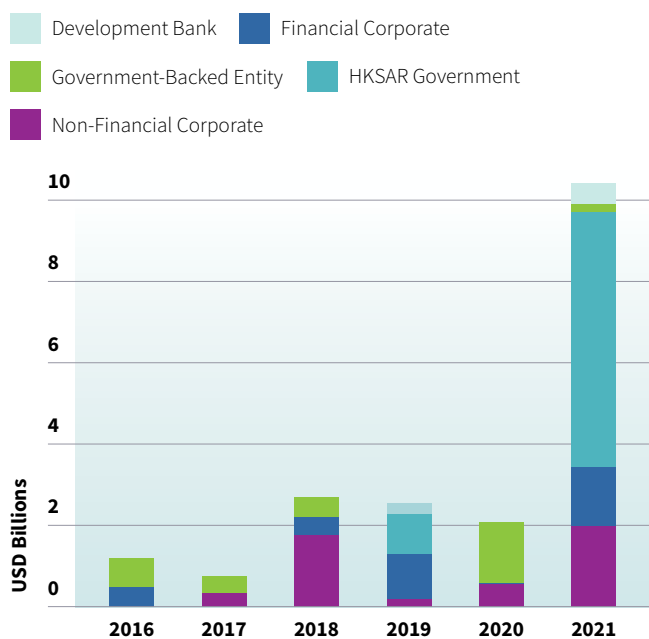
Green bonds Use of Proceeds (UoP) were more evenly allocated across categories in 2021 than in prior years.<sup>6</sup> This was partly because the 2021 **Hong Kong Government Green Bonds** UoP were earmarked to a broad range of categories: Low-Carbon Buildings (Buildings), Renewable Energy (Energy), Low-Carbon Transport (Transport), Water, Waste, and Land Use (by classification set out in Climate Bonds Taxonomy).<sup>7</sup>

Buildings remained the top 2021 Hong Kong green UoP category, accounting for 29%. It grew threefold YoY to USD3bn in 2021. Despite that, its weight in the mix decreased substantially YoY from 79% in 2018. **Zhenro Properties Group** earmarked the second largest amount (USD807m equivalent) for Buildings after the HKSAR Government.

Energy contributed 17%, growing more than eightfold YoY to USD1.8bn in 2021. Besides the HKSAR Government, examples of issuers with proceeds earmarked for Energy included **Bank of China**, **Shimao Group Holdings**, **China Development Bank (Hong Kong Branch)**, **Chint Solar (Hong Kong)**, and **Hongkong Land**.

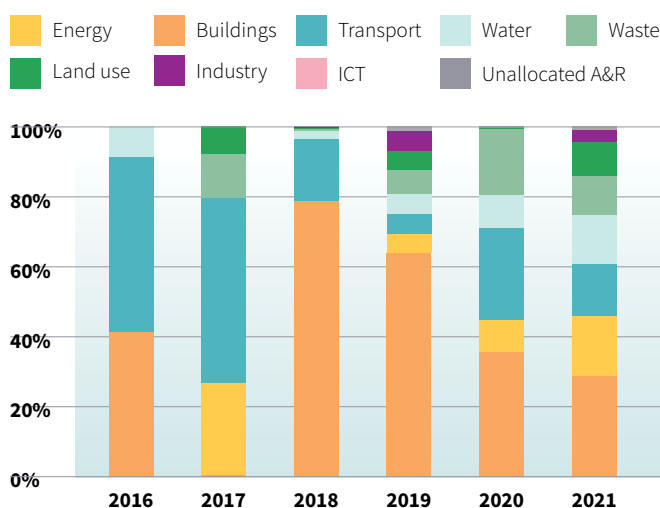
The share of the Transport UoP declined to 15% from 26% in 2020, though funds earmarked for Transport grew 1.8 times YoY to USD1.5bn. **MTR Corporation**, a seasoned issuer, raised a combined RMB1.25bn (USD192m) in two deals to fund projects set out in its sustainable financing framework that will contribute to the decarbonisation of Hong Kong's transport sector.

## Government issuance supported market growth in 2021



Source: Climate Bonds Initiative

## Evolving mix of green UoP by Hong Kong issuers



Source: Climate Bonds Initiative

### External review

About 90% of the Hong Kong green debt carried an external review in 2021. That was a decline from the 100% rate in 2020. This may have been partly due to the lack of public disclosure in loans regarding their external reviews, a common issue globally. Second-party opinions (SPO) prevailed. Active external review service providers included **Vigeo Eiris**, **S&P Global Ratings**, **Sustainalytics**, and **Hong Kong Quality Assurance Agency (HKQAA)**.

### HKEX remained most popular listing venue for China's offshore green bonds

The Hong Kong Stock Exchange (HKEX) remained the largest venue for China's offshore green bond listings, taking up 46% of the offshore volume from mainland China domiciled issuers. The **Municipality of Shenzhen** pioneered by issuing a dual-tranche RMB-denominated green deal in October 2021, which was lodged with HKMA's Central Moneymarkets Unit (CMU) and listed on HKEX. The funds were earmarked for clean transportation and water treatment. This deal marked the inaugural offshore green bond from a municipal government from mainland China, paving the way for further collaboration and market integration in the Greater Bay Area (GBA).

## Pending green bonds

As of 8 April 2022, USD5.7bn of 2021 labelled green debt from Hong Kong issuers remained under assessment for inclusion (pending) in the Climate Bonds GBDB. USD3.2bn were bonds, and USD2.5bn were loans.



Climate Bonds encourages higher levels of ambition, innovation, and materiality of a bond's UoP resulting in positive, long-lasting climate benefits. Transparency and completeness of information from issuers are essential to determine a bond's alignment with market standards and green taxonomies. However, the level of disclosure is often inadequate, particularly for loans which are usually private, bilateral arrangements between the borrower and lender.

One of the key challenges of determining the alignment of green debt from issuers globally includes building energy efficiency (especially upgrade measures/retrofits), which is often inadequately described. Since buildings contribute substantially to global GHG emissions and energy consumption, any serious reduction effort should explicitly address the carbon mitigation aspect and energy savings opportunities of projects funded via green bonds. Good practice in energy efficiency in the built environment has included a minimum 20-30% energy efficiency target for the whole category. Globally, numerous issuers do not provide details on this.

## Other thematic bonds

The emergence of other thematic debt instruments such as sustainability, sustainability-linked and transition bonds is essential to support the rapid transition to a sustainable economy. Climate Bonds began to expand data coverage of these instruments in 2020. The database is primarily for tracking purposes, and eligibility screening will evolve as the market and Climate Bonds' methodology develop.

Sustainability bond issuance from Hong Kong issuers began in 2021. Four issuers, through seven deals, raised a combined volume of USD1.6bn to fund projects dedicated to both green and social benefits. Pioneers included **Bocom Leasing Management Hong Kong**, **Shinsun Holdings**, **Kaisa Group Holdings** and **Hysan Development**.

SLB offerings from Hong Kong issuers grew 3.4 times YoY to USD0.9bn in 2021. They were from the **New World Development** and **Seaspan Corporation**.

Hong Kong issuers raised USD1.1bn through transition bonds in 2021. **Castle Peak Power Finance**, a seasoned issuer of transition bonds, issued USD300m under the Climate Action Finance Framework of its parent company CLP Holdings Limited (CLP). CLP plans to complete the phase-out of its coal-fired generation assets by 2040, ten years before its net-zero emission target of 2050. **Seaspan Corporation**, a wholly-owned subsidiary of Atlas Corp., issued a blue transition bond of USD750m due 2029 to fund projects such as building new vessels that use alternative fuel sources.

## Market developments in Hong Kong

Hong Kong is well-positioned to strengthen its role as an international green and sustainable financial hub, given its solid business infrastructure, high degree of internationalisation and established engagement with nearby regions and countries. The following key areas of development will further support this agenda.

### HKSAR Government Green Bond Programme

The HKSAR Government set up the Government Green Bond Programme in 2018 with the policy objective of promoting the development of green finance in Hong Kong and signalling its support for sustainable development and determination to combat climate change. The HKSAR Government has been issuing green bonds regularly since the inaugural deal in 2019 and doubled the borrowing ceiling of the Programme to HKD200bn (USD25.6bn) in July 2021.

To streamline its regular issuance work, the HKSAR Government established the world's first government Global Medium Term Note Programme dedicated to green bonds in early 2021. It issued close to USD6.5bn of multi-currency multi-tranche green bonds in February and November, setting a benchmark for potential issuers in the region. The deals included the HKSAR Government's inaugural euro- and renminbi-denominated bonds, further strengthening Hong Kong's status as an international financial centre and the premier offshore renminbi centre. In 2021, the HKSAR Government also announced its intention to issue retail green bonds to foster public participation in Hong Kong's green and sustainable development. In May 2022, the HKD20bn (USD2.6bn) inaugural retail green bond - which was the largest retail green bond issuance globally - was launched and was well-received by the public.

As a core component of the Programme, the Green Bond Framework was updated in February 2022 to reflect Hong Kong's latest climate commitments and strategy, align with the latest international standards and practices in the green bond market, and add a new UoP category (Climate Change Adaptation) to allow funding of a wider variety of projects. Two annual green bond reports have been published so far, elaborating on the details of the UoP allocation from the inaugural and February 2021 deals into fourteen projects that bring environmental and other benefits to the community.

### Subsidy scheme supports green financing activities

In May 2021, the HKSAR Government launched the Green and Sustainable Finance Grant Scheme. Administered by the HKMA, the scheme subsidises eligible bond issuance costs and external review expenses for green and sustainable debt instruments issued in Hong Kong. It has approved grants to nearly 100 debt instruments in the first year and encouraged financial institutions and external reviewers to set up or expand their presence in Hong Kong. In March 2022, the scheme broadened to better support smaller-sized enterprises in obtaining green financing.<sup>8</sup>

## Examples of other thematic bonds originating from Hong Kong in 2021

Issuer Name	Label	Amount issued (USD)	Currency	Issuance date	Maturity date
<b>Bocom Leasing Management Hong Kong Co Ltd</b>	Sustainability	500 m	USD	18/06/2021	18/06/2024
<b>Shinsun Holdings Group Co Ltd</b>	Sustainability	200 m	USD	08/06/2021	07/06/2022
<b>Kaisa Group Holdings Ltd</b>	Sustainability	300 m	USD	01/06/2021	01/06/2026
<b>Hysan Development Co Ltd</b>	Sustainability	400 m	HKD	21/07/2021	21/07/2026
<b>New World Development Co Ltd</b>	SLB	200 m	USD	14/01/2021	14/01/2031
<b>Seaspan Corporation</b>	SLB	200 m	USD	05/02/2021	05/02/2024
<b>Castle Peak Power Finance Co Ltd</b>	Transition	300 m	USD	03/03/2021	03/03/2031

## Market dynamics from a broader perspective

To reflect the size of Hong Kong as an international financial centre for green and sustainable debt issuance, the HKMA adopts a different methodology from Climate Bonds (as described on page 1) in measuring the size of the green and sustainable debt market.

The HKMA considers a bond as arranged in Hong Kong if most of its arranging activities take place in Hong Kong and a loan as issued in Hong Kong if bank branches in Hong Kong represent most of the lender commitments.<sup>12,13</sup>

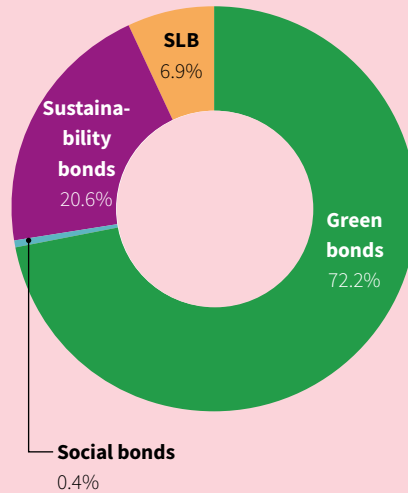
Recognising the increasing diversity of the GSS+ debt universe, the HKMA includes UoP instruments (including green bonds, social bonds, sustainability bonds and green loans) and general corporate purpose instruments (SLBs and SLLs) in measuring the size of the GSS+ market.

There are distinctions between Climate Bonds' and HKMA's approach and scope to measuring market size. This section analyses the Hong Kong GSS+ debt market using HKMA's methodology.

### Over USD31bn of GSS+ bonds were arranged in Hong Kong in 2021, accounting for one-third of the Asian green and sustainable bond market.

- Green and sustainability bonds collectively made up over 90% of the market. SLBs remained a niche segment with a 7% share.

### Green bonds remained the major instrument type



- Private sector issuers, specifically real estate corporates and financial institutions, formed the bulk of the issuer universe, each taking up over one-third of the market.
- Mainland entities continued to drive market growth, with issuance amounting to USD25bn or over 80% of the total.<sup>14</sup> Local Hong Kong issuers contributed around 8% of the market.
- Over 90% of the deals were denominated in USD, followed by RMB, HKD and EUR.

GSS+ debt originating from Hong Kong quadrupled YoY to reach USD57bn in 2021

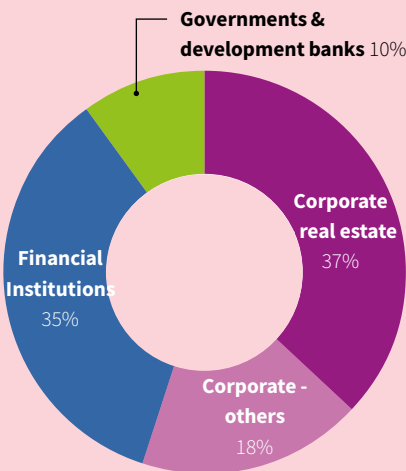
Instrument type	Issuance volume in 2021 (USD bn)
Bonds	31.3
Loans	25.4
<b>Total</b>	<b>56.6</b>

Note: Figures may not add up to the total due to rounding.

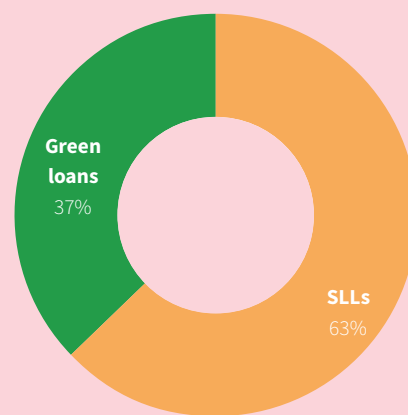
### In 2021, over USD25bn of green and sustainable loans were issued in Hong Kong.

- SLLs accounted for almost two-thirds of the market. Loans (as opposed to bonds) have been widely adopted as a general corporate purpose green financing tool.
- Most of the borrowers were Mainland and local Hong Kong corporates. Issuers from the real estate sector were the largest borrower group, contributing more than 40% of the market.
- Almost 60% of the loans issued in Hong Kong were denominated in HKD; most of the rest were denominated in USD.

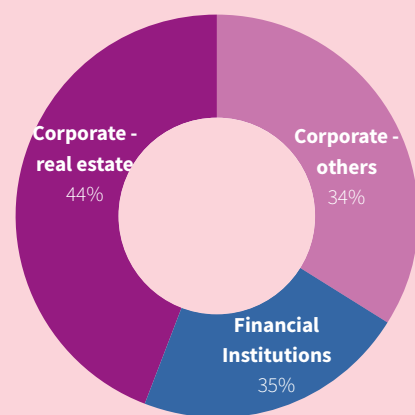
### Corporate issuers accounted for 90% of issuance



### Sustainability-linked loans made up two thirds of the loan market



### Real estate corporates borrowed the most



All graphs: HKMA, according to HKMA methodology

## Hong Kong's adoption of the Common Ground Taxonomy (CGT)

The Common Ground Taxonomy (CGT) is an essential milestone for sustainable finance definitions, providing a detailed comparison between the green taxonomies of the world's leading players in sustainable finance, the EU and China. The CGT identifies commonalities to improve the interoperability and comparability of global sustainable finance standards. This is the first step to creating a common language that may be useful to harmonise taxonomies and facilitate cross-border green finance flows.

The Green and Sustainable Finance Cross-Agency Steering Group, comprising Hong Kong financial regulators and agencies, announced that it would explore developing a green classification framework for adoption in the local market to aid navigation among the CGT, China, and the EU's taxonomies.<sup>9</sup> The work will be guided by the principles of interoperability, comparability, and inclusiveness, considering other definitions of green, transitional activities, and local considerations. The Steering Group will work with industry practitioners, experts and stakeholders to operationalise the CGT.

Hong Kong's early adoption of the CGT and its unique position as the financial gateway between Mainland China and the rest of the world will help accelerate cross-border green and sustainable financial investments. A study of the green finance roadmap under the vision of carbon neutrality published by the Research Group of the Green Finance Committee of the China Society for Finance and Banking indicates that China is projected to invest the equivalent of USD75tn (RMB487tn) in carbon neutrality financing over the next 30 years, representing five times its 2020 national output.

Hong Kong is well-positioned to take advantage of the demand for green financial services across the border. The Hong Kong Green Finance Association (HKGFA) celebrated the first anniversary of the Guangdong-Hong Kong-Macau Greater Bay Area Green Finance Alliance (GBA-GFA) in Shenzhen last September. In addition to several sustainable finance-related projects, the Alliance supports: the Green Building Project, Blockchain Solar Project, the GBA deep decarbonisation research led by Shenzhen and the Green Supply Chain Financing Action Guide led by Guangdong. The latest CGT research has been added to the list of projects co-led by HKGFA and Guangdong GBA-GFA Secretariat. The GBA-GFA CGT research aims to identify the opportunities CGT presents for Hong Kong and GBA and implementation considerations. The research should influence the formulation of green finance policy in GBA and stimulate market actions based on CGT-related awareness, develop a local taxonomy, and position Hong Kong as a leading sustainable finance hub.

The GBA-GFA research findings will be published at the 2022 GBA-GFA HKGFA Annual Forum in Hong Kong in September 2022.

## Transition finance

The transition finance space is fast developing in Hong Kong. It facilitates investment in economic activities and entities that do not fit the scope of green finance but are essential to mobilising capital flows towards activities which enable the transition to a Paris Agreement-aligned economy. Though widely accepted definitions have yet to materialise, new transition debt instruments such as transition bonds, SLBs, SLLs are gaining traction.

In September 2020, Climate Bonds published *Financing Credible Transitions*, a white paper which provides an initial framework and five principles for identifying credible transition finance activities.<sup>10</sup> In the subsequent discussion paper *Transition Finance for Transforming Companies*, Climate Bonds defined the Five Hallmarks of a credibly transitioning company.<sup>11</sup>

Climate Bonds encourages using the Five Hallmarks to assess the transition instruments, as well as a broader assessment of the integrity of a company transition.

## Outlook

The rapid growth in Hong Kong's GSS+ debt market reflects the region's determination to fulfil its climate actions and strengthen its strategic position as an international hub for green and sustainable finance (GSF). Climate Bonds expects the expansion to continue, backed by growing investor demand and Hong Kong's strong commitment to building a supportive GSF ecosystem.

While innovation is crucial to enable financing an economy's green transition, clarity and transparency are pivotal to credible scaling in the ballooning market. This highlights the need and urgency to establish a common understanding of fundamental features such as which activities can be considered green and how a credible transition might look.

Hong Kong is developing its local taxonomy to fill the gap. The city identified adopting a green classification framework aligned with the CGT as one of its key near-term actions, which would require coordinated efforts from policymakers, regulators, and various market stakeholders to ensure proper formulation and implementation. Such an internationally recognised classification system will facilitate cross-border issuance and trading and serve as an important reference point for benchmarking and disclosure.

The HKSAR Government has issued over USD9bn equivalent of green bonds to institutional and retail investors by May 2022 and is expected to continue the regular green bond issuances in the coming years. Such endeavour sends a strong signal of the city's commitment to a low-carbon economy. It

### Five Hallmarks of a Credibly Transitioning Company



#### 1. Paris-aligned targets

- Select sector-specific transition pathway aligned with Paris Agreement goals
- Company-specific KPIs that align as early as possible with that pathway
- Science based, address scope 1, 2 & 3 emissions and address short, medium and long term



#### 2. Robust Plans

- Set the strategy and plan to deliver on those KPIs
- Prepare associated financing plan detailed cost estimates and expected source of funding
- Put in place necessary governance frameworks to enact change



#### 3. Implementation action

- Capital expenditure, operating expenditure
- Other actions detailed in the strategy



#### 4. Internal reporting

- Track performance
- Re-evaluated and recalibrate KPIs as needed



#### 5. External reporting

- External reporting and independent verification on the KPIs and strategy to deliver (per Hallmarks 1 and 2)
- Annual reporting of independently verified progress in terms of action taken and performance against targets. (per Hallmarks 3 and 4)



## Case Study: Using the Five Hallmarks to assess an SLB

In January 2021, the Hong Kong property developer **New World Development Company Limited** (NWD) issued a 10-year USD200m bond against its SLB Framework, tied to its target to use 100% renewable energy at their Greater Bay Area rental properties by Financial Year (FY) end 2025/2026, compared to less than 1% usage in FY2019/2020. Failure to meet this target will result in offset purchases equivalent to a 25bps step-up from 2027 until maturity.

### 1. Paris-aligned targets

NWD's SLB targets are based on its 2021 Renewable Energy Roadmap, aiming to only use renewable energy in its rental properties by FY-end 2025/2026 in the Greater Bay Area and by FY-end 2030/2031 for Greater China. This is relatively material given that Scope 2 emissions account for over 90% of NWD's total Scope 1 and 2 emissions, helping decarbonise NWD's indirect emissions. This target aligns with Science-Based Targets initiative's (SBTi's) criteria guidance for 80% renewable energy by 2025.

NWD is committed to halving its carbon emission intensity by FY2030 (against a FY2015 baseline) and has already achieved a reduction by 33% as of FY2021. According to its SPO, it discloses its Scope 1 and 2 Emission Intensity in its Annual Report and is already tracking its Scope 3 emissions. Engaging and setting targets on reducing Scope 3 emissions are particularly pertinent in the Commercial Real Estate (CRE) sector.<sup>15</sup>



### 2. Robust plans

#### 3. Implementation actions

NWD published its *Sustainable Vision 2030* (SV2030) strategy in 2020 and detailed its targets across emission intensity, energy intensity, waste, and water intensity, amongst others. These were later strengthened by its Renewable Energy Roadmap, building out its Green Building Certifications in GBA and China, and climate risk modelling.

This is further reinforced by NWD's track record of raising capital through sustainable financing (green bonds, SLLs, SLBs). Climate Bonds encourages NWD to develop its CapEx and OpEx plans regarding its SV2030 strategy, delineating investments against their targets.

NWD has strong governance mechanisms to help structure its decarbonisation: NWD's Sustainability Committee reports to the Board annually against various SV2030 metrics, and is informed by a Sustainability Steering Committee, Department, and Task Force.



### 4. Internal reporting

#### 5. External reporting

NWD has committed to reporting annually internally and externally on the progress of the key performance indicators (KPIs) tied to this SLB, as well as on various other sustainability KPIs detailed in its SV2030 Strategy.



Assessed against the Five Hallmarks, NWD's SLB issuance and overall decarbonisation strategy present an opportunity for NWD to lead the real estate sector in transition finance and issuers in other sectors who want to link their financing to their transition strategy. Climate Bonds celebrates NWD's efforts and encourages further ambition in its long-term deep decarbonisation required for alignment with the Paris Agreement.

also helps diversify project categories and attract a diversified investor base, setting best practices and standards in the local market. All these actions can lead to higher liquidity and lower cost of capital, ultimately stimulating more private funding of green and sustainable projects in the region.

Hong Kong will continue to position itself as a major offshore GSF centre for the mainland. Shenzhen's successful inaugural offshore green bond issuance in October 2021 paved the way for further collaboration and market integration with the mainland, particularly the GBA. Riding on China's opening its capital market and acceleration to meet climate goals, Hong Kong is well positioned to capitalise on the opportunity with growing demand from global investors to participate in China's development and decarbonisation.

Transition finance has gained traction in Hong Kong. Despite the lack of a universally accepted standard in transition finance, newly developed instruments (such as transition bonds, SLBs and SLLs) will be further explored by more sectors in the region to fund the transition to a low-carbon economy. In addition to developing guiding principles to help identify credible transition activities, Climate Bonds is coordinating the drafting of rigorous science-based standards to support high-carbon industries and hard-to-abate sectors in setting credible emission reduction pathways and thresholds. Ongoing work includes the development of sector criteria for steel, cement, and basic chemicals. They are expected to be completed in 2022.

Globally, the annual issuance of USD1tn in green bonds is expected to be in sight by the end of 2022. Hong Kong, establishing itself as an international GSF hub, will continue to be an essential platform to facilitate a low-carbon transition for the region.

## Endnote

1. The prior reports were *The Hong Kong Green Bond Market Briefing* 2018, 2019, 2020.
2. Climate Bonds does not have coverage on sustainability-linked loans (SLLs). It does cover social bonds but captured none issued from Hong Kong in 2021.
3. This number is rounded to 0 decimal place.
4. Climate Bonds Initiative. September 2020. *Climate Bonds Initiative Green Bond Database Methodology*. <https://www.climatebonds.net/files/files/cbi-gb-methodology-061020.pdf>
5. Climate Bonds Initiative. January 2021. *Climate Bonds Taxonomy*. [https://www.climatebonds.net/files/files/CBI\\_Taxonomy\\_Jan2021.pdf](https://www.climatebonds.net/files/files/CBI_Taxonomy_Jan2021.pdf)
6. Climate Bonds distributes the proceeds evenly across UoP categories in accordance with the issuer's green bond framework, if no exact percentage of allocation is mentioned.
7. The actual UoP of HKSAR Government green bonds are disclosed annually in the Green Bond Report. Climate Bonds Initiative equally allocates amount to the mapped UoP categories upon issuance as a proxy based on the Green Bond Frameworks, unless such information is made available pre-issuance.
8. The minimum loan size in respect of applications for subsidies for covering external review costs has been lowered from HKD200mn to HKD100mn.
9. Established in May 2020, the Steering Group is co-chaired by the HKMA and the Securities and Futures Commission with members comprising other financial regulators and agencies. The Steering Group aims 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 Government's climate strategies.
10. Climate Bonds Initiative. September 2020. *Financing credible transitions*. <https://www.climatebonds.net/transition-finance/fin-credible-transitions>
11. Climate Bonds Initiative. 10 September 2021. *Transition finance for transforming companies*. <https://www.climatebonds.net/files/files/Transition%20Finance/Transition%20Finance%20for%20Transforming%20Companies%20ENG%20-%2010%20Sept%202021%20.pdf>
12. Bond arranging activities comprise originating and structuring, bookbuilding, legal and transaction documentation preparation, and sale and distribution. The HKMA considers a bond as issued in Hong Kong if more than 50% of the lead managers of the bond come from Hong Kong, consistent with the methodology adopted by the International Capital Market Association in "The Asian International Bond Markets: Developments and Trends".
13. Along this methodology, the HKMA estimates the green and sustainable loan market size in Hong Kong from LoanConnector data
14. This refers to the location where the majority of the issuers' business takes place.
15. CDP, Carbon Credentials (2017), Summary of emissions reported by UK commercial real estate companies to CDP in 2017



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