

Module Outline

Certified Banker (Stage II)

Green Finance and Sustainability

Benchmarked HKQF Level:	5
No. of Credits:	30
Total Notional Learning Hours:	300
a) Class contact hours:	15 hours (3-hour per session x 5)
b) Self-study hours:	282 hours
c) Assessment hours:	3 hours
Pre-requisite:	NA

Module Objective

This module aims to develop candidates' comprehensive knowledge, skills and understanding relating to green finance and sustainability and the relationship between green and sustainable finance and ESG. With the study of internationally-recognised as well as local banking principles and practice in the full spectrum of green finance and sustainability, together with guidelines from local regulator and case studies, learners will be able to understand how to help bank deliver its strategy, perform well at work, serve customers, communities and the wider environment to manage climate-related risk, and support the transition to a low-carbon and sustainable world with the provision of green and sustainable finance.

Module Intended Outcomes (MIOs) and Units of Competencies (UoCs)

Upon completion of the Module, candidates should be able to:

MIOs	Intended Outcomes / Competence	*Unit of Competencies (UoCs)
MIO-1	Assess the latest development, governance factors, good practices and market trends in Green Finance and Sustainability to meet the transformation and changing needs in the banks and financial institutions.	107465L5 109252L5 109268L5 109269L5
MIO-2	Analyse the major green debt financing instruments.	109415L5
MIO-3	Evaluate different factors relevant in ESG investing, the application of ESG valuation in equity and bonds, and the ESG consideration in the investment process.	109443L5

MIO-4	Utilise the major green finance certifications and ESG ratings being used in the market to different development and operational processes.	
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**Note: For the details of the UoCs, please refer to the Specification of Competency Standards (SCS) of [Retail Banking](#) and [Corporate & Commercial Banking](#) which were developed by HKCAAVQ.*

Assessment

Examination duration:	3 hours
Examination format:	Multiple Choice Questions (MCQ) with 50-60 questions and 2 out of 3 essay questions
Pass mark:	60%

Syllabus

Chapter 1: Overview of Green Finance and ESG	
1.1	Introduction to ESG
1.1.1	- What is ESG
1.1.2	- ESG Strategies
1.1.3	- ESG Equity and Debt Investment
1.1.4	- Relationship among ESG, Green Finance, and Sustainability
1.1.5	- Influence and Impact of Climate Risk on the Banking Industry
1.1.6	- ESG Regulatory Development
1.2	Climate Transition Finance
1.2.1	- Company's Climate Transition Strategy
1.2.2	- Company's Business Model Environmental Materiality
1.2.3	- Company's Climate Transition Strategy to be Science-based including Targets and Pathways
1.2.4	- Company's Implementation Transparency
1.3	Introduction to Green Loans and Green Bonds
1.3.1	- Green Loan Principles
1.3.2	- Green Bond Principles
1.3.3	- Social Bond Principles
1.3.4	- Sustainability Bonds Guidelines
1.3.5	- Sustainability-Linked Bond Principles
1.3.6	- Latest Regulatory Development on Green and Sustainable Finance
1.3.7	- Emergence of Blue Finance
Chapter 2: Green Finance Instruments	
2.1	Green Debt
2.1.1	- Green Loans vs. Green Bonds

2.1.2	- Identification of Eligible Green Projects
2.1.3	- Bond Issuer Green Framework
2.1.4	- Green Washing Risks
2.2	Green Securitisation
2.2.1	- Defining Green Securitisation
2.2.2	- Green Securitisation vs. Green Bonds
2.2.3	- Green Auto ABS
2.2.4	- Solar ABS
2.2.5	- Green RMBS
2.2.6	- Green CMBS
2.2.7	- Green CLO
Chapter 3: ESG Investing Consideration	
3.1	ESG Analysis
3.1.1	- ESG Value Drivers
3.1.2	- Analysis of Environmental Factors
3.1.3	- Analysis of Social Factors
3.1.4	- Analysis of Governance Factors
3.1.5	- Identifying ESG Risks from Banks' perspective
3.1.6	- Identifying ESG Opportunities from Bank's perspective
3.2	ESG Valuation
3.2.1	- ESG and Valuation Models
3.2.2	- ESG in Equity Valuation
3.2.3	- ESG in Fixed Income Valuation
3.3	ESG Investment Decision Process
3.3.1	- ESG Investment Guidelines
3.3.2	- ESG Asset Allocation
3.3.3	- ESG Company Analysis
3.3.4	- Socially Responsible Investing (SRI)
Chapter 4: Green Finance Certification and ESG Rating	
4.1	Overview of Green Finance Certification and ESG Rating Global Practice
4.1.1	Green Certification: Market Development, Major Players (Sustainalytics, HKQAA, S&P)

4.1.2	ESG Ratings: Market Development, Major Players (MSCI, Sustainalytics)
4.2	HKQAA Green Finance Certification
4.2.1	Green Finance Design: Core Reference and Qualitative Approach
4.2.2	Green Finance Scheme Setting: Pre-Issuance and Post-Issuance Stages
4.2.3	Green Certification Process
4.3	Other Green Review Methodologies
4.4	MSCI ESG Rating
4.4.1	MSCI ESG Rating Scale
4.4.2	MSCI ESG Rating Methodology Three Pillars
4.4.3	MSCI ESG Key Issue Hierarchy
4.4.4	MSCI ESG Rating Process
4.5	Other ESG Rating System

Recommended Readings

Essential Readings:

1. HKIB Study Guide of CB (Stage II) – Green Finance and Sustainability. (2022).

Supplementary Readings

1. LSTA – Green Loan Principles. (2021). (<https://www.lsta.org/content/green-loan-principles/>)
2. ICMA – Green Bond Principles. (2021).(<https://www.icmagroup.org/News/news-in-brief/green-and-social-bond-principles-2021-edition-issued/>)
3. ICMA – Climate Transition Finance Handbook. (2020). (<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Climate-Transition-Finance-Handbook-December-2020-091220.pdf>)
4. MSCI – Introducing ESG Rating (2018). (<https://www.msci.com/documents/1296102/7943776/ESG+Investing+brochure.pdf/bcac11cb-872b-fe75-34b3-2eaca4526237>)
5. FSDC – Hong Kong as a Regional Green Finance Hub. (2016). (<https://www.fsd.org.hk/media/1eontef/press-release-green-finance-english.pdf>)
6. HKSAR – Hong Kong Green Bond Report. (2021). (https://www.hkgb.gov.hk/en/others/documents/Green_Bond_Report_2021.pdf)
7. Fitch – Green Securitisation: Developments and Challenges. (2021). (<https://www.fitchratings.com/research/structured-finance/green-securitisation-developments-challenges-15-04-2021>)
8. FSDC – Developing into the Global ESG Investment Hub of Asia. (2022). (<https://www.fsd.org.hk/en/insights/hong-kong-developing-into-the-global-esg-investment-hub-of-asia>)
9. IOSCO – ESG Ratings and Data Products Providers. (2021). (<https://www.hkgreenfinance.org/iosco-consults-on-esg-ratings-and-data-providers/>)
10. OECD – ESG Investing Practices, Progress and Challenges. (<https://www.oecd.org/finance/ESG-Investing-Practices-Progress-Challenges.pdf>)
11. HKQAA – Green Finance Certification Scheme Handbook. (http://www.hkqaa.org/cmsimg/Green%20Finance/GFCS_green_fund_handbook_hyperh.pdf)
12. HKQAA – Green and Sustainable Finance related Certification List of Certification. (2021).

http://www.hkqaa.org/cmsimg/GreenFinance/20211008_HKQAA_GSFCS_list.pdf

13. MSCI – ESG Ratings Methodology Executive Summary. (2020).
<https://www.msci.com/documents/1296102/21901542/MSCI+ESG+Ratings+Methodology+-+Exec+Summary+Nov+2020.pdf>
14. MSCI – ESG Metrics Calculation Metrics Calculation Methodology. (2020).
[https://www.msci.com/documents/10199/1283513/MSCI ESG Metrics Calc Methodology Dec2020.pdf/92a299cb-0dbc-63ba-debb-e821bd2e2b08](https://www.msci.com/documents/10199/1283513/MSCI_ESG_Metrics_Calc_Methodology_Dec2020.pdf/92a299cb-0dbc-63ba-debb-e821bd2e2b08)

Further Readings

1. S&P - Global Sustainable Bond Issuance To Surpass \$1.5 Trillion In 2022. (2022).
<https://www.spglobal.com/ratings/en/research/articles/220207-global-sustainable-bond-issuance-to-surpass-1-5-trillion-in-2022-12262243>
2. SCMP - JPMorgan expects ESG bond issuance in Asia to nearly double in 2022 amid investor demand and climate change efforts. (2022).
<https://www.scmp.com/business/banking-finance/article/3154220/jpmorgan-expects-esg-bond-issuance-asia-nearly-double-2022>
3. HKEX – The Burgeoning Mainland Green ABS Market and the Potential Support from the Hong Kong Market (2021).
https://www.hkex.com.hk/-/media/HKEX-Market/News/Research-Reports/HKEx-Research-Papers/2021/CCEO_GreenABS_202105_e.pdf?la=en
4. SCMP - ‘Greenwashing’ concerns raised as Hong Kong airport floats green bond. (2022).
<https://www.scmp.com/business/article/3162333/sustainable-finance-greenwashing-concerns-raised-hong-kong-airport-floats>
5. AsianInvestor - Client demand the driving force behind ESG investment in APAC: survey. (2021).
<https://www.asianinvestor.net/article/client-demand-the-driving-force-behind-esg-investment-in-apac-survey/473578>
6. SCMP - Can Hong Kong help cut through the alphabet soup of global ESG rules? (2022).
<https://www.scmp.com/business/article/3164217/green-finance-global-standard-may-cut-through-alphabet-soup-global-esg>
7. Bloomberg – the ESG Mirage. (2021).
<https://www.bloomberg.com/news/audio/2021-12-10/the-esg-mirage-podcast>
8. MSCI – 2022 ESG Trends to Watch. (2022).
<https://www.msci.com/research-and-insights/2022-esg-trends-to-watch>