

## Module Outline

### ECF on Green and Sustainable Finance (GSF)

### Module 6 “Green and Sustainable Finance Product”

<b>Benchmarked HKQF Level:</b>	5
<b>No. of Credits:</b>	10
<b>Total Notional Learning Hours:</b>	100
<b>a) Class contact hours:</b>	9 hours (3-hour per session x 3)
<b>b) Self-study hours:</b>	89 hours
<b>c) Assessment hours:</b>	2 hours
<b>Pre-requisite:</b>	NA

### Module Objective

The objective of this module is to provide a comprehensive understanding of green and sustainable finance (GSF) products, with an emphasis on the Hong Kong financial market. It equips learners with the knowledge and skills to assess, structure, and innovate green, social, and sustainability-linked bonds and loans in compliance with regulatory frameworks, industry best practices, and market trends. By the end of the module, learners will be able to understand the core components of GSF products as well as emerging trends in the field. The module will also focus on ensuring the integrity, transparency, and credibility of these products by incorporating industry best practices and regulatory guidelines, with a particular emphasis on the Hong Kong market.

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

Upon completion of the Module 6, candidates should be able to:

<b>MIOs</b>	<b>Intended Outcomes / Competence</b>	<b>*Unit of Competencies (UoCs)</b>
MIO-1	Develop proficiency in the practical application of relevant Principles, Guidelines and Handbooks to structure and innovate green and sustainable finance products.	109253L5 109414L5 109425L5
MIO-2	Differentiate and analyse the core components and building blocks of credit and debt products in the context of green and sustainable finance, such as green, social and sustainability bond/loan, sustainability-linked bond/loan, and green securitisation.	
MIO-3	Incorporate industry best practices and regulatory guidelines to ensure the integrity, transparency, and credibility of green and sustainable finance products.	

*\*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

<b>Examination duration:</b>	2 hours
<b>Examination format:</b>	Multiple Choice Questions (MCQ) with 60 questions
<b>Pass mark:</b>	60%

## Syllabus

<b>Chapter 1: Green, Social and Sustainability Bonds and Loans</b>	
<b>1.1</b>	<b>Best practices to assess, structure and innovate green, social, and sustainability bonds and loans</b>
1.1.1	- Overview of green, social, and sustainability bonds and loans
1.1.2	- Key principles and frameworks (e.g., Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines)
1.1.3	- Structuring green and social bonds: Key components and considerations
1.1.4	- Overview of the Hong Kong Government Sustainable Bond Programme
1.1.5	- Case studies of successful green and social bond issuances in Hong Kong
1.1.6	- Innovations in green and social bond structures (e.g., transition bonds, blue bonds)
1.1.7	- Green, Social, and Sustainability-Linked Loans
1.1.8	- Case study of green bond and sustainability-linked bond
<b>1.2</b>	<b>Role of stakeholders in the issuance of green, social and sustainability bonds and loans</b>
1.2.1	- Hong Kong Monetary Authority (HKMA), Securities and Futures Commission (SFC), and Hong Kong Exchange (HKEX): Policy roles and regulatory frameworks
1.2.2	- Role of banks, underwriters, and institutional investors in Hong Kong's green finance ecosystem
1.2.3	- Third-party opinions and external reviews: HKQAA, Sustainalytics, S&P Global Ratings, and others
1.2.4	- Collaboration with international bodies (e.g., ICMA, Climate Bonds Initiative)
<b>1.3</b>	<b>Major considerations in the issuance cycle of green, social and sustainability bonds and loans</b>
1.3.1	- Pre-issuance: Project selection and eligibility criteria
1.3.2	- Issuance: Pricing, marketing, and investor engagement
1.3.3	- Post-issuance: Reporting, monitoring, and impact assessment
1.3.4	- Regulatory compliance and disclosure requirements in Hong Kong
1.3.5	- Market challenges: Liquidity, secondary market performance, and investor perception

<b>1.4</b>	<b>Common practices related to the issuance of green, social and sustainability bonds and loans</b>
1.4.1	- Taxonomy and classification of sustainable finance projects under Hong Kong's green finance strategy
1.4.2	- Differences between public and private placement of green bonds in Hong Kong
1.4.3	- Use of proceeds: Allocation and tracking
1.4.4	- ESG reporting requirements and expectations from international investors
1.4.5	- Verification and certification: The HKQAA Green Finance Certification Scheme
1.4.6	- Use of third-party evaluations and certifications
<b>1.5</b>	<b>Risks associated with greenwashing that arise from the issuance of green, social and sustainability bonds and loans</b>
1.5.1	- Understanding greenwashing: Definitions and examples
1.5.2	- Regulatory requirements to mitigate greenwashing in Hong Kong
1.5.3	- SFC's stance on ESG disclosures and anti-greenwashing guidelines
1.5.4	- Market-based solutions: Third-party verification and investor due diligence
1.5.5	- Case studies: Greenwashing and Bluewashing controversies and lessons learned
1.5.6	- Best practices to mitigate greenwashing risks
<b>Chapter 2: Sustainability-linked Bonds and Loans</b>	
<b>2.1</b>	<b>Best practice to assess, structure and innovate sustainability-linked bonds and loans</b>
2.1.1	- Introduction to sustainability-linked bonds (SLBs) and loans (SLLs)
2.1.2	- Key principles and frameworks (e.g., Sustainability-Linked Bond Principles)
2.1.3	- Structuring SLBs and SLLs: Key performance indicators (KPIs) and sustainability performance targets (SPTs)
2.1.4	- Sustainability-linked finance in Hong Kong's property, utilities, and infrastructure sectors
2.1.5	- Case studies of SLB and SLL issuances in Hong Kong
2.1.6	- Innovations in SLB and SLL structures
<b>2.2</b>	<b>Role of stakeholders in the issuance of sustainability-linked bonds and loans</b>
2.2.1	- Role of HKMA, SFC, and banks in promoting sustainability-linked finance
2.2.2	- Role of third-party assurance and verification in ensuring credibility
2.2.3	- Impact of investor expectations on structuring SLBs and SLLs
2.2.4	- Issuer's motivation in green financing instruments
2.2.5	- Pricing advantages in green bonds/loans

<b>2.3</b>	<b>Major considerations in the issuance cycle of sustainability-linked bonds and loans</b>
2.3.1	- Pre-issuance: Setting KPIs and SPTs
2.3.2	- Issuance: Pricing, marketing, and investor engagement
2.3.3	- Post-issuance: Monitoring, reporting, and verification
2.3.4	- Legal and contractual considerations in structuring SLBs and SLLs
2.3.5	- Legal documentation checklist for SLBs/SLLs in Hong Kong
2.3.6	- Regulatory compliance and disclosure requirements
2.3.7	- Alignment to Hong Kong's Climate Action Plan 2050
2.3.8	- Market demand and liquidity of SLBs in Hong Kong
<b>2.4</b>	<b>Common practices related to the issuance of sustainability-linked bonds and loans</b>
2.4.1	- Use of proceeds: Allocation and tracking
2.4.2	- Reporting and disclosure best practices
2.4.3	- Common ESG metrics and indicators to assess GSF products
2.4.4	- Variations in structuring SLBs across different industries
2.4.5	- Case studies: Notable SLB and SLL issuances by Hong Kong companies
<b>2.5</b>	<b>Risks associated with greenwashing that arise from the issuance of sustainability-linked bonds and loans</b>
2.5.1	- Understanding greenwashing in SLBs and SLLs
2.5.2	- Regulatory responses to greenwashing in Hong Kong
2.5.3	- Risks of failing to meet sustainability performance targets
<b>Chapter 3: Other GSF Products and Trends</b>	
<b>3.1</b>	<b>Best practice to assess, structure and innovate blue finance products, transition finance products and green mortgages</b>
3.1.1	- Overview of blue finance and its relevance to Hong Kong's marine economy
3.1.2	- Transition finance: Role in decarbonising heavy industries and energy sectors
3.1.3	- Green mortgages in Hong Kong: Incentives for energy-efficient buildings and sustainable property financing
3.1.4	- Blended finance
3.1.5	- Securitisation of green financing projects
3.1.6	- Case studies of blue finance and transition finance in Hong Kong
3.1.7	- Innovations in green mortgages and other GSF products
<b>3.2</b>	<b>Emerging trends and industry-specific innovations in green and sustainable finance products and green mortgages</b>

3.2.1	- Integration of fintech in sustainable finance in Hong Kong
3.2.2	- Expansion of Hong Kong's voluntary carbon market and sustainability-linked derivatives
3.2.3	- ESG integration in banking and finance
3.2.4	- Emerging GSF products: Carbon credits, biodiversity bonds, etc.
3.2.5	- Emerging technologies in GSF
3.2.6	- Regional green finance cooperation: Cross-border initiatives with the Greater Bay Area
<b>3.3</b>	<b>Potential of other rising green related banking products</b>
3.3.1	- Green deposits and savings products
3.3.2	- Green insurance products
3.3.3	- Green investment funds and ETFs
3.3.4	- The future of GSF in Hong Kong: Opportunities and challenges

## Recommended Readings

### ***Essential Readings:***

1. HKIB Study Guide of ECF-GSF: Module 6 Green and Sustainable Finance Product. (2025).

### ***Supplementary Readings:***

1. Hong Kong Monetary Authority (HKMA). (2024). *Hong Kong Taxonomy for Sustainable Finance*. Retrieved from <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2024/20240503e1.pdf>
2. Hong Kong Monetary Authority (HKMA). (2022). Due Diligence Processes for Green and Sustainable Products. Retrieved from <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2022/20221209e3a1.pdf>
3. ICMA. (2022). *Green Bond Principles*. Retrieved from <https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf>
4. ICMA. (2023). *Social Bond Principles*. Retrieved from <https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf>
5. ICMA. (2021). *Sustainability Bond Guidelines*. Retrieved from <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>
6. ICMA (2024). *Sustainability-Linked Bond Principles*. Retrieved from <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Sustainability-Linked-Bond-Principles-June-2024.pdf>

### ***Further Readings:***

1. Hong Kong Monetary Authority (HKMA). (2023). *Enhancing the Green and Sustainable Finance Ecosystem*. Retrieved from <https://www.hkma.gov.hk/media/eng/publication-and-research/sustainability-report/2023/5-Enhancing-the-Green-and-Sustainable-Finance-Ecosystem.pdf>