

# **ESG** funds requirements

13 January 2023

**Investment Products, Securities and Futures Commission** 



# Regulatory approach on ESG funds

## **ESG** funds

Funds with investment focus on climate, green, ESG or sustainable development



# Regulatory objectives

Enhance disclosure transparency and comparability

Combat greenwashing



# Main approaches in classifying ESG funds

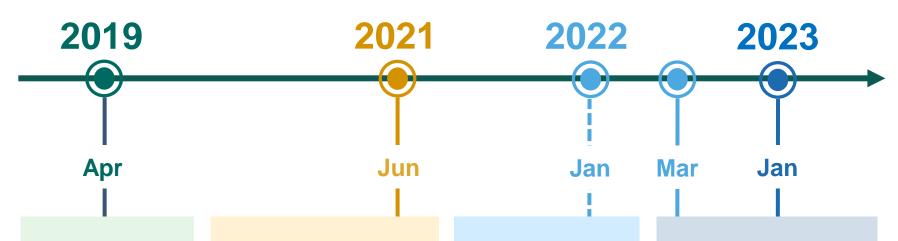
Disclosure-based classification

Technical certification or labels



### **Timeline**

## Key developments of ESG funds related requirements



Issued first ESG funds circular – enhance disclosure quality and comparability of ESG funds Issued new ESG funds circular – provide further guidance on enhanced disclosure of ESG funds and additional guidance for funds with climaterelated focus

Requirements on periodic assessment – applicable to any assessment period beginning on or after 1 Jan 2022

Conducted industry
workshops – respond
to industry queries on
ESG fund application
procedures and
compliance with circular
requirements



# Overview of requirements on ESG funds in HK

### **ESG** funds

# Disclosure requirements

**Others** 

#### 2021 circular

- Scope of ESG funds
- Naming requirements
- Offering documents (including the KFS)
- Additional information
- Periodic assessment and reporting
- Ongoing monitoring
- Dedicate ESG funds webpage

#### **ISOCO** recommendations

#### Key areas to be covered at productlevel

- Product authorization
- Naming
- Disclosure of investment objectives, strategies (incl. proxy voting and shareholder engagement) and risks
- Periodic reporting
- Monitoring of compliance and sustainability-related performance
- Marketing materials