

The Green and Sustainable Finance Grant Scheme



To echo with the Financial Secretary’s announcement of the **Green and Sustainable Finance Grant Scheme (GSF Grant Scheme)** in providing subsidy for eligible bond issuers and loan borrowers, the Hong Kong Monetary Authority published a guideline on the GSF Grant Scheme accordingly, which came into effect on 10 May 2021 and last for three years.

The GSF Grant Scheme consists of two parts, including:

- I. **General Bond Issuance Costs:** covering bond issuance expenses (e.g. arrangement, legal, audit, listing fees, etc.) for eligible first-time green and sustainable bond issuers; and
- II. **External Review Costs:** covering transaction-related external review fees (e.g. including pre-issuance external review and post-issuance external review or reporting) for eligible green and sustainable bond issuers and loan borrowers, including first-time and repeated issuers and borrowers.

Eligibility Criteria and Application Requirements

	General Bond Issuance Costs	External Review Costs
Applicants	First-time green and sustainable bond issuers	Green/sustainable bond issuers and loan borrowers, not restricted to first-time
Eligible Issues	<ul style="list-style-type: none"> • Procured pre-issuance external review services provided by a <u>recognized external reviewer*</u>; • Issued in Hong Kong; • Issuance size of at least HK\$1.5 billion for General Bond Issuance Costs application/HK\$200 million for External Review Costs application;; • Lodged with and cleared by the Central Moneymarkets Unit (CMU) in its entirety, or being listed on the Stock Exchange of Hong Kong Limited (SEHK) (not applied to loans); and • being, at issuance, issued in Hong Kong to (i) 10 or more persons or (ii) less than 10 persons none of whom is an associate of the issuer (not applied to loans). 	
Grant amount	Half of the eligible expenses, up to the limits of (i) HK\$2.5 million (i.e. the bond, its issuer or guarantor possess a credit rating) or (ii) HK\$1.25 million (i.e. without any credit rating), subject to a maximum of two bond issuances	Full cost of eligible expenses paid to recognized external reviewers, capped at HK\$800,000 per bond issuance/loan.
Eligible expenses	<ol style="list-style-type: none"> 1. Fees to Hong Kong-based arrangers 2. Fees to Hong Kong-based legal advisors 3. Fees to Hong Kong-based auditors and accountants 4. Fees to Hong Kong-based rating agencies 5. SEHK listing fees 6. CMU lodging and clearing fees 	<ul style="list-style-type: none"> • Pre-issuance external review (including, for example, certification, second-party opinion, verification, ESG scoring/rating, assurance, consultation to develop the green and sustainable bond/loan framework); and • Post-issuance external review or reporting.

* *Recognised external reviewer is one that has considerable presence in Hong Kong, satisfactory observance of internationally-recognised standards; and proven track records in green and sustainable bonds and loans review services, especially international issuances. Deloitte is proud to be one of the recognized external reviewers.*

How Deloitte supports Green Finance

Deloitte is the undisputed leader in the global sustainability service sector, having over **900** partners and other professionals worldwide from over **50** countries/regions. We are devoted to providing sustainability-related advisory and assurance services to all kinds of organisations around the globe.

Deloitte proactively participates in activities, forums, researches, etc. organised by organisations supporting sustainable development all over the world, including deploying sustainability expert to support the drafting of the “**Green Bonds 002°C-A guide to scale up climate finance**” by the World Business Council For Sustainable Development (WBCSD).





Deloitte also actively provide integrated market research and analysis related to climate change through qualitative and quantitative studies. One of our latest research reports - **China’s turning point: How climate action can drive our economic future**, models to show the economic costs of climate inaction and gains of deploying rapid decarbonization in China.

<https://www2.deloitte.com/content/dam/Deloitte/cn/Documents/about-deloitte/cn-dtt-turningpoint-report-en-210823.pdf>

In addition, Deloitte provided green finance-related services to a number of large enterprise covering pre & post-issuance review and advisory services.



How Deloitte could support you

	Pre-issuance Assurance	Post-issuance Assurance
	Purpose of Fund	Whether the investment projects and assets meet the green project standards
	Evaluation and selection of green projects	Progress of green projects
	Fund management	Usage of Fund
	Reporting	Environmental benefits of green projects

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