

SFC-authorized ESG Funds Periodic Assessment



SFC circular requirements on ESG Funds and sustainability claims

Growth in sustainable investment is accelerating. As of the end of March 2022, the total assets under management (AUM) of SFC-authorized ESG funds in Hong Kong reached US\$143 billion. The Hong Kong's Securities and Futures Commission (SFC) will continue to monitor ESG funds' compliance with the requirements set out in its June 2021 circular.

KPMG firms can offer a range of services across your ESG journey to help you to assess regulatory expectations, close gaps and enhance ESG integration and engagement into your business models and strategies.

Regulatory requirement highlights

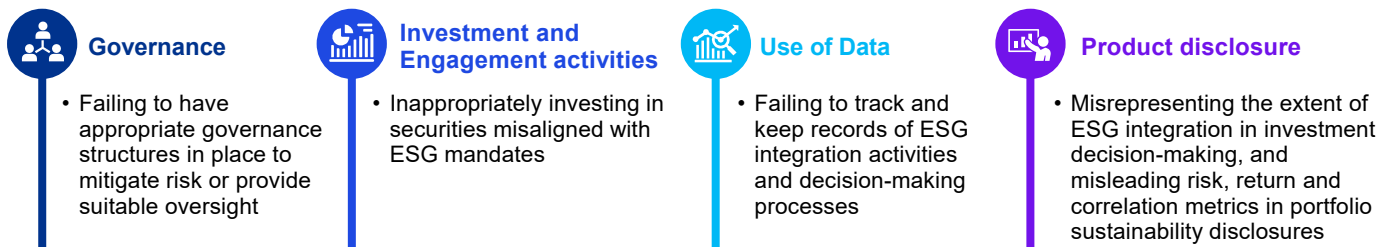
- In 2019, the SFC issued a circular to management companies of SFC-authorized unit trusts and mutual funds, aiming to enhance the disclosure standards of ESG funds.
- In 2021, the circular was enhanced with further naming and disclosure requirements, as well as a requirement to carry out periodic assessment and reporting.

Part G, para. 18-19. Periodic assessment and reporting

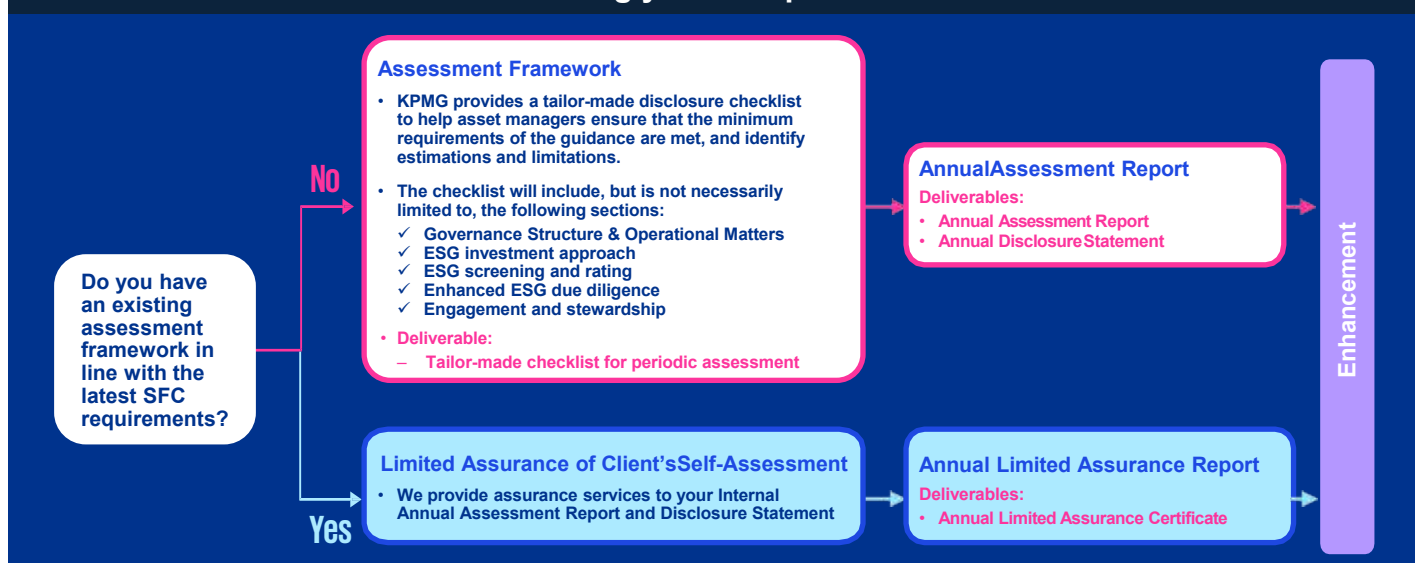
1. Conduct periodic assessment, at least annually, to assess how the fund has attained its ESG focus
2. The fund should disclose information about its periodic assessment to investors via appropriate means (e.g. annual reports)

- Naming Requirements
- Disclosure Requirements
- Others

Possible compliance pitfalls



Determining your compliance needs



Traceability, Verification, Assessment

ESG Funds Enhancement Service



Develop a framework to prepare for periodic assessment and reporting

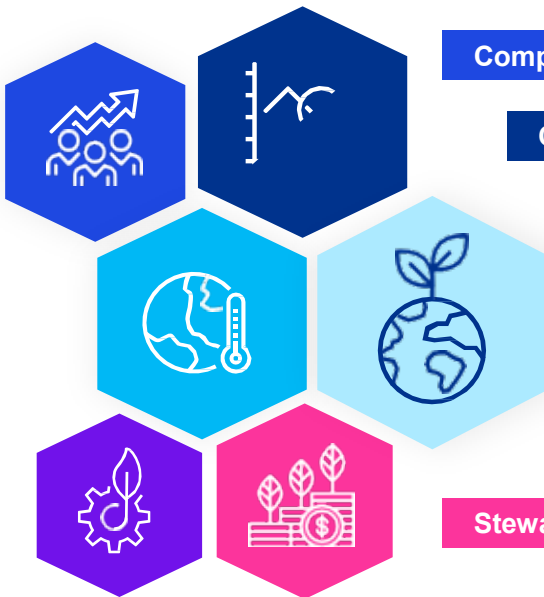


Review of other regulations and instruments to match or go beyond SFC requirements



Benchmark best practices and develop a roadmap to enhance the fund ESG performance

How KPMG can help



Compliance : ESG Fund periodic assessment or limited assurance

Compliance: FMCC climate-related risk disclosure

Fund-level TCFD: target setting, and financed emissions disclosure

Framework: ESG investment framework (best-in-class, thematic, impact, etc.)

Due Diligence: ESG screening and enhanced due diligence

Stewardship: Issuer's engagement on transitional planning

Contact Us



Pat-Nie Woo

Partner, Head of ESG, Hong Kong,
KPMG China
Global Co-Chair Sustainable Finance,
KPMG IMPACT
T: +852 3927 5674
E: pat.woo@kpmg.com



Angus Choi

Partner, Advisory
Climate and Sustainability
KPMG China
T: +852 2847 5160
E: angus.choi@kpmg.com



Edna Wong

Partner
Governance Risk &
Compliance
KPMG China
T: +852 2143 8693
E: edna.wong@kpmg.com



Eddie Ng

Partner
Audit
KPMG China
T: +852 2252 6022
E: clemence.aron@kpmg.com



Mandy Chung

Director, Asset Management
KPMG China
T: +852 2140 2384
E: mandy_chung@kpmg.com



Katherine Ho

Assistant Manager
ESG
KPMG China
T: +852 2978 8207
E: katherine.ho@kpmg.com

kpmg.com/cn/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2022 KPMG Tax Services Limited, a Hong Kong (SAR) limited liability company and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. Printed in Hong Kong (SAR). The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.