HKEX Green Equity Fact Sheet

What it is

The HKEX Green Equity is a voluntary designation framework granted by Hong Kong Green Designation Limited (HKGDL) to eligible companies with substantial green activities and investments.

Companies are assessed by an independent Recognised Reviewer against the HKEX Green Equity Framework, which draws on relevant taxonomies and the WFE Green Equity Principles, and aligns with global sustainability priorities.

Key benefits

Elevating visibility of green companies: A recognised credential that raises visibility and signals green credentials to market participants, from ESG-focused investors to index providers and rating agencies.

Informing investor decisions: HKEX Green Equity gives investors a clear, comparable basis to direct green capital.

Deepening Hong Kong's green market: Building a trusted universe of recognised green companies to support the development of Hong Kong's sustainable finance ecosystem.

Who can apply

Open to both listed and non-listed companies. Companies in the process of listing may be granted the designation provisionally, effective from the first day of listing. Certain investment vehicles and entities whose principal activity is holding or managing investments for investors are not eligible.

Eligibility requirements

The main eligibility requirements include:

Operational. The company must demonstrate compliance in three areas:

- **Environmental** – complies with applicable environmental laws, with no outstanding material enforcement action, material controversies disclosed, and processes in place to consider the environmental sustainability of its operations
- **Social** – complies with applicable social, labour, employment and health and safety laws, with no material breach
- **Governance** – appropriate board-level oversight of the company's sustainability strategy and its implementation

Where the Recognised Reviewer cannot confirm compliance, the application does not proceed to financial assessment.

Financial. The company must satisfy all four thresholds:

- at least 50% of revenue derived from green activities
- at least 50% of investments (CAPEX plus OPEX) allocated to green activities
- less than 5% of revenue derived from fossil-fuel activities

- less than 5% of investments allocated to fossil-fuel activities

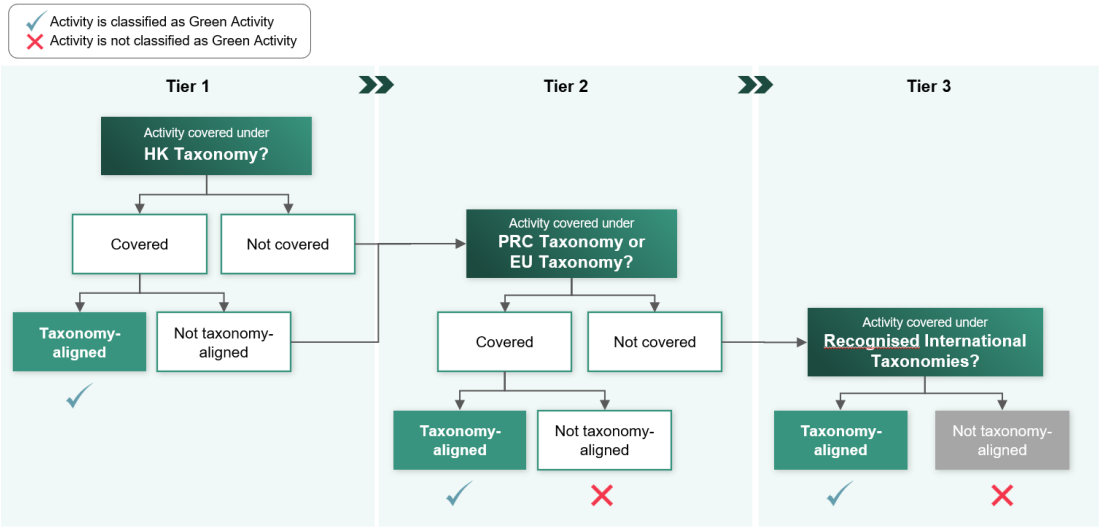
These thresholds are assessed on the company's most recent audited financial statements, covering at least 12 months, with a reporting-period end date falling within 18 months before the application date, together with such further information as the Recognised Reviewer requires.

Green activity classification

An activity is classified as a green activity where it satisfies the technical screening criteria and quantitative thresholds prescribed for that activity under the relevant taxonomy. The choice of taxonomy should be determined in accordance with the following waterfall:

- Tier 1: Hong Kong Taxonomy
- Tier 2: PRC Taxonomy or EU Taxonomy
- Tier 3: Recognised International Taxonomy

See below for an illustration of taxonomy waterfall.



Different tiers may be applied to different parts of the business, and all qualifying activities are aggregated for calculation of the financial thresholds.

How to apply

1. Appoint a Recognised Reviewer from the list on the Resource Hub and submit an application to HKGDL.
2. The Recognised Reviewer conducts its assessment and submits an Assessment Report to HKGDL.
3. HKGDL reviews the report against the Framework, confirming that the assessment is complete and internally consistent.
4. HKGDL notifies the applicant of the outcome in writing and, where granted, publishes the designation on the Resource Hub.

HKGDL aims to complete its review within 20 business days of submission, as an indicative target. HKGDL may request clarification or supplementary information during its review. The processing timeframe may be

affected where further information is required. Applicants should not refer publicly to the Green Designation until HKGDL has confirmed the grant in writing.

Recognised Reviewers

HKGDL publishes a list of Recognised Reviewers on the Resource Hub. Recognised Reviewers apply a published methodology and must be independent of the applicant.

After designation

The Green Designation is valid for one year and is renewed by a full reassessment each year. If the renewal is not completed before the expiry date, HKGDL may, at its discretion, suspend or revoke the designation. A designated company must also notify HKGDL promptly of any circumstance affecting its continued eligibility.

Once granted, the status of the designation and the full Assessment Report are published on the Resource Hub, alongside the key details of the company's designation.

During a valid term, a designated company may use the Green Designation on its corporate website, in its annual, interim and sustainability reports, and in its marketing materials and investor presentations. Use is governed by the HKGDL Terms and Conditions.

Fees

HKGDL charges no application, designation or annual maintenance fee.

Further information

The Terms and Conditions, Framework, Application Form, and the Recognised Reviewer List are published on the HKEX Green Equity Resource Hub. Enquiries: greenequity@hkex.com.hk

This factsheet is for general information only. Applicants should refer to the Framework and the Terms and Conditions for the complete requirements. In the event of any inconsistency, the Terms and Conditions prevail.