

MEMO# 34048

February 22, 2022

Recap of ICI Global Implementation Workshops on ESG Rules in Singapore and Hong Kong

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TO: ESG Task Force

Global Regulated Funds Committee - Asia RE: Recap of ICI Global Implementation Workshops on ESG Rules in Singapore and Hong Kong

ICI Global held two workshops on 9 February and 16 February for members to discuss questions, approaches, and challenges to implementing new ESG-related requirements in Singapore and Hong Kong, respectively. Thank you to everyone who participated in the workshops.

Josephine Law and Huberta Chow from Sidley Austin LLP joined the workshops to share their expertise with the groups. Their presentation slides are attached for reference.

The following ESG requirements were discussed in the workshops:

Singapore

- i. Guidelines on Environmental Risk Management for Asset Managers ("Guidelines") [\[1\]](#)

The Monetary Authority of Singapore (MAS) finalized the Guidelines in December 2020. It sets out MAS' supervisory expectations for financial institutions' governance, risk management, and disclosure of environmental risk, and aligns with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Asset managers have until June 2022 to implement the requirements.

Hong Kong

- ii. Circular to licensed corporations - Management and disclosure of climate-related risks by fund managers ("Climate Risk Circular") [\[2\]](#)

The Securities and Futures Commission (SFC) finalized the Climate Risk Circular in August 2021. Asset managers are required to take climate-related risks into consideration in their investment and risk management processes and make appropriate disclosures. It adopts a

two-tiered approach, whereby all asset managers will comply with the baseline requirements and Large Fund Managers[3] are additionally subject to enhanced standards. Large Fund Managers should comply with the baseline requirements by 20 August 2022, and the enhanced standards by 20 November 2022. Other asset managers have until 20 November 2022 to comply with the baseline requirements.

- iii. Circular to Management Companies of SFC-authorized Unit Trusts and Mutual Funds - ESG Funds ("ESG Fund Circular")[4]

Effective from 1 January 2022, the ESG Fund Circular enhances the scope and disclosure requirements on ESG funds. It sets out expectations for an ESG fund to provide a description of the fund's ESG focus and a list of ESG criteria, such as filters, indicators, ratings and third-party certificates or labels, used to measure the attainment of the fund's ESG focus.

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endnotes

[1] See MAS Guidelines on Environmental Risk Management for Asset Managers (8 December 2020), available at <https://www.mas.gov.sg/regulation/guidelines/guidelines-on-environmental-risk-management-for-asset-managers>. Also See ICI Memorandum [33009], dated 23 December 2020, available at <https://www.ici.org/memo33009>.

[2] See Circular to licensed corporations - Management and disclosure of climate-related risks by fund managers (20 August 2021), available at <https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/intermediaries/supervision/doc?refNo=21EC31>. Also See ICI Memorandum [33739], dated 31 August 2021, available at <https://www.ici.org/memo33739>.

[3] A fund manager is defined as a "Large Fund Manager" if the monthly asset under management of its collective investment schemes equals or exceeds HK\$8 billion for any three months in the previous reporting year.

[4] See Circular to Management Companies of SFC-authorized Unit Trusts and Mutual Funds - ESG Funds, available at <https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/products/product-authorization/doc?refNo=21EC27>. Also See ICI Memorandum [33665], dated 7 July 2021, available at <https://www.ici.org/memo33665>.