

ENVIRONMENT

# GOOD PROGRESS ON ESG IN BAY AREA

Two-thirds of firms in economic zone have adopted sustainable development practices, report says

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Two out of three firms in the Greater Bay Area have adopted sustainable development practices in their operations, and environmental, social and governance (ESG) investments by such enterprises could reach HK\$1 trillion over the next two years, a report by the Hong Kong Trade Development Council (HKTDC) and UOB said yesterday.

The most common green practices, adopted by 65 per cent of the bay area firms, were recycling of resources, chosen by 29 per cent of respondents, followed by use of clean energy

at 27 per cent, according to the "Sustainability in the GBA: unlocking opportunities and empowering growth" report released yesterday.

"As sustainable development has become increasingly important, [bay area] businesses have become ever more committed to implementing ESG-related strategies in their daily operations and across various aspects of their businesses," HKTDC research director Irina Fan said.

Ninety per cent of bay area enterprises intended to increase or maintain their ESG investments in the next two years, the survey showed. Thirty per cent of respondents were planning an increase while 64 per cent

expected to maintain investments at their current levels.

On average, businesses in the bay area expected to allocate a budget of HK\$370,000 to ESG initiatives over the next two years. With around 3 million enterprises in the zone as of 2022, total ESG-related investments are projected to top HK\$1 trillion over the next two years, according to the report.

The online survey by the HKTDC and UOB, a Singaporean bank, was conducted in July and August this year with 300 enterprises across the manufacturing and service industries based in the 11 bay area cities. It included 150 respondents from nine mainland cities, 120 from Hong Kong and 30

from Macau. In-depth interviews were also conducted with bay area professionals across different sectors.

The Greater Bay Area is Beijing's scheme to link the cities involved into a huge integrated economic and business hub.

In Chief Executive John Lee Ka-chiu's policy address on Wednesday, he outlined measures to deepen financial cooperation in the bay area to reinforce the city's role as a financial hub.

These included establishing a Shenzhen-Hong Kong financial cooperation committee with the Shenzhen authorities in the first half of 2024. The committee would advise and offer suggestions to bolster mutual access to

the financial markets, cooperation in financial technologies and green finance, as well as the exchange of financial talent, according to the policy address.

Measures such as these would definitely help drive investments relating to ESG in the Greater Bay Area, Fan from the HKTDC said.

Almost all of the surveyed enterprises (99.7 per cent) planned to incorporate or increase the level of ESG elements in their operations over the next two years. Eighty-four per cent said they would pay more attention to sustainable development in their production processes and management procedures, while 78 per cent said they would have their sustainable products or services certified.

Among firms that had adopted green practices, 98 per cent

reported a positive impact on their businesses.

Enhanced reputation and prestige of the company, as well as improved efficiency and cost reductions, were the top benefits for 75 per cent of them.

Seventy per cent of respondents said they would consider using more green products and services provided in Hong Kong in the next two years.

"Hong Kong, with its complete financial ecosystem and capital-raising experience, can provide green financial services and investment opportunities for firms in the Greater Bay Area, to help the [development zone] become a green financial centre," said Brian Lam, chief financial officer and chief sustainability officer at UOB Hong Kong.