

News Release

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HSBC GBA ESG INDEX RECORDS YEAR-ON-YEAR UPTICK IN THIRD QUARTER 2024

**** The region is driving green industry development through supply- and demand-side initiatives ****

HSBC, in collaboration with CECEP Environmental Consulting Group, published today the 2024 Q3 HSBC GBA ESG Index report. During the quarter, the GBA ESG Regional Index rose 3 per cent from a year ago to 121.68, while the GBA ESG Industry Sub-indices also increased 20 per cent year-on-year to 211.67. The improvement is driven by the supply- and demand-side initiatives from both the public and private sectors aimed at promoting sustainable development in the region.

In August 2024, the Chinese Government introduced new guidelines to accelerate green transition across the country's socio-economic development. These guidelines outline the objective to cultivate an environment conducive to sustainable development, positioning the GBA as a world-class green and low-carbon industrial cluster. In response to this initiative, regional governments are ramping up their efforts to drive green industrial development and enhance collaboration with the international community on low-carbon technologies.

Daniel Chan, Head of Greater Bay Area, HSBC, said: "The latest report data indicates an increase in financing need for the technology sector in the GBA. By the end of September 2024, Guangdong Province recorded 23 per cent year-on-year increase in outstanding medium- and long-term loans dedicated for scientific research and technological services. Meanwhile, the government is driving green consumption through demand-side initiatives such as various consumer goods trade-in schemes. Since the launch of the schemes in the third quarter, over 1.45 million household appliances have been purchased in less than a month."

Liao Yuan, Managing Director and General Manager of CECEP (Hong Kong) Investment Company Limited, said: "The rise of green consumption has enhanced the overall ESG performance of the consumer discretionary sector, making it the top-performer among the eight surveyed sectors in Q3. Notably, the industry has witnessed a remarkable increase in the number of enterprises setting their emission reduction targets or making commitments via Science Based Target initiatives (SBTi), accounting for over 40 per cent of the total number among all surveyed sectors."

The report also provided a detailed analysis of the hydrogen industry, examining current and future applications of this clean energy source within the GBA, as well as how the region can build a robust industrial chain and create synergy among different cities.

As one of the pioneers in the hydrogen industry, the GBA is home to a range of companies involved in various aspects of hydrogen applications. Businesses in the region are capitalising on their strengths in equipment manufacturing to lower hydrogen production costs and strengthen the industrial chain. They are also looking to overcome technological challenges, particularly in the area of green hydrogen production through renewable energy sources. Today, over 20 per cent of hydrogen producers in Guangdong utilise water electrolysis, a method known for its energy-efficiency and environmental benefits.

ends/more

Note to editors:

1. The eight key sectors include communication services, consumer discretionary, consumer staples, energy, financials, healthcare, industrials, and real estate.

2. Methodology

Indicators for regional/cities and industry level

First-level Indicator	Second-level Indicator
Environment	Corporate CDP disclosure performance
	Corporate science-based climate commitments
	Air quality
	Energy use efficiency
	Water use efficiency
	Electricity use efficiency
	Public sector's contribution to environmental protection
	Urban greenness
Economic and Social Development	Economic development
	Economic contribution of tertiary industry
	Employment situation
	Public sector's contribution to education
	Innovation and technological advancement
Corporate Governance	Activeness of market players
	Corporate ESG disclosure performance
Green and Sustainable Finance	Activeness of market players
	Investor commitment to sustainable investing
	Volume of sustainable debt instruments
	Number of ESG mutual funds
Policy	Policies related to sustainable development in the GBA

Indicators for company level

First-level indicator	Second-level indicator
Environmental	Greenhouse gas (GHG) emissions
	GHG targets
	Waste management

First-level indicator	Second-level indicator
	Water management
	Energy management
Social	Employee data
	Employee development
	Supply chain management
	Privacy and data security
	Philanthropic contribution
	R&D and innovation
Governance	Board accountability for ESG
	ESG risk management
	Executive pay linked to ESG
	Board gender diversity
	Board independence
Green and sustainable Finance	Issuance of GSSS Bonds
External Assurance	ESG report external assurance

(Source: CECEPEC)

Base period and update frequency

- Index base period: The fourth quarter of 2019
- Region/City and Industry-level data: Update quarterly
- Company-level data: Update annually
- Weight adjustment: Adjust annually

Limitations

- The Index is only applicable to the evaluation of the GBA, the cities, industries and companies in the GBA.
- The evaluation of ESG performance retrieved from the quantitative models is based on public data of listed companies, which we do not warrant or guarantee the accuracy and completeness of such disclosures.
- Given the incompleteness of publicly available macroeconomic data, performance evaluation on the GBA, cities, and industries could involve assumptions.

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CECEP Environmental Consulting Group Limited

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