



# BEC Low Carbon Charter Progress Report 2020

September 2021



BUSINESS  
ENVIRONMENT  
COUNCIL  
商界環保協會

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# 1. Introduction



2020 was a year filled with tremendous risks and opportunities with respect to climate change and the environment. After the disappointment at COP25 which failed to negotiate on the details of Article 6 of the Paris Agreement<sup>1</sup>, the world experienced a series of extreme weather events including bushfires in California and Australia, super typhoons in the Philippines and the hottest global average temperature on record.<sup>2</sup> Apart from physical damages, transition risks brought by local and international climate actions, and the global pandemic has transformed corporate understanding and prioritisation on climate change and decarbonisation. In the pursuit of green recovery in the post-COVID-19 era, long-term decarbonisation strategies and climate resilience have become the major foci for businesses to align their strategies with government policies and targets. In the long run, companies must respond with much more ambitious targets and accelerated decarbonisation efforts to build back better.

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<sup>1</sup> Article 6 of the Paris Agreement concerns international cooperation on climate change, using market and non-market approaches to allocate and trade carbon credits. (Source: <https://www.carbonbrief.org/in-depth-q-and-a-how-article-6-carbon-markets-could-make-or-break-the-paris-agreement> ; <https://sdg.iisd.org/commentary/policy-briefs/delivering-climate-ambition-through-market-mechanisms-capitalizing-on-article-6-piloting-activities/> )

<sup>2</sup> <https://www.ecowatch.com/extreme-weather-climate-2020-2649628910.html>

## BEC Low Carbon Charter



Recognising the importance of low-carbon transition to the business sector, Business Environment Council (BEC) kickstarted the Low Carbon Hong Kong initiative in 2017 to understand the role of businesses in long-term decarbonisation, its corresponding challenges and opportunities. Supported by BEC's Climate Change Business Forum Advisory Group (CCBF AG), the initiative developed the *Low Carbon Hong Kong: Supporting Business to Set Targets* report in the same year to provide guidance and illustrate the critical role of target-setting to limit global temperature rise within 2 degrees and align with the Paris Agreement.

The report also discussed a sectoral approach to decarbonise, and identified the property and construction sector as an initial focus – given that the majority of greenhouse gas emissions was generated through electricity consumption in buildings. Later, in March 2019, BEC launched the BEC Low Carbon Charter, with the aim to encourage and support businesses in Hong Kong to set and achieve decarbonisation targets. The Charter offers two pathways for companies to commit to: Pathway 1 requires companies to set decarbonisation targets, noting the goals indicated in the Paris Agreement; Pathway 2 has the same requirements as Pathway 1, with an additional commitment to the Science Based Target initiative (SBTi).<sup>3</sup> 34 companies from the property and construction value chain signed the Charter in the first year. Encouraged by the initial response from the business sector and acknowledging the need to mobilise other sectors into climate action, BEC expanded the Charter to welcome companies and organisations from all sectors in the following year.

As a signatory of the BEC Low Carbon Charter, the company agrees to set carbon reduction

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<sup>3</sup> Science Based Target initiative (SBTi) is a partnership between Carbon Disclosure Project (CDP), World Resources Institute (WRI), World Wildlife Fund for Nature (WWF) and the United Nations Global Impact, aiming to promote best practices in emissions reductions and net-zero targets in line with climate science, also known as Science Based Targets. SBTi offers technical advice to companies and organisations worldwide on target-setting, particularly in the pursue of the 1.5 degrees ambition. (Reference: <https://sciencebasedtargets.org/>).

targets, implement strategic decarbonisation actions, and disclose their progress annually. This progress report compiles and summarises information submitted by signatories. Based on the feedback from signatories, this report aims to:

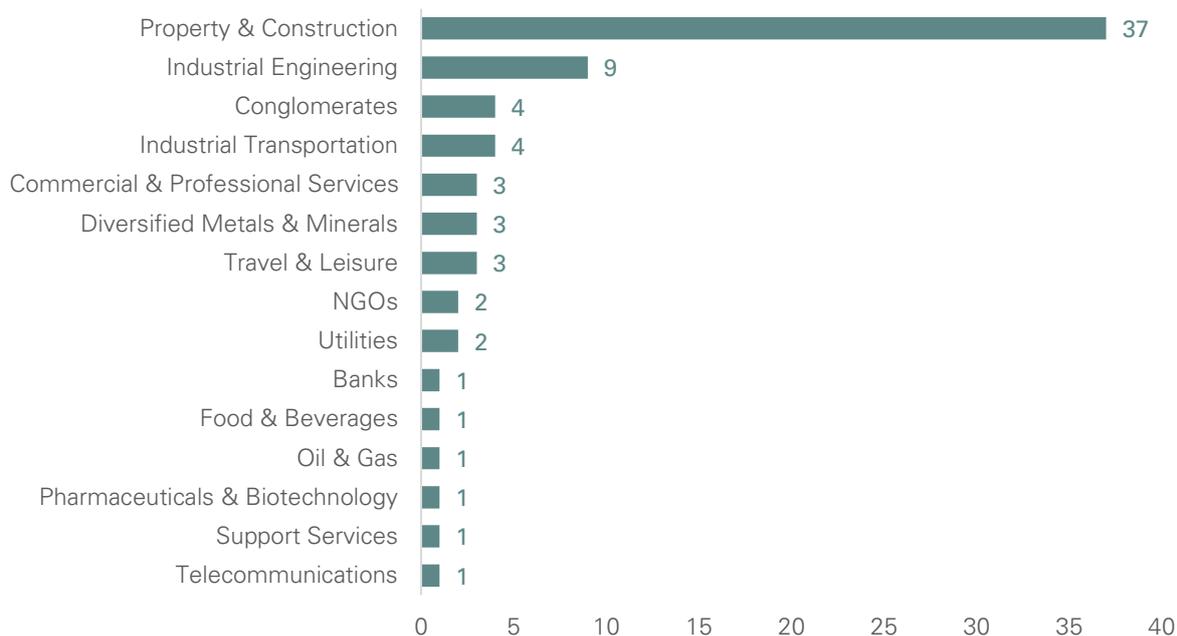
- Study and highlight industry trends in corporate decarbonisation and target-setting for benchmarking and co-learning;
- Provide insights and recommendations to signatories on taking bolder climate actions through more ambitious decarbonisation strategies, target resetting and evaluation; and
- Assist prospective signatories and other parties to understand the Charter and relevant decarbonisation actions carried out by the business sector in Hong Kong.

## 2. The Charter in Numbers

The BEC Low Carbon Charter welcomed 39 new signatories in 2020, taking the total number of signatories to 73. Among them, 8 pursued Pathway 2, either committed to or had targets set in accordance with the SBTi. The remaining 65 signatories (89%) selected Pathway 1.



## Signatory Profiles

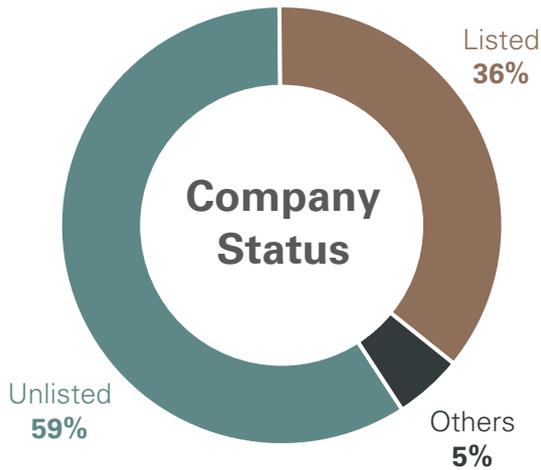


Since 2020, the Charter has been welcoming companies from all sectors, regardless of their decarbonisation progress, to join and commit to emission reduction target-setting. With reference to the Hang Seng Industry Classification system,<sup>4</sup> over half (51%) of the signatories are in the Property and construction sector, which includes companies such as property developers and managers, investors, engineering consultants, contractors, and construction material suppliers. Industrial engineering is the second most represented industry (12%), consisting mostly of environmental consultants, and environmental service providers.

### Expanding influences of the Charter to the wider business community

As the Charter has been welcoming all sectors to join since 2020, we are pleased to have recruited new signatories from twelve new sectors including utilities, consumer goods, transportation services, non-governmental organisations (NGOs) and various small and medium-sized enterprises (SMEs). We acknowledge that target-setting should not be limited to the property and construction sector, despite it being a dominant emissions contributor in Hong Kong. For companies in other industries, typically service providers, their direct emissions are often part of the indirect emissions of other companies in the value chain. Therefore, collective resolve is crucial to reduce lifecycle emissions and ensure there is no carbon leakage or double counting for Hong Kong's economy as a whole.

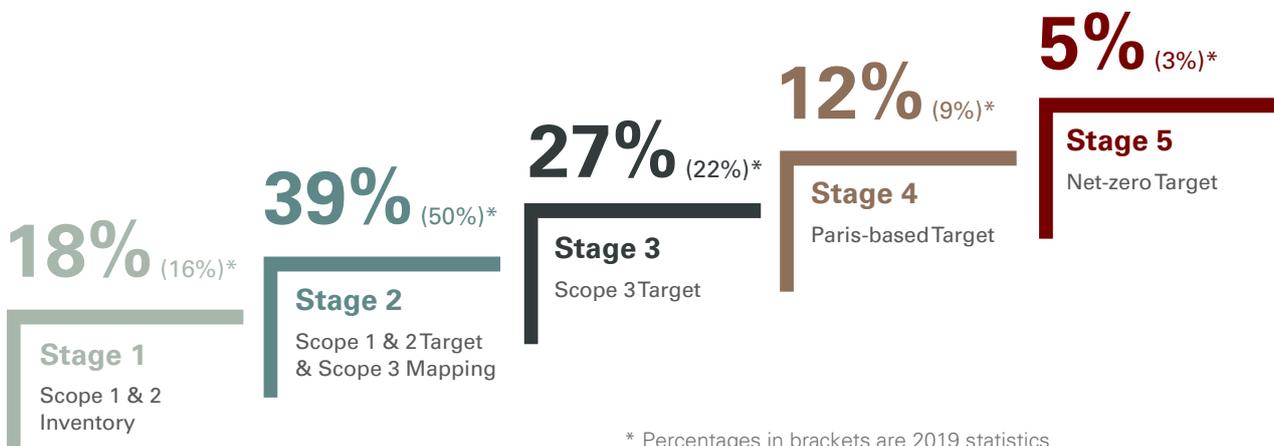
<sup>4</sup> [https://www.hsi.com.hk/static/uploads/contents/en/dl\\_centre/brochures/B\\_HSICSe.pdf](https://www.hsi.com.hk/static/uploads/contents/en/dl_centre/brochures/B_HSICSe.pdf)



Our signatories represent a broad range of expertise and company sizes. Among the 73 signatories, 36% of them are listed, either in Hong Kong and/or overseas, with a market capitalisation ranging from HK \$286 million to HK \$935 billion.<sup>5</sup>

### Stages of decarbonisation

BEC recommends a 5-stage framework for our signatories to pursue and benchmark their decarbonisation efforts. Compared with last year's statistics, we observed an increasing proportion of companies pursuing more advanced decarbonisation stages. Notably, more companies are now considering Scope 3 target-setting or even pursuing a net-zero target.



\* Percentages in brackets are 2019 statistics

**Scope 1:** direct emissions from company's owned or controlled sources, including the combustion of fuels in mobile and stationary sources

**Scope 2:** indirect emissions from purchased electricity

**Scope 3:** all indirect emissions (excluding Scope 1 & 2 emissions) that occur in the value chain of the company

<sup>5</sup> <http://www.etnet.com.hk/>



# 3. Progress and Achievements

The following section synthesises progress and achievements of the signatories joined in 2019 and 2020, based on the collected progress tracking forms. A total of 67 responses were collected.

## Why decarbonise?

Our signatories recognise the importance of climate change to their business development and operations. Amongst others, government policies and targets, market incentives, changing investors and community expectations are the major external drivers. On the other hand, savings in business operations, company branding and reputation, as well as staff and Board awareness are driven internally to pursue a low-carbon transition.

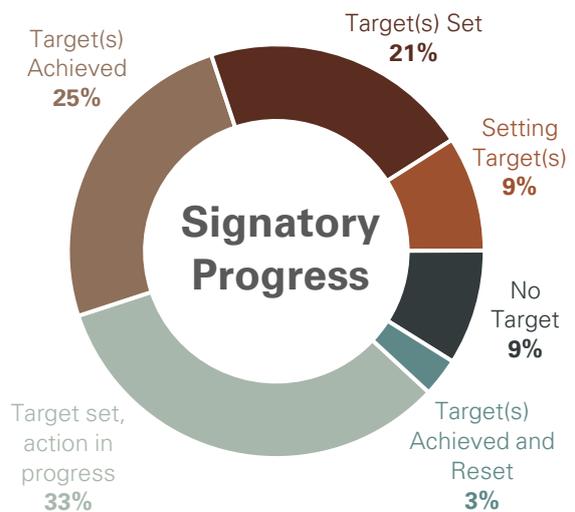
The urge to combat climate change have driven local, regional, and international communities to commit to different decarbonisation strategies. Among the 67 responses collected, **policy changes (24%)** directly signal businesses to **lead the market trend and start decarbonising (13%)**. At the same time, **rising expectations from investors and the community on climate actions (9%)** also pressurise companies to change their current model of profit-oriented operations. Instead, firms need to put more emphasis on environmental and social

sustainability. It is only by **fulfilling their corporate social responsibility and ESG roles (19%)** that companies can **win their reputation (58%)** as an ethical and forward-thinking enterprise, and consequently, **attract more business opportunities (34%)** from like-minded clients.

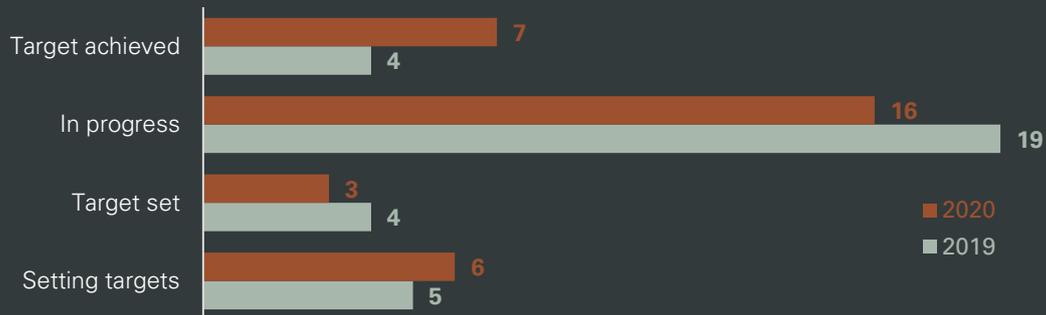
As a result, almost all companies have set, and are on track to **meet their climate protection commitments (81%)**. To encourage climate change mitigation actions (e.g., switching to non-carbon energy alternatives) and adaptation strategies (e.g., developing extreme weather-resilient construction materials), **technological innovation (24%)** is fostered. These innovations contribute to **savings in energy-related operational cost (51%)** and **improvements in resilience against climate-related risks (36%)** respectively. Our signatories reflected that when **environmental awareness is enhanced among stakeholders (9%)** through observing company's decarbonisation business development and actions, **staff morale is enhanced (4%)** as employees feel motivated about their contribution to climate mitigation and environmental protection. All in all, improved social value, health and wellbeing are beneficial to retain talents and promote long-term business development.

# 4. Decarbonisation Targets

Building on previous decarbonisation efforts and momentum brought by the BEC Low Carbon Charter, 25% respondents have already reached their decarbonisation targets, and 3% even updated their targets after achieving previous ones. About one-third of the signatories are on track to meet their targets, and another near- one-third have just set or are setting targets to reduce emissions.



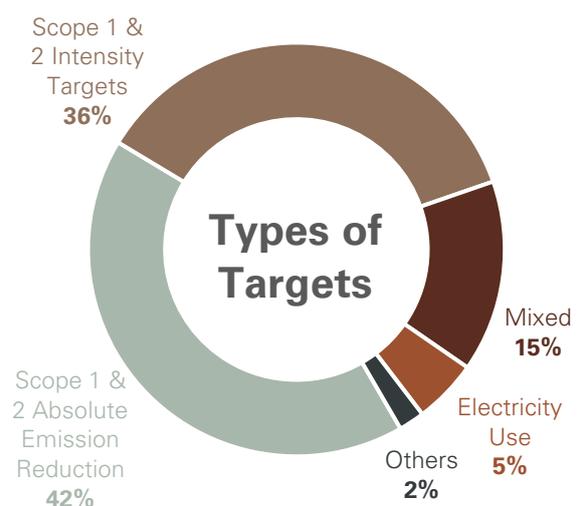
## Advancements in signatories' target-setting process between 2019 and 2020



We recognise the importance of achieving and resetting targets. As we compare the progress tracking forms of the 34 signatories who have signed the Charter since 2019, 7 of them have already achieved their target, and 2 of them went further to update their targets. While we understand it is a time-intensive process to evaluate company's carbon emission inventory and set approach targets, we are pleased to see 5 of our initial signatories have made improvements through their target-setting processes, which includes finalising company-wide emission reduction targets and achieving interim milestones along their decarbonisation journey.

## Types of targets

Our signatories have committed to decarbonisation by setting various types of targets.<sup>6</sup> The most popular decarbonisation targets are goals aimed at reducing scope 1 and 2 absolute emissions. 15% of the signatories have set mixed targets, and other indirect emission targets including boosting recycling rates and improving energy efficiency.



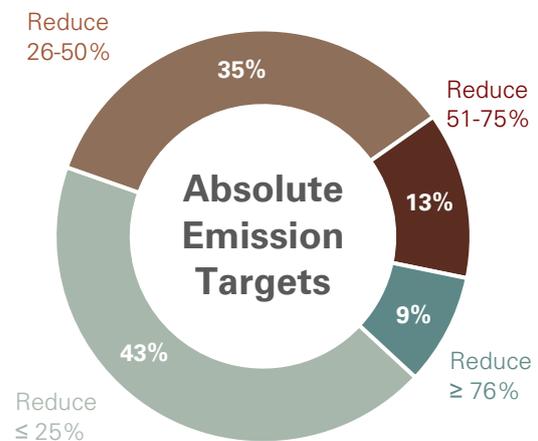
<sup>6</sup> Scope 1 & 2 emissions are grouped together as most signatories did not set scope 3 emission targets. For those that have included all scopes 1, 2 and 3 into their goal, we have organised them under the "mixed" category.

## What are absolute emission reduction and intensity targets?

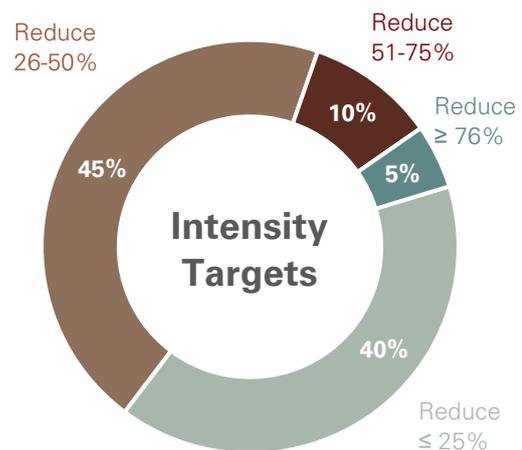
**Absolute Emission Reduction Target:** a target that sets a definitive amount of carbon emissions to be reduced over time, e.g. tonnes of CO<sub>2</sub> equivalent

**Intensity Target:** a target that covers the emission rate of a given pollutant relative to the intensity of a specific activity (usually a metric most relevant to a company's operations), e.g. emissions per staff or revenue generated

Among the 23 respondents that have set scope 1 and 2 absolute emission reduction targets, most of them set to reduce emission amount by less than 25%. However, there are also companies that aim to reach net zero emissions. All in all, there is a huge diversity of targets set, spanning from 2% to 100%.<sup>7</sup>

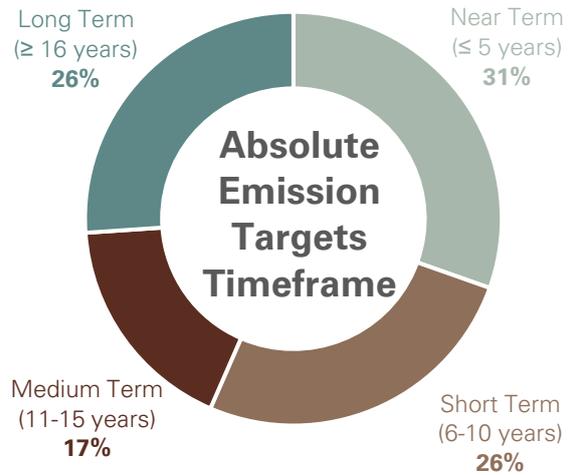


As for the other 20 respondents that have set scope 1 and 2 intensity targets, nearly half of them aim to reduce emission intensity by a rate of 26% to 50%. Targeting to reduce emissions by less than 25% is also popular among the signatories.

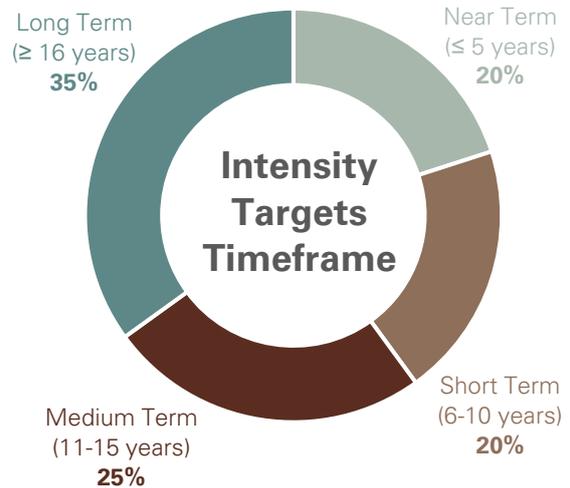


<sup>7</sup> 100% emission reduction targets refer to net-zero emission commitments.

Around one-third (31%) respondents have set near-term scope 1 and 2 absolute emission reduction targets that are achievable under 5 years. Short- and long-term goals also common, with target lengths of 6 to 10 years or over 16 years both accounting for 26% of the total signatories respectively.



35% respondents with scope 1 and 2 intensity targets chose to adopt a long-term approach. Yet seeing the overall picture at large, the ratio of near-, short-, medium- and long-term targets are all quite similar. There is no right or wrong answers to the duration of decarbonisation targets. Some only have 1-year goals, while others set targets that span over 43 years. We encourage companies to set multiple near-, short-, medium-, and long-term goals that are tailored to meet individual projects' impact and schedule. This way, the decarbonisation initiatives can complement each other and enhance corporations' effectiveness in combating climate change.



Lastly, for scope 3 emissions, only 10 respondents have done relevant target-setting. Whilst it is difficult to compare and contrast these targets between companies, magnitudes range from 7.4 to 50% for absolute targets and 5 to 30% for intensity targets. Most of these targets are set for the short term, to be achieved by 2025 and 2030.



# 5. Decarbonisation Initiatives

Our signatories have adopted a combination of emission reduction initiatives along their decarbonisation journey to drive internal policy and governance changes, raise staff awareness, improve building energy efficiency, and reduce operations-related emissions. Three signatories were invited to share their decarbonisation experiences through case studies.

## **Policy, governance, and internal structure**

- Set up environmental working groups, taskforces and committees for decision making and evaluation
- Introduce green procurement manual or procedures
- Develop climate risk management and sustainability policies
- Purchase accredited renewable energy and water consumption certificates
- Comply with local and international standards, e.g., ISO 14001, ISO 50001, ISO 14064

A company's policy, internal structure and governance steer business development and operations. Most signatories showed concerns on setting decarbonisation targets, for example the high initial investment for low carbon or energy efficient technologies and vested interests between stakeholders. Hence, management support is critical if companies want to pursue decarbonisation. This may be realised through setting up internal working groups, taskforces or committees made up of senior management and operational staff to facilitate cross-hierarchical and cross-departmental communication. With designated working groups, companies can constantly monitor and evaluate the decarbonisation actions implemented. In addition, the establishment of related governance structures and climate policies ensure core values and companies' direction are aligned. For signatories that have already achieved their targets, such interdepartmental coordination and information transparency across committees as well as policies further assist them to update their targets.

### **Educational and awareness raising**

- Organise stakeholder engagement workshops for business partners and suppliers on awareness raising
- Provide free energy audit and advisory services for value chain partners, and identify corresponding energy management opportunities (EMOs)
- Conduct staff awareness raising workshops to drive behavioural change
- Establish internal sustainability protocols/guides to promote energy saving measures

Significant emission reductions cannot be achieved overnight. It requires joint effort between multiple stakeholders, internally and externally. Some common barriers that signatories face include the lack of support from senior management and limited understanding of decarbonisation. In order to minimise the communication gap, many signatories reflected the importance of stakeholder engagement and awareness raising exercises. The aim of these initiatives is to improve staff ownership on decarbonisation strategies and initiatives. If employees could relate the importance of emissions reduction to their daily work, companies are more likely to get buy-in from them and drive behavioural change. It is also critical for Board directors and senior staff to be aware of decarbonisation so that they can embed relevant strategies to their operations.



**NEW WORLD  
SUSTAINABILITY  
VISION 2030**

## **Case Study 1 – New World Development Company Limited Advancing Climate Action Towards Net Zero**

New World Development (“NWD”) is committed to leading our industry’s evolution to sustainability. We integrate ESG into our business via the establishment of Sustainability Vision 2030 (“SV2030”), referencing the United Nations Sustainable Development Goals. Under SV2030, we aim to create shared value and enhance customer experience based on four pillars: Green, Wellness, Smart and Caring.

To ensure NWD’s commitment to sustainability, we integrate the management of ESG issues, including climate actions and decarbonisation actions, throughout the Group’s corporate governance structure – from board-level committees to management-level group functions and business units. The Sustainability Committee, chaired by NWD’s Executive Vice-chairman and Chief Executive Officer, directly oversees and advises on NWD’s sustainability strategy, work plans and performance targets to advance NWD’s ESG leadership. Additionally, we have been strengthening our Enterprise Risk Management framework to drive better integration between sustainability and business strategy.

As a first mover, we have adopted the recommendations on Task Force on Climate-related Financial Disclosures (“TCFD”) since 2019. In February 2021, NWD became the third Asia real estate company to have signed the Business Ambition for 1.5°C to set science-based targets and joined the Race to Zero. We have also formulated our Renewable Energy (“RE”) Roadmap, charting an ambitious path towards 100% RE for all of NWD’s Greater Bay Area rental properties by 2026 and all of NWD’s Greater China rental properties by 2031. Under the RE Roadmap, a three-step strategy is devised, encompassing onsite RE installations, procurement of offsite RE and the purchase of RE Certificates. Representing the first part of our strategy, K11 ATELIER Victoria Dockside boasts one of the city’s largest hybrid photovoltaics and building integrated photovoltaics system and K11 ATELIER King’s Road has Asia’s largest hybrid solar photovoltaic and thermal system and a wind turbine system.

We believe incorporating sustainability principles and considerations into our governance framework is critical to our long-term success. Referencing the TCFD's recommendations, the Group's Climate Change Policy and Sustainable Building Policy articulate our commitments and standardise measures to addressing climate-related risks and opportunities in our businesses. We have further made a "no coal" pledge to refrain from making any new investments in companies engaged in the construction and operation of coal-fired power plants or coal mines, and confirm our intention to sell any remaining assets. We hope to raise climate change awareness among our internal and external stakeholders, and incorporate protection measures and resilient designs to address local climate risks over the entire building lifecycle. Additionally, energy efficiency measures such as retro-commissioning and chiller plant upgrades have been implemented to further our decarbonisation efforts.

We have standardised sustainable practices throughout the four key stages of property development, Design & Build, Sustainable Finance, Operations and Engagement, with an aim to create shared value across the SV2030 pillars of Green, Wellness, Smart and Caring. We support projects that deliver environmental and social impacts through a broad application of sustainable finance, such as sustainability-linked instruments. In January 2021, NWD developed a Sustainability-Linked Bond ("SLB") Framework and became the world's first real estate developer to issue a USD SLB. The 10-year US\$200 million bond (coupon rate: 3.75%) was six times oversubscribed by international ESG investors at its peak with strong participation from global ESG investors. Its Sustainability Performance Target is aligned with NWD's RE Roadmap.

Heading towards net zero, reducing Scope 3 emissions is critical. We proactively engage suppliers to identify solutions to minimise embodied carbon in construction materials. In 2019, we launched the Sustainable Tenancy Pledge, the city's first voluntary programme to empower office and retail tenants to reduce their environmental impact and promote adoption of sustainable practices. Participating office tenants receive guidelines for sustainable fitting-out and operations, smart metering to optimise energy efficiency, and waste and recycling management services to help reduce waste. At K11 ATELIER King's Road, 80% of leased floors have joined the pledge, highlighting the importance of partnerships for the goals.

NWD will continue to prioritise decarbonisation in our investments and operation and echo HKSAR's commitment to net zero carbon by 2050 and Mainland China's commitment to carbon neutrality by 2060, creating a better future for our next generation.



## Case Study 2 – Arup East Asia Carbon Action Campaign

As the call to reduce carbon emissions is more urgent than ever, Arup has committed to achieving net zero emissions across its entire operations by 2030. We will achieve this by pursuing an ambitious 1.5°C aligned science-based target for our full value chain emissions and compensating residual hard-to-decarbonise emissions with certified greenhouse gas removal.

To raise awareness, trigger behaviour changes and call for action, we kicked-off 2021 with the East Asia Carbon Action Campaign.



During the last 3 weeks of January, we witnessed a tremendous effort from about 600 colleagues across our East Asia region, completing over 1,500 actions such as participating in workshops, changing behaviour through daily action cards, screening meaningful documentaries and deepening knowledge through various learning resources.

**Did you know that switching on an air conditioner for 8 hours emits 3.8 kg CO<sub>2</sub>?**

**And how about the fact that reducing the brightness of your monitor from 100% to 70% can save up to 20% of the energy the monitor uses?**

Through gamification we taught our staff some valuable lessons and introduced simple steps to make a positive impact, both in their daily lives and in the many projects that we run.

This fun and meaningful campaign is one of the many initiatives of how we seek to reduce our carbon emissions, whilst creating support from our staff. It is another step forward to combat climate change in both our professional and personal lives.

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**“Small adjustments we can make to our daily habits can have a large impact on the environment so let’s do our part today!”**

*Quote from Jack Lim, Shanghai – Winner of the Grand Prize*

ARUP CARBON ACTION CAMPAIGN						
Carbon Footprint Workshop		Daily Carbon Action Cards				
+500 raffles		+100 raffles				
Commuting and Comfort Survey	Moodle Course	Reading Material	EA SDG Cinema	LinkedIn like		
+300 raffles	+300 raffles	+200 raffles	+200 raffles	+100 raffles		

## **Buildings and operations**

### **Lighting**

- Replace T5/T8 fluorescent tubes with LED lights
- Use of light zoning and motion sensors to minimise energy consumption

### **Fuel consumption**

- Switch fuel – from diesel/petroleum to electricity and/or low-carbon fuel, e.g. B5/B10 biodiesel
- Switch vehicle – from diesel/petroleum-powered to hybrid or electric
- Reduce business travel through video conferencing

### **Heating, ventilation, and air-conditioning (HVAC)**

- Maintain indoor room temperature at 25.5 degrees
- Replace with environmentally friendly refrigerant
- Replace HVAC systems with variable speed drives

### **Others**

- Adopt Internet of Things (IoT) technologies
- Develop rainwater harvesting and grey water utilisation systems
- Adopt green building designs with reference to local and international standards, e.g. BEAM, LEED, WELL
- Regular energy and carbon audits to identify energy management opportunities (EMOs) and emission reduction strategies
- Implement waste reduction, recycling and management strategies

As most of our signatories are in the property, construction and service sectors, the most direct way to achieve emission reduction is through energy saving and efficiency enhancement. At the building level, retrofitting office appliances and installations are effective means to reduce energy losses and consumption. Installing real-time monitoring system allows tenants to track and optimise their energy consumption and identify potential energy management opportunities (EMOs). Lately, there is also an increase in the adoption of IoT and other smart technologies to optimise energy efficiency.

While companies are making effort to reduce their direct emissions, tackling indirect emissions also presents a big challenge for companies to decarbonise. At operational levels, minimising emissions from suppliers and other partners in the value chain requires substantial collaborative effort. For instance, some property management companies conduct regular

energy audits for their business partners to pinpoint unnecessary material carbon emission within their operations and reduce them accordingly. Alternately, switching suppliers with lower carbon footprints, reducing consumption of carbon intensive products or raw materials are also commonly adopted to reduce indirect carbon emissions.

### Case Study 3 – Champion REIT

#### Green Technology for Decarbonisation – Application of Internet of Things (“IoT”)

Leveraging green technology lies at the heart of Champion REIT’s decarbonisation strategy. Notably, the pioneering IoT technology is adopted extensively in its properties’ operations for enhancing energy efficiency and maintaining a favourable environment.

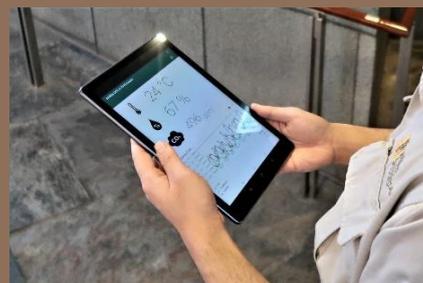
Champion REIT has initiated a pioneering demand-and-control ventilation system at its property Three Garden Road’s carpark, the system is operated by IoT sensors. By monitoring the carbon dioxide (“CO<sub>2</sub>”) concentration level and indoor temperature at real time, IoT sensors measure the amount of exhaust emissions from vehicles in the carpark in order to provide ventilation rates by actual demand, subsequently optimising energy use and maintaining excellent indoor air quality. IoT supports wireless CO<sub>2</sub> and temperature sensors that are more efficient for installation. The initiative helped the team reach estimated annual reduction of 418 tonnes CO<sub>2</sub> emissions, equivalent to 58% energy reduction annually.

Furthermore, Champion REIT adopted a one-stop IoT property management solution at another property Langham Place Mall. This one-stop IoT solution has allowed the team to closely monitor multiple environmental parameters, such as indoor temperature, humidity, air quality, water leakage and foot flow, enabling them to adjust energy usage and maintain a wellness-enhancing environment for better customer experience. IoT application could reduce construction waste compared to the installation of traditional signal wiring, which is conducive to preserving the environment.

Champion REIT has relentlessly integrated green technology into its decarbonisation journey, for example the installation of solar panels and system retro-commissioning supported by smart weather station, which is a key driver to achieve its carbon reduction goal progressively under Champion REIT’s 2030 ESG Targets. In 2020, Champion REIT achieved 8.0% reduction of carbon emissions by its efforts in driving green initiatives with an innovative approach. Green technology is ever improving in the evolving operating environment, it will be a significant contributor to the global common goal of decarbonisation.



Installation of IoT sensors at carpark



Monitoring various environmental parameters by IoT sensors



# 6. Embracing Decarbonisation Challenges and Opportunities

## **Unaligned agenda with stakeholders**

Some respondents indicated the absence of support from business partners and clients. Insufficient awareness on the importance of decarbonisation leads to a divergence in core values. Hence, unless there are behavioural and mindset changes in business partners and clients, the level of engagement from stakeholders would be low and it would be difficult for companies to gain support for their business decisions.

We recommend signatories to engage stakeholders continuously, translating the message of decarbonisation into business terms or a language that fits suppliers' context to gain more buy-in and support.

## **Miscommunication between different departments within the company**

Departmental coordination calls for effective communication within the company to leverage

the strengths of individual departments and execute initiatives smoothly. In contrast, misunderstanding causes frustration and unnecessary delays. Common examples of miscommunications include different interpretations of carbon measures and target-setting, and data inconsistency such as boundaries for scope 1, 2 and 3 emissions.

We recommend signatories to align employee's values with companies' decarbonisation goals and methods. This can be achieved by educating employees regularly through workshops and trainings. Organising cross-departmental meetings will also be helpful to build mutual understanding and strengthen coordination, promoting decarbonisation in a systematic manner.

### **Costly up-front investment costs and other financial considerations**

Extensive decarbonisation measures often require high upfront investments in innovative technologies such as adoption of renewable energy and IoT. This challenge is especially prevalent in SMEs that lack financial resources to advance their decarbonisation journey.

We recommend signatories to start their journey by adopting small scale initiatives that are less resources intensive. For example, promoting energy saving behaviour among staff and small-scale retrofit works to demonstrate impact and get staff buy-in, before planning for more significant decarbonisation actions.

### **Lack of scientific and technical knowledge**

Companies that are new to decarbonisation may be in short of expertise related to the latest scientific and technical development in climate change and decarbonisation. They may also lack the technical know-how to interpret jargon-filled scientific reports on decarbonisation. This yields to inaccuracies and inefficiencies in their decision-making process – from calculating emission to implementing sustainability plans.

We recommend signatories to make use of open resources to stay updated with market information, including BEC webinars, local and international guidelines and reports on decarbonisation and target-setting such the Greenhouse Gas Protocol and SBTi technical guidelines. We also recommend signatories to utilise internal and external expertise on carbon management to assist their decarbonisation and emission accounting processes. Professional consultants can also offer suggestions on setting decarbonisation targets and plans with an actionable timeline.

### **Lack of access to accurate data and other uncontrollable factors**

Another common challenge faced by signatories concerns the accuracy and availability of carbon emission data, particularly scope 3 emissions that relies on information provided by their business partners. Currently, there are no guidelines or regulations mandating external business partners to disclose and verify their carbon emission data. Without a close cooperation with suppliers, it is impossible to visualise the entire carbon footprint of a company. Other uncontrollable factors that may influence companies' decarbonisation efforts and performance include the complex measurement of indirect or downstream emissions.

We recommend signatories to work closely with their value chain partners and assist them to collect relevant carbon emission data for measurement and accounting. Signatories should also be aware of potential errors and act flexibly to create a smoother path for companies to achieve and fulfil their decarbonisation goals.

# 7.

## Activities in 2020



BEC endeavours to support businesses along their decarbonisation journey. To support our signatories in identifying and overcoming different challenges, BEC organised various webinars and events in 2020.

To celebrate the Charter's first anniversary, an online ceremony was held on 15 May 2020 to share the decarbonisation progress of our 2019 signatories and announce new signatory companies. Industry experts from Shiu Wing Steel Limited and Ronald Lu & Partners (Hong Kong) Limited were invited to share their experiences on emission reduction, target-setting, staff awareness and how BEC supported their journey, through the pursuit of Pathway 1 and Pathway 2 respectively.



Recognising the achievements of our new signatories and the continuous support from our Technical Partner and Supporting Organisations, BEC organised a photo-taking session with our Guest of Honour the Under Secretary for the Environment, Mr CWTse, on 23 June 2020.

An introductory workshop was held on 31 July 2020 to provide background information for our signatories on the effects of climate change to businesses. A speaker from the Hong Kong Observatory discussed climate science and its relevance to businesses in Hong Kong. This workshop drew internal from BEC with a step-by-step guide on target-setting with industry practitioners from Hongkong Land Limited to share their experiences.

The “Coca Cola – RESET Carbon workshop on Science-Based Target setting” was held on 15 September 2020. Co-organised with Swire Coca Cola, their successful journey in setting Science Based Targets (SBTs) was shared. The workshop covered the rationale and principles of setting SBTs, key reduction opportunities, as well as the challenges throughout the SBT journey.



Responding to the SBT workshop, we organised another workshop focusing on Scope 3 emission accounting and management on 21 September 2020. This workshop offered our signatories a deeper understanding of the definition, coverage of Scope 3 emissions with a step-by-step guide on measurement and target-setting. Industry experts from AECOM, Airport Authority Hong Kong and HAECO also joined a panel discussion to share their experiences.



Our “Low Carbon Charter Progress Report 2019” was launched in September 2020. The report summarised the decarbonisation progresses of our 34 initial signatories, based on the collected progress tracking forms. Four signatories (Airport Authority Hong Kong, Sino Land, Kerry Properties and Swire Properties) were featured to showcase their successful case on decarbonisation, target-setting and stakeholder engagement.

## BEC Low Carbon Charter Signatories (as at December 2020)

(in alphabetical order)







## Acknowledgements

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BEC is grateful for the generous support of member companies, particularly the Steering Committee of BEC CCBF AG, who have provided financial support for this project.



### **Sponsors of the BEC Low Carbon Hong Kong Initiative**

#### BEC Climate Change Business Forum Advisory Group Steering Committee (2019- 2021)

Airport Authority Hong Kong  
CLP Power Hong Kong Limited  
Hongkong Land Limited  
Link Asset Management Limited  
NWS Holdings Limited  
Ove Arup & Partners Hong Kong Limited  
Siemens Limited  
Sun Hung Kai Properties Limited  
Swire Pacific Limited  
Swire Properties Limited  
The Hongkong Electric Company Limited

#### BEC Climate Change Business Forum Advisory Group Steering Committee (2017- 2019)

Airport Authority Hong Kong  
CLP Power Hong Kong Limited  
Link Asset Management Limited  
Siemens Limited  
Sino Land Company Limited

Sun Hung Kai Properties Limited  
Swire Pacific Limited  
Swire Properties Limited  
The Hongkong Electric Company Limited

Technical Partner (since 2019)

CDP

Supporting Organisations (2019- 2020)

China Real Estate Chamber of Commerce Hong Kong and International Chapter Limited  
Hong Kong Green Building Council Limited  
The Canadian Chamber of Commerce in Hong Kong  
The European Chamber of Commerce in Hong Kong  
The Hong Kong General Chamber of Commerce

BEC Staff

Mr Simon Ng	Director – Policy & Research
Ms Violet Law	Officer – Policy & Research

## Appendix

### 2020 Signatory Progress & Achievements Reporting Form

#### Introduction

Congratulations on being a signatory of the BEC Low Carbon Charter. Your company is part of an elite group of businesses voluntarily committing to set and achieve decarbonisation targets, disclose progress of setting and achieving targets, and advocate target setting and low carbon practices. Your company's commitment and actions are invaluable in the transformation to a healthy and sustainable Hong Kong.

BEC invites you to share with us your company's journey and progress in working towards the BEC Low Carbon Charter commitments by completing this form. The purpose of this is two-fold: 1) for BEC to understand your company's target setting and decarbonisation experiences and how BEC may offer suitable support, and 2) for BEC to record your company's progress in working towards the commitments with the aim to promote and celebrate the achievements.

By completing and returning this form to BEC, your company fulfils the "disclose annually progress of setting/achieving target(s)" component of the commitment. BEC also encourages your company to disclose progress through other channels of communication.

#### Handling of Information

The information you provide in this form will be used solely for materials/publications related to the BEC Low Carbon Charter and in anonymised/aggregated forms so that the identity of individual signatories will not be disclosed. We would strongly encourage you to share your experience and achievements through submitting a case study and disclosing your decarbonisation targets and progress online. You will have the chance to commit to disclose in Section E.

Be assured that BEC's aim is to track the collective progress of BEC Low Carbon Charter signatories and individual companies' own progress over time, not to compare companies against one another.

#### Instructions

Enter information directly into this form and submit the completed form in either Microsoft Word or PDF format by email to [violetlaw@bec.org.hk](mailto:violetlaw@bec.org.hk). You will receive an email acknowledging receipt of the form upon successful submission.

You may amend a submitted response at any time before the deadline by re-submitting a revised and completed form to BEC. The newest form will supersede any previously submitted forms and render any previous versions obsolete. You are recommended to fill in the form in English.

This form should be submitted no later than 15 December 2020. BEC encourages you to submit the form as early as possible. BEC may follow-up and contact your contact person should clarification be needed.

BEC aims to make this reporting process easy and simple for signatories. For each question, you may make use of relevant information that may have already been compiled or be in your company's public reports. If you wish to reference information in your company's public reports, your responses may include "see page [#] of our report [link]", for example.

BEC understands that some signatories may have set decarbonisation targets using energy consumption or other units as units for measurement. If this applies to your company, BEC encourages you to translate the targets and achievements into carbon terms as far as possible as you respond to this form.

For any enquiries, you may contact Ms Violet Law at [violetlaw@bec.org.hk](mailto:violetlaw@bec.org.hk) or 2784 3956.

## A. General Information

For initial signatories, you can choose to fill in questions A3-5 only in Sections A & B if there is no update since last year.

### 1. Company name.

[GRI Standards Disclosure 102-1]

Click or tap here to enter text.

### 2. Describe your organisation's business profile.

Describe your company's business, company size, and the sector(s) which your company operates in. You may make reference to the Hang Seng Industry Classification System on the description of sector.

[GRI Standards Disclosure 102-2]

Click or tap here to enter text.

### 3. Contact person name, title, email address, and phone number.

This person will be your company's primary representative in all BEC Low Carbon Charter-related liaison with BEC. You may appoint multiple contact persons, indicate specific contact persons for issues related to this form, or request that other colleagues be copied in emails directed to the contact person.

Click or tap here to enter text.

### 4. What is your reporting period?

You are offered the flexibility to determine your own reporting period. Include start and end dates (in DD/MM/YYYY). Ideally the reporting period would align with your company's financial year, but we also understand that signatories may not have a full year's data due to clashes with reporting cycle or other reasons. Still, we encourage signatories to disclose as much of information as possible. All information reported subsequently will be assumed to be of the period reported here.

[GRI Standards Disclosure 102-50]

Click or tap here to enter text.

### 5. What is your reporting boundary?

The BEC Low Carbon Charter Pathway 1 offers you the flexibility to determine the boundary of which the Charter applies to your company, e.g. your business in its entirety, your business operations in Hong Kong, or specific segments of your business

or projects in Hong Kong, etc. Describe here the boundary which you have set. For signatories signing Pathway 2, describe the boundary that you have submitted or plan to submit to the Science Based Targets initiative. All information reported subsequently will be assumed to be of the boundary reported here. If the reporting boundary is not your company in its entirety, provide an indication of the size of the covered segments compared to your company's entire portfolio.

[GRI Standards Disclosure 102-46]

Click or tap here to enter text.

## B. Motivation

### 1. Why did your company publicly commit to set and achieve ambitious decarbonisation targets?

Describe why decarbonisation is important to your company. Were there any climate-related business risks and/or opportunities identified or specific incidents that motivated this commitment? Be specific.

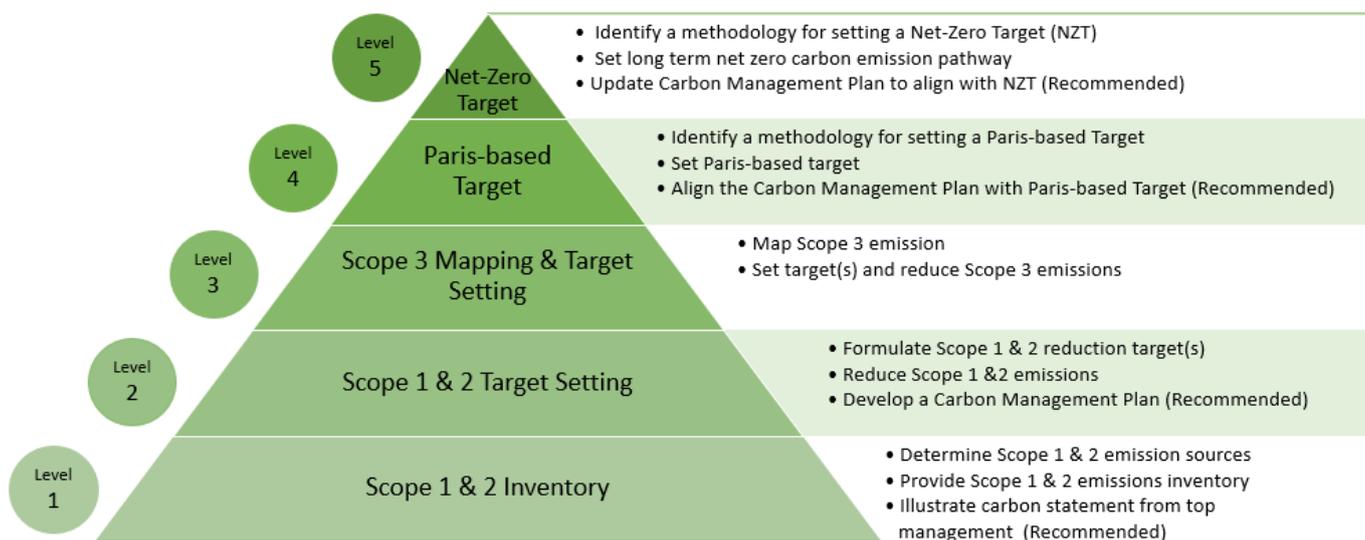
Click or tap here to enter text.

### 2. Has your company observed any business benefits from committing to set and achieve decarbonisation targets?

These may be in the form of strengthened brand reputation, increased customer and investor loyalty, improved resilience and innovation, or greater bottom line savings.

Click or tap here to enter text.

## C. Progress



Scope 1, 2, and 3 refer to carbon emissions as defined by [Greenhouse Gas Protocol](#).

**Scope 1** refers to direct Greenhouse gas (GHG) emissions from sources the company owns or controls. For example, generation of electricity and heat, physical or chemical processing, transportation of materials.

**Scope 2** refers to indirect GHG emissions generated through purchased electricity.

**Scope 3** refers to other indirect GHG emissions along the value chain, excluding scope 2 emissions, e.g. emissions related to purchased and sold products, business travels and commuting, leased assets and outsourced activities, and waste disposal.

**Paris-aligned targets** refers to the target in line with the Paris Agreement, which aims to limit global average temperature to

well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

**Net Zero** refers to the scenario which the emission of carbon and the reduction/capture of carbon balances out. Net zero emissions must be achieved eventually to fully mitigate climate change and to stabilise the climate.

1. With reference to the figure above, how far along is your company in its decarbonisation journey?

For example, if your company has just begun the target setting and decarbonisation journey and is currently collecting data to understand your company's emissions, then you are in Level 1. If your company has set a target through the Science Based Targets initiative, then you are in Level 4. You should have fulfilled all the requirements of the previous levels and to be at the next level.

Click or tap here to enter text.

2. Describe the actions and initiatives taken in working towards (re-)setting a target.

This may include research on target setting and decarbonisation, speaking and liaising with experts or consultants, communications between colleagues and teams, meetings with senior management, establishing a data collection system, collecting relevant data, calculating a baseline, determining target scope and boundary, forecasting scenarios, etc.

Click or tap here to enter text.

3. If your company has mapped out and established an inventory of carbon emissions, describe your company's carbon footprint.

Specify whether these are Scope 1, 2, or 3 carbon emissions, the units, and any other relevant definitions and supplementary information. Please also specify whether the relevant data has received internal and/or external verification. If so, please specify the verification body and the verification standard eg. ISO 14064-3.

[GRI Standards Disclosure 305-1, 305-2, 305-3, 305-4; HKEx ESG Reporting Guide KPI A1.2]

Click or tap here to enter text.

4. If your company has set decarbonisation target(s), describe it/them.

Please include the **base year** of the target, the **timeframe** for reduction, **ambition** (reducing how much), the **types of target** (e.g. absolute targets, intensity targets), and the **scope** of the target. The scope here refers to Scope 1, 2, or 3 carbon emissions, rather than the reporting boundary described in section A question 5. If your company has set an energy-based target, please translate that into **carbon terms**. Please also indicate your sub-targets eg. recycling if there are any.

[GRI Standards Disclosure 103-2]

Click or tap here to enter text.

5. Describe the decarbonisation actions and initiatives taken (in working towards achieving the target).

It is recommended to answer in accordance with your emission reduction target (as mentioned in C3 and C4), but you can also list out your emission reduction programmes in place even if your company is still setting a target. You should report all actions and initiatives regardless of its scale. It may include the formation of new sustainability structures, conducting energy audits, promote energy-saving amongst internal and external stakeholders, office recycling, switching off lights during lunch etc.

[GRI Standards Disclosure 103-2; HKEx ESG Reporting Guide KPI A1.5, KPI A2.3]

Click or tap here to enter text.

6. If your company has set a target and has begun decarbonising, how much carbon has been reduced so far and is it on track with the aforementioned target(s)?

Provide the amount of carbon reduced in both **absolute** (the total amount of emissions reduced) and **relative** terms (the proportion reduced compared to the total carbon footprint of the reporting boundary described in section A question 5).

[GRI Standards Disclosure 305-5; HKEG ESG Reporting Guide KPI A1.5, KPI A2.3]

Click or tap here to enter text.

7. How has your company been advocating target setting and decarbonisation internally and externally? Are there new initiatives different than the past?

One of the commitments of the BEC Low Carbon Charter is to “advocate setting decarbonisation targets and implementing low carbon practices to stakeholders”. All actions and initiatives are encouraged, no matter its scale. It may include participating in other decarbonisation initiatives, designing low carbon projects with different companies, etc.

Click or tap here to enter text.

#### D. Experience

1. If your company has set a target and has begun decarbonising, what were the key factors for successfully decarbonising and achieving targets?

Click or tap here to enter text.

2. Throughout the target setting and decarbonisation process, were there challenges encountered and how were they overcome?

Click or tap here to enter text.

3. What kind of support does your company need from BEC and other stakeholders to set and achieve decarbonisation targets?

Click or tap here to enter text.

4. Has your company joined other decarbonisation pledges in addition to the BEC Low Carbon Charter?

If yes, describe the pledge(s) and when your company joined them.

Click or tap here to enter text.

#### E. Tell Your Story

1. Would you like to submit a case on your company’s decarbonisation achievements?

The case may include messages you would like to share with other signatories and the general public, which include your company’s decarbonisation journey, stories from your colleagues, etc. We will contact you in early 2021 if you are selected for the case study exercise.

Click or tap here to enter text.

2. Would you like to disclose your decarbonisation targets through the BEC Low Carbon Charter?

Please indicate your interests in this and we will release more details regarding the arrangement at a later stage.

Click or tap here to enter text.

#### F. Anything Else?

Click or tap here to enter text.

----- End of 2020 Signatory Progress & Achievements Reporting Form -----

### **About BEC**

Business Environment Council Limited ("BEC") is an independent, charitable membership organisation, established by the business sector in Hong Kong. Since its establishment in 1992, BEC has been at the forefront of promoting environmental excellence by advocating the uptake of clean technologies and practices which reduce waste, conserve resources, prevent pollution and improve corporate environmental and social responsibility. BEC offers sustainable solutions and professional services covering advisory, research, assessment, training and award programs for government, business and the community, thus enabling environmental protection and contributing to the transition to a low carbon economy.

### **About BEC CCBF AG**

BEC Climate Change Business Forum Advisory Group ("BEC CCBF AG") promotes the awareness of, and builds capacity in relation to, climate change mitigation, adaptation and resilience activities amongst BEC's membership and the business community in Hong Kong. It also aims to provide a platform for BEC to engage relevant regulatory bodies on climate change-related matters, and forge collaboration between local and global experts on climate change.

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