



## BEC EnviroSeries Conference June 2022

Business Environment Council Limited (“BEC”) held its flagship event BEC EnviroSeries Conference “Driving Business Ambition into Action for a Net-Zero Hong Kong” on 17 June 2022 in hybrid mode, attracting over 1,200 participants, including government representatives, consulate generals, business leaders, entrepreneurs, industry experts, academics, and other interested participants from Hong Kong and around the world.

In recent years, BEC has witnessed greater ambition among the Hong Kong business sector in driving towards net-zero transitions, as exemplified by the steadily growing number of BEC Low Carbon Charter signatories since its launch in 2019. The four-pronged decarbonisation strategy set out in *Hong Kong’s Climate Action Plan 2050* last year is also expected to galvanise the private sector to take more decisive action in helping Hong Kong achieve carbon neutrality by 2050. Based on the discussions, BEC will continue to facilitate the **business community to take bold steps on net-zero transition.**

Here are the takeaways from each session:

## Session 1 The State of Climate Ambition and Action

During the panel discussion, we focused on climate ambition and action at the global, national and local levels and highlighted business leadership's importance in turning ambition into action. Throughout the panel discussion, panellists agreed that it is essential for both governments and businesses to keep the ambition of meeting the 1.5°C targets.

### **Key takeaway:**

***Recent geopolitics and increasing climate risks will prompt governments and businesses to accelerate green transition. Countries with more ambitious targets tend to foster closer public-private collaboration.***

From the government perspective, all the countries that attended COP26 agreed to review their National Development Contributions over the next year and review what they will achieve by 2030. Besides, the need to develop clean energy is getting more critical to tackle the energy security issue with the challenges of the modern world, such as the Ukraine invasion, rising energy prices, and rising food prices. Mrs Tamsin Heath from the British Consulate General Hong Kong also mentioned that the COP continues to lobby worldwide and get people to be as ambitious as possible on climate goals. Ultimately, countries based on their own development status decide what they can achieve individually.

From the business perspective, enterprises are essential in turning climate ambition into action. Companies can encourage and support governments to adopt and implement more ambitious legislations. Business sectors can cooperate with their peers through value chains to transform companies to be more resilient and sustainable, further enhancing their market values as co-benefit. Moreover, it is important to highlight mitigation stays the most cost-effective approach in addressing climate emergencies, as there are unforeseen costs and limits on how much climate change any city or business can adapt to. Companies need to understand their impacts and dependencies, identify the hotspots in their value chains and tackle the problem urgently.

Business communities provide support and platforms for governments and companies to collaborate and reach climate goals together. Mr Torbjörn Magnusson from the Swedish Chamber of Commerce in Hong Kong shared Sweden's experiences on initiatives that may help Hong Kong hit its climate targets. 'Fossil Free Sweden' initiative is a successful example of collaboration between enterprises and the Government, working together to identify hotspots that can drive down carbon intensity in the economy. Such public-private partnership supports the ambitious target in the country.

 [Watch the Session 1 Playback](#)

## Session 2 Scaling Net-Zero Transition through Innovation and Digital Transformation

The panel discussion in Session 2 focused on how innovation and digital transformation would support and scale net-zero transition in Hong Kong, discussed the challenges ahead, and identified enabling factors that facilitate a successful transition.

### **Key takeaway:**

***Hong Kong should move towards measuring net-zero transition beyond a conceptual idea. Market solutions are there, but they can only be best utilised when users understand well the purpose and favourable policies exist.***

Environmental data analytics and methodologies need to become more accurate and reliable so that data users can fully understand the scale and strategically plan solutions toward net-zero goals. Artificial intelligence's rapid development has led to valuable tools for humans to provide more accurate predictions, improve processes in many different fields, and optimise resources. For example, Building Information Modelling (BIM) ensures higher accuracy in their forecasts. Their features help increase energy efficiency and stability through ability to analyse large datasets in a short period of time. Companies should not solely rely on average industry benchmarks to assess their own performance, given existing challenges like the lack of accuracy and creditability of market data. To overcome such data limitation, Ms Anita Varshney, SAP, suggested that companies need to establish a more robust internal assessment methodology and adopt a human-centric approach when interpreting data and drawing insights.

Hong Kong Government should continue to reference policies and technologies implemented in other countries and draw practical applications for Hong Kong. Prof Davis Bookhart from the Hong Kong University of Science and Technology suggested two direct recommendations for the Government to consider when planning towards decarbonisation: i) raising building codes to enforce better air quality and energy performance, and ii) deregulating the energy industry to allow more significant on-site energy generation and sharing mechanisms. Mr Travis Kan, CLPe Solutions Limited, also advised the Government to consider using economic means like carbon tax to disincentivise companies from ignoring carbon reductions. For example, Singapore plans to increase carbon tax from US\$3.6 for each tonne of carbon dioxide equivalent (tCO<sub>2</sub>e) to US\$18 per tCO<sub>2</sub>e in 2024, and eventually between US\$36-68 tCO<sub>2</sub>e by 2030.

 [Watch the Session 2 Playback](#)

## Session 3 From Ambition to Action: Navigating Corporate Climate Journey

During the panel discussion, we explored approaches and best practices that support corporates to initiate and sustain climate actions towards their net-zero transition. We also heard panellists share how they connected climate pledges with actions in the context of the companies. This will help other companies accelerate planning and implementation in their climate journey.

### **Key takeaway:**

***Ambitious companies demonstrate clearly it is not just about climate strategy but business transition strategy to stay competitive. Actions are driven by the belief that the costs of inaction today will be more expensive tomorrow. And communication, both internally and along value-chain, is the most enabling factor in their climate journey.***

Projects such as mangrove restoration may bring multiple benefits including carbon sequestration, fishery regeneration, shoreline and freshwater protection, and livelihood improvement. It is important to quantify the economic value of these benefits for businesses to fully appreciate the opportunities in nature conservation. While some may feel Hong Kong is lagging in the net-zero journey, some of the corporates are trying to pioneer through internationally approved science-based targets (SBTs) and robust action plans. For instance, Swire Properties has such a SBT with a package of projects on increasing electrification, green building, tenant engagement programmes and nature-based solutions. CLP has also committed to phasing out coal-based assets by 2040, a decade earlier than the previous pledge. Both corporates have emphasised climate change is the core part of their business governance and strategy to stay competitive.

It is important to ensure how the ambitious pledges are met. Internally, organisations should set realistic and transparent goals and targets to ensure all the stakeholders, including company staff and departments, are on the same page to meet the commitment. Externally, organisations need to constantly review and monitor the goals and the tenants' contributions to help fulfil the pledges. Organisations may disclosure annual progress reports to the markets and external parties for transparency and as self-driving force.

Communication is crucial in achieving the ambitions. Speaking with and educating employees, from frontline workers to managers, could raise their awareness of reducing carbon emissions. Employees could also be the bridge to share companies' commitment

to the public. Besides, it is essential to engage with the stakeholders in the values chains, from upstream suppliers to downstream customers. Communicating and cooperating with the suppliers is imperative to reach carbon reduction goals, especially regarding Scope 3 emission targets.

Panellists also provided advice to small and medium enterprises (SMEs) on how they can start the climate journey. They should first try to have an engagement plan to make everyone within the company passionate about the topic. This can be followed by measurement through carbon accounting to understand and identify their environmental impacts in the operation process, set targets and pick the low-hanging fruits. Most importantly, top management needs to realise the costs of inaction today are no doubt higher than early investment into climate actions, as the world is looking to more stringent climate-related regulations.

 [Watch the Session 3 Playback](#)

## **Session 4** Bridging Pledges and Action Through Partnership

During the panel discussion, we discussed how companies could effectively engage with their business partners to accelerate decarbonisation. Reducing carbon emissions and meeting the net-zero emission target is not a one-person job. We heard solutions like joint initiatives, procurement rules, and tenancy requirements to inform the audience how the business sector can work collectively on net-zero transition.

### **Key takeaway:**

***Reducing carbon emission is never the job of one person. Cooperation can double the result with half effort to achieve net-zero emission targets. Hong Kong has several successful experiences in collaboration initiatives, and business sectors should learn from these experiences to accelerate emission reductions.***

Cooperation can incubate best practices, set the agenda, and raise the floor to drive both internal and external parties to contribute to and achieve the pledged climate goals. Organisations should engage with value chain business partners such as suppliers, tenants, and other stakeholders along the value chain. For instance, Mr John Haffner brought up the example of Hang Lung Properties Limited collaborating with CLP as the wholesaler to power one of its properties entirely with renewable electricity. Larger organisations can also assist their business partners with financial and advisory support in reducing carbon emissions. For instance, Hong Kong Airport Authority will launch the HKIA Green Innovation and Technology Fund for the airport community. The fund provides financial

support to business partners in piloting and scaling up new innovative technologies and accelerating new carbon reduction initiatives across the Hong Kong International Airport.

Collaborating with industry counterparts is likewise essential to create opportunities for new initiatives, as examples are seen in the shipping industry. Mr Roberto Giannetta, Hong Kong Liner Shipping Association, mentioned that the complexity of the liner shipping industry and immature technology hinder the industry from achieving net-zero emission targets. Shipping companies have to cooperate in developing new technologies for the industry, as the investment requires lots of monetary resources and innovative technologies. By fostering partnership among companies, the shipping industry can lift stakeholders' attention, including consumers, sellers, and transport providers, which would drive further support to decarbonise the sector. During the session, financial institutions also shared that they are setting up new grants tailored for the SMEs in Hong Kong to encourage them to start the sustainability journey. For example, DBS has launched its SME Grant Programme to support SMEs in implementing sustainable solutions, and track and measure their impacts and achievements.



**Watch the Session 4 Playback**

#### **About Business Environment Council Limited 商界環保協會有限公司**

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.