

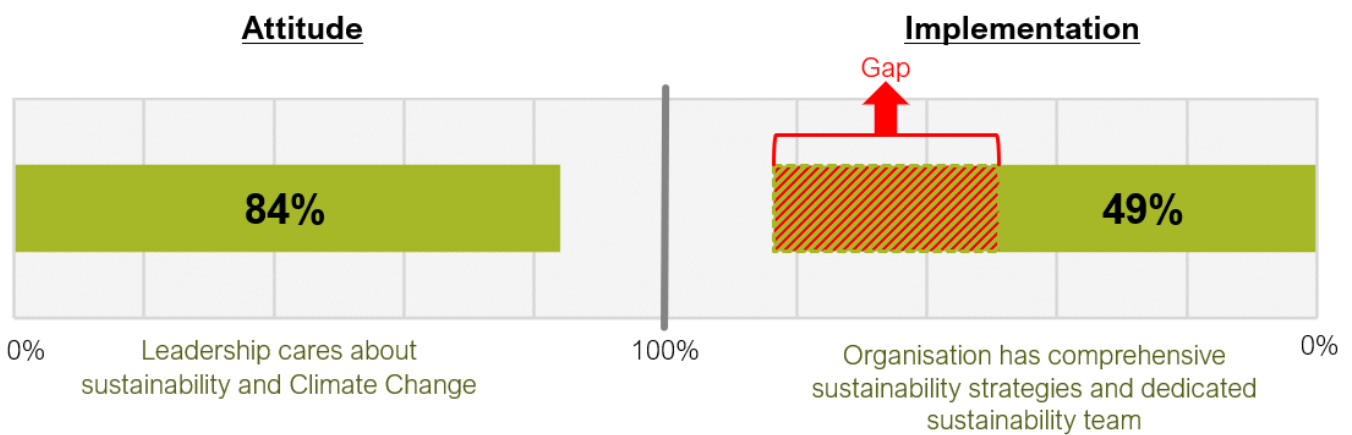


Building a Greener and Smarter Hong Kong August 2023

In 2021, the Hong Kong Government unveiled the *Climate Action Plan 2050 (CAP2050)* with the goal of achieving carbon neutrality and published other environmental policy blueprints. To understand the current sustainability landscape in Hong Kong, Business Environment Council (“BEC”) has conducted a [study](#) supported by Schneider Electric. Gathering feedback from 205 respondents from various industries, the study consisted of an online survey and three focus group sessions with business leaders responsible for sustainability, all conducted from August to September 2022. An executive summary and a press release highlighting key findings were subsequently published in November 2022.



Current Sustainability Landscape and Corporate Attitudes: Majority of Organisations Incorporate Sustainability into Strategies, but Dedicated Teams and Comprehensive Approaches Are Still Lacking.



Gap between Sustainability Attitude and Implementation

- **84%** of respondents indicated their organisations incorporate sustainability into strategies, but **less than half** have **established dedicated teams and comprehensive policies** for sustainability.
- Meanwhile, **69%** of respondents reported their efforts **aligning with CAP2050**.
- **60%** have **public commitments to decarbonisation**, driven by changing customer and stakeholder expectations.
- **51%** of respondents are **facing increased pressure** to reduce emissions in their offerings.

Impact of Climate Change to Organisation in last 12 months	% of Respondents
We see the behaviour, wants and/or needs of our customers and/or key stakeholders are being reshaped by climate change	69%
We are facing increased pressure to consider carbon footprint in the design and/or delivery of our products, solutions and/or services	51%



Complications: Insufficient Understanding to Sustainability Terms and Initiatives; Challenges in Implementing Sustainable Strategies and Setting Targets; and Uncertainty in Achieving Committed Goals

The study revealed that understanding of sustainability terms and initiatives are insufficient. For example, only **28% and 21% of respondents have solid understanding on SBTi and TCFD respectively.**

Amongst challenges in implementing sustainable strategies and achieving targets, top 3 common ones are: changing longstanding business practices or organisational mindsets (62%); balancing between realistic and aspirational targets (55%); and accessing accurate data and information (41%). **14% of respondents** lacked confidence for their organisations in achieving decarbonisation goals.



14% of respondents **NOT confident** that their organisation will achieve the committed decarbonisation targets

Striking a **balance between realistic and aspirational targets** as Top 3 sustainability challenges for organisations



Three Themed Focus Groups, All Emphasised the Need of Government Support and Guidance

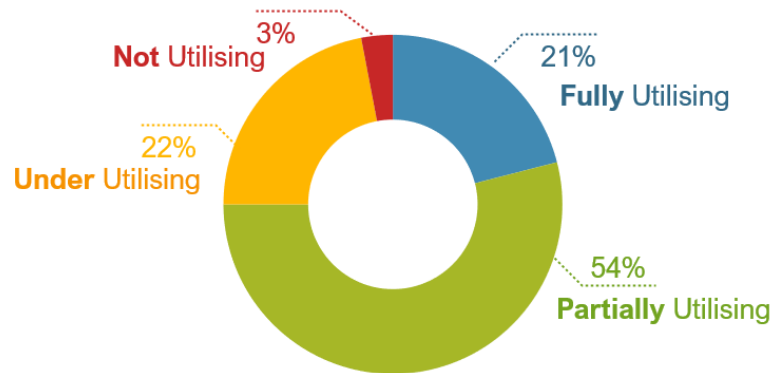
Participants in three discussion sessions on **low carbon and net-zero buildings, waste management and circular economy, and smart transport** emphasised:

- Challenges to develop net-zero buildings include climate, building design, and material availability.
- Decarbonising the grid helps as on-site renewable generation may not meet the demand.
- To enhance recycling, industries need government guidelines and financial incentives.
- Transport companies are exploring alternative fuels, autonomous driving, and optimising routes. The sector seeks government's financial support for low-carbon vehicles and EV charging infrastructure.



Challenges and Opportunities in Realising the Potential for Sustainable Practices through Energy Management and Digital Strategies

- Companies need to leverage resources to develop forward-looking energy strategies to better meet emissions targets. Currently, only 42% feel they are transitioning well to renewables.
- Most concerned **energy and resources risks** include **uncertain regulations (69%), volatile prices (53%)** and unreliable supply chains (36%).
- While energy efficiency remains the top priority approach, some respondents are starting to look beyond just energy efficiency strategies, exploring **options like energy harvesting and storage**.



Views on Technology Utilisation for more Sustainable Operations of Their Own Organisation

Main findings regarding digital transformation:

- 52% of respondents adopted digital solutions in the last 12 months but **only 21% feel fully utilising technologies for sustainability**. There has been 16% increased investment in digitalisation recently.
- Internally, **digital analytics** provide most value for **improving operational efficiency and sustainability performance monitoring**.
- The slow adoption of digital tools stems from uncertainties around financial and technical aspects. Therefore, progress will heavily rely on:
 - Accumulating and sharing successful use cases to build acceptance; and
 - Facilitating synergistic industry collaborations that would benefit end-users.

Recommended government actions:

- Simplify access to public funding for transport sectors to adopt new technologies;
- Conduct autonomous vehicle demonstration projects through coordinated trials in Hong Kong; and
- Develop collaborative public-private financing schemes with industries to support emission reduction.

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

Business Environment Council Limited ("BEC") is an independent, non-profit membership organisation, established by the business sector in Hong Kong. BEC is also a tax-exempt charitable organisation under Section 88 of the Inland Revenue Ordinance (Cap 112). 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 net-zero economy.

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