



**BUSINESS ENVIRONMENT COUNCIL**  
商界環保協會

## Corporate Responsibility in the Hong Kong Business Environment

24<sup>th</sup> October 2007

ICAEW & HKCIPA 2<sup>nd</sup> Annual Conference

**Dr Andrew L Thomson**  
*Chief Executive Officer*



**BUSINESS ENVIRONMENT COUNCIL**  
商界環保協會

## About BEC



### Focus Areas

Air Pollution  
Waste Management  
Climate Change  
CSR/ Corporate Sustainability

Built Environment  
Harbour-front Enhancement  
Sustainable Tourism  
China Environment



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## Our Origins

- Established in 1989
- Small group of leading companies in Hong Kong
- To create a climate of public opinion which will help Government and encourage the private sector in taking action on environmental issues
- To sponsor economically viable environmental projects
- To explore and encourage a market approach to solving environmental problems




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## Award, Certification and Partnership Programmes



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## Capacity Building and Support

### Project Acorn

A Cost-effective, Modular Environmental Management System Support Programme



**Core Requirements of an EMS**


- Management System
- Operational Control
- Performance Evaluation
- Continual Improvement

Can it be managed or does it need improvement?

Improve

Environmental Resource Site for SME Manufacturers

<http://www.sme.greenmfr.org>

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## Strategic development forums

### ENVIROSERIES

SUSTAINABLE DEVELOPMENT FORUM



### Harbour Business Forum

海港商界論壇



BEC also has Working Groups on:

- Sustainable Development
- Air Pollution
- Green Buildings
- Coalition on Sustainable Tourism
- Waste Management

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## Strategic sector development

Planning Design Construction Completion

**BEAM**

Best practice performance across the whole-life building cycle

>120 developments (70,000,000 ft<sup>2</sup>), one of the most widely adopted schemes of its kind in the world

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## Leading Responsible Business

Regional Network Partner, World Business Council for Sustainable Development (WBCSD)

HOME ABOUT BEC PROGRAMS MEMBERSHIP NEWS ROOM CAREER CONTACT US 中文 MEMBER LOGIN

**BEHIND THE SCENES**

- Air Pollution
- Built Environment
- Climate Change
- Corporate Responsibility
- Harbour and Waterfront
- Sustainable Tourism
- Waste Management
- Mainland China
- Case Studies
- Research Studies
- Training
- Version Nine
- EVENTS
- Event Calendar
- Event Series
- AWARDS
- Hong Kong Eco-Products Award
- Hong Kong Awards for Industries
- Living Business Award
- More

**BEH NEWS**

- Hong Kong Awards for Industries: Apply by Aug 3, HKAI in Environmental Performance aims to recognize enterprises in both industrial...
- World's Coldest Conference - EmerSeries 2007: A Forum Where Finance Meets the Environment to address sustainable financing trends in Asia Pacific.

**CASE STUDIES**

- Air Pollution: Experience from different industries in reducing CO2 emissions to solve the air pollution problem in...
- Built Environment: Building projects with outstanding performance on energy efficiency, pollution prevention and...

**WBCSD UPDATE**

- Ford to Convert Plant Fumes to Electricity: Ford Motor Corp. announced Thursday it will install its patented Fumes-to-Fuel system at its...
- DuPont Buys Technology to Help Retirees Lower Sulfur Emissions: DuPont bought Thursday the intellectual property of a technology used to dramatically lower the...

**NEW MEMBERSHIP**

- 商界環保協會
- RICS
- ASCE
- DOW

**JOIN BEC**

MEMBER DIRECTORY

- Quorum Enviro-Tech
- Fook Tin Technologies Ltd
- KORC
- The Swire Group

**RESOURCES**

- Sustainable Development Guide
- CEQA Publications/Bookshop
- Eco-Tourism Map
- Waste Separation Guidebook

**USEFUL LINKS**

- EPO
- FHK 1-1-1 Program
- Living Business Award
- WBCSD

ENVIR SERIES 07  
SUSTAINABLE DEVELOPMENT FORUM

Harbour Business Forum  
海港商務論壇

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## One Planet

Sustainable Development..... is the common goal for leading organisations

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## Triple Bottom Line

Corporate Responsibility (sustainable development)

- Corporate financial responsibility
- Corporate environmental responsibility
- Corporate social responsibility

Source: WBCSD (idea credit John Elkington)

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## Threat, Challenge or Opportunity?

Urgency for organisation to go for sustainable business growth & to look after all stakeholders' interests

Need for a variety of new business tools And skills

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Do I treat my workers fairly?

How can I use more renewable resources?

Can my products be recycled after use?

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## The world is changing

**Carbon Neutral**

**BEC is setting up a Climate Change Forum**

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## Challenge to Companies today

- People expect corporate citizens to behave responsibly
- More stakeholders: Employees, clients, customers, investors, general public, pressure groups
- Companies are more exposed
- More standards, codes and guidelines to follow
- Risk based response

Gap承認產品靠制剛工人生產

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## 獵DISNEY HUNTER奇

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## Challenge to companies today (2)

- Trend in socially responsible investment (SRI) → need to reduce cost and risk
- Accountability for performance along the value chain (→ supply chain pressure, producer responsibility)
- Financial Markets expanding SRI, carbon, green REITS, Green Property investment etc

CODE OF VENDOR CONDUCT  
Cap Inc.

Public Suppliers and the Environment  
HP

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## More information available

- More environmental and social labels
- More green shopping guides, websites, etc

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## Walls are Closing In

Source: BUSINESS & THE ENVIRONMENT PROGRAMME: THOUGHT LEADERSHIP THE WORLD IN CONTEXT: BEYOND THE BUSINESS CASE FOR SUSTAINABLE DEVELOPMENT

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## Training

Code of conduct implementation / workplace ethics and values training / human rights in the workplace / employee-organization values alignment / ethical leadership training / Green Office / Health and Safety / Community

A 2000 study by KPMG on ethics training in Canadian organizations found the following:

- 86.4% of respondents have a document that outlines their values and principles.
- 72.7% have some kind of program or initiatives focused on promoting ethical values and practices
- 41.6% of respondents have a senior level manager whose role specifically includes implementation, monitoring, or assurance of ethics initiatives.
- Of the organizations surveyed that provide ethics training to managers and senior managers, less than 10% provide more than eight hours per year, and
- Almost one-third provide one hour or less of ethics training per year.

## THE SME Challenge in China

- In a CSR survey of 4000 SME's in Hong Kong/South China - 90% said they were did not feel the issue was important to their businesses
- In a detailed survey of 50 SMEs from the electronic, house-ware, watch, textile and garments and toy sectors
- 50% had heard of Sustainable Development
- 42% had implemented some form of environmental program
- Only 20% had implemented workplace or community programs.
- Although 30% and 42% had environmental and labour policy respectively
- Less than 30% had been asked by a client or buyer to meet a particular standard, and of these less than 20% were aware of the consequence of non-compliance

### Gingko House

Diamond award winner - HSBC Living Business Awards 2007

'Seniors are valuable assets of our society. With opportunities and proper management, they can provide a great contribution to community development. Additionally, seniors can regain their self-confidence from working which creates a win-win situation for both elders and the society.'

- Joyce Mak, Chief Executive Officer, Gingko House



### LTK International Ltd

Emerald award winner - HSBC Living Business Awards 2007

'Every corporation has a duty and responsibility to reduce their operation's environmental and social impact. Therefore, in the process of our business operation, we aim to achieve a triple bottom line, which means striking a balance between economic development, environmental protection and social performance.'

- Thomas Chuang, Director, LTK International Ltd

Commitment to environmental protection

'As a responsible corporate citizen, we are very concerned about environmental protection,' said Thomas Chuang. 'LTK has a formal environmental policy to control the impact of their operations on the environment. It also carries out life-cycle assessments (LCA) on all its products to ensure the environmental impact throughout the products' life-cycle is reduced to a minimum.'



### Salon Go Ahead

Sapphire award winner - HSBC Living Business Awards 2007

#### About the company:

Established in 1993, Salon Go Ahead is a small enterprise owned by three professional hairstylists. In addition to providing professional hair styling services to individual customers, it also provides services for stage performances.

'Salon Go Ahead has established environmental purchasing guidelines such as buying hair products which do not contain volatile organic compounds (VOC). It also encourages suppliers to provide products in bulk packaging to reduce waste. In addition, the salon implements different measures to reduce its environmental impact; for example it switches off some lights and air-conditioning during non-peak hours to save electricity.'



## Benefit of CSR in the service sector

- Higher staff satisfaction and loyalty
- Attracts good employees
- Increases productivity and service quality
- Reduces operating costs
- Better risk management
- Improves financial performance
- Enhances company image and reputation
- Gives customers confidence
- Reduces regulatory oversight
- Captures ethical consumer markets
- Access to capital
- More stable market

**Increase your competitiveness !!**

## CSR Reporting

- A proactive way of communication with stakeholders
- A management and communication tool
- Materiality, scope, transparency, independent verification, readability, benchmarking, progressive, understanding of issues moving forwards and much more – this year extra focus on stakeholder engagement



## Some leading reporters:

MTRC

CLP - First report compiled under the guidance of the Global Reporting Initiative (GRI) G3 standard.



Housing Authority

Architectural Services Department

Towngas

Gammon

Cathay Pacific

8 / 10

## Carbon Disclosure Project



ASRIA – 2007 Trends in Asia (Ex Japan) – 166 respondents – CLP most comprehensive response. HK 34 companies only 8 responded. Korea and India moving most quickly in Asia.

## Sustainable Economy Dialogue

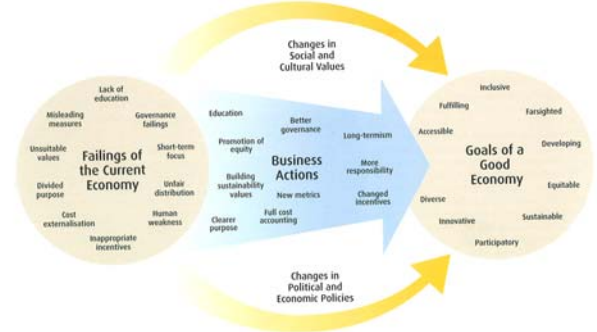
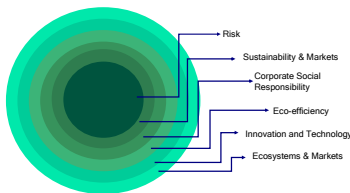


Figure 2: Findings of the Sustainable Economy Dialogue Process

Source: University of Cambridge Business Environment Program

## Sustainable Business

### WBCSD Cross-Cutting Themes



## WHY WAIT?

- Address consumers, clients and buyers' concerns
- Secure contracts !!
- Reduces costs
  - Operating cost, fines and penalties, compensations, materials etc
- Reduce risk boycott, lawsuits, etc
- Better risk management
- Better relationship with clients, government, workers, pressure groups, etc.
- Better company and brand image - differentiate yourself from your competitors
- Capture new (green and ethical) market niche
- Increase productivity

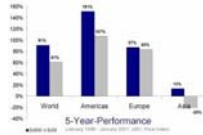




Growing demand for environmentally sound goods and services, but still a reliance on quality and probably more importantly affordable products.

Doing this **now** is future-proofing your business and community

Businesses in Hong Kong and China fall into two camps – those larger companies that are rapidly future-proofing and a lot of SME's that are not.



## What Next?

- This is your story
- Your journey into CSR and sustainable business development
- It will not be business as usual
- It will be better than usual, cheaper, greener, profitable (maybe more profitable), more considerate, and more sustainable



Thank you

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