



BRITISH
CHAMBER OF
COMMERCE
IN CHINA

中国英国商会

BRITISH
BUSINESS IN
CHINA:

**SPOTLIGHT ON
SUSTAINABILITY:
JOURNEY TO
NET-ZERO**

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FOREWORD

As we launch this report, Spotlight on Sustainability: Journey to Net-Zero, it provides an important opportunity to reflect on the profound importance of climate issues and the imperative for concerted action on a global scale. Climate change is not a localised concern; it is an existential challenge that transcends borders, affecting every corner of our increasingly interconnected world. It is something that needs urgent attention and addressing, and China and the United Kingdom are in a position where, through collaboration and action, can be at the forefront of advancing a sustainable future.

The stark reality of climate change confronts us daily, from the devastating impacts of extreme weather events, to rising temperatures and the increasing loss of biodiversity across the planet. These challenges require us to respond with unwavering resolve and a sense of shared responsibility that extends beyond our national borders, with the consequences of inaction being borne by communities, ecosystems, and economies globally.

In this context, the collaboration between China and the UK takes on a particular significance and highlights a unique opportunity. Both nations have articulated ambitious climate goals and have already embarked on transformative journeys towards sustainability. We share a commitment to reducing greenhouse gas emissions, transitioning to clean and renewable energy sources, and fostering sustainable practices across industries. The potential for

synergy and knowledge-sharing in our respective efforts is immense, and seizing this potential is imperative to drive meaningful change and accelerate our transition.

However, it is also important to acknowledge that our nations are at different stages of development along this sustainability path and have different areas of expertise. Whilst the UK has made commendable progress in implementing sustainability measures and reducing emissions, China is in the midst of a dynamic transformation that centres around reaching peak carbon emissions before 2030. Meanwhile, the UK boasts extensive expertise in harnessing alternative energy sources like hydrogen and wind, whilst China is a world leader in battery development and new energy vehicles. These varying stages of development and areas of expertise are intrinsic to our unique contexts and challenges, and also under-





pin the vast amount of potential that can be unlocked through collaboration. It is therefore not only our role to acknowledge these differences, but to harness them, and ensure that collaboration is centred around mutual understanding and support, enabling us to bridge the gaps and accelerate our collective progress.

To achieve our shared objectives, we must promote best practices, enhance collaboration, and actively learn from one another. The exchange of knowledge, technology, and innovative solutions will be pivotal in surmounting the complex and multifaceted challenges that climate change brings with it. By working hand in hand, we can amplify our impact and set a compelling example for the global community.

Within the pages of this report, you will find a wealth of insights, data, and strategic perspec-

tives that reaffirm British businesses' resolute commitment to sustainability in both their China and global operations. I hope that this comprehensive document serves as a progress check, an educational piece, and a framework for accelerating and inspiring the journey towards net zero. Together, we have the power to turn the tide on climate change and chart a course towards a more sustainable future for all.

Finally, I wish to thank all those who have contributed to the creation of this report and to our dedicated members for sharing their commitments, their strategies, their challenges, and their successes that they have had in driving a sustainable future. I hope, as a result of this report, to see more communication and collaboration between the UK and China at all levels - united by a common purpose and for the betterment of our planet and for the well-being of generations to come.



Daisy Shen
Head of Sustainability and Climate, KPMG China
At-Large member of Executive Committee, BritCham China

THE GREEN CHAMBER PLAN

IN CONVERSATION WITH MANAGING DIRECTOR RACHEL TSANG



On 18 May 2022, at the British Chamber of Commerce in China's Sustainability Summit, the British Chamber announced its 'Green Chamber Plan' - a commitment to move towards being a carbon-neutral chamber by taking into account measuring and offsetting emissions, working towards 'greener' events, and using all of these initiatives to encourage members and the wider community to do the same.

Over a year later, Managing Director Rachel Tsang, provides an insight and update into the progress made on BritCham's 'Green Chamber Plan'.

Q

What is the 'Green Chamber Plan'?

The Green Chamber Plan was established in 2022 as a resolute commitment by the British Chamber to attain a state of net-zero emissions. Our prior Business Sentiment Survey revealed a concerning fact: more than 60% of small businesses had not set any net-zero goals. As a Chamber, we were determined to set a precedent, demonstrating that sustainability is achievable for organisations of all sizes. Our commitment extends beyond mere words; we are actively measuring carbon emissions and taking concrete steps to hold ourselves accountable for a greener future.

Q

Why was it important for the British Chamber to implement a Green Chamber Plan?

This initiative underscores the achievements of our member companies and their contributions to the UK and China's net-zero goals. As a business organisation representing these companies, I believe it is crucial for the Chamber to demonstrate collective effort and raise awareness among smaller organisations like ours. We aim to set an example that every little step counts in the pursuit of sustainability.

Q

How did the British Chamber go about calculating its emissions?

We have been fortunate to collaborate closely with Daisy and her dedicated team at KPMG to meticulously calculate our Scope I and Scope II emissions. Their expertise and support have been instrumental in advancing our journey towards becoming a Green Chamber.

Their guidance and contributions have not only strengthened our commitment but have also ensured the accuracy and transparency of our emissions assessments. Our partnership with KPMG has been a testament to the power of collaboration in driving sustainability initiatives. We deeply value their role as strong supporters who share our vision for a more sustainable future. As we move forward, we look forward to the opportunity to expand and deepen our collaboration with KPMG, exploring new avenues to reinforce our commitment to sustainability and reduce our environmental footprint even further.

Q

What are the British Chamber's emissions currently?

KPMG conducted a comprehensive calculation of our Scope I and II emissions, revealing that our annual emissions amount to approximately 2.722 tonnes. Our commitment to minimising our carbon footprint has been a driving force behind this achievement. One of the key strategies we've implemented is our deliberate choice of a co-working space. By doing so, we've tapped into the efficiencies of sharing utilities and resources with other users in the building. Additionally, we've been mindful of our location selection, opting for a green and sustainable environment. These conscious decisions align with our environmental responsibility and underscore our dedication to reducing carbon emissions as an organisation. We remain committed to pursuing further initiatives to enhance our sustainability efforts.

How has the British Chamber gone about addressing the Chamber's carbon emissions thus far?

Q

The British Chamber has been proactive in addressing our carbon emissions by implementing a range of sustainability measures at our events. We prioritise sustainability by reducing waste, harnessing renewable energy sources whenever feasible, and minimising our overall carbon footprint.

Recognising the significance of our event portfolio, we take deliberate steps to select venues, such as hotels, with robust sustainability practices and energy-efficient certifications. A recent example of this commitment was seen at our Highland Games event, where we actively encouraged all 1000 guests to opt for public transportation, contributing to a reduction in carbon emissions associated with private vehicle travel. We are steadfast in our efforts to reduce single-use plastics and disposables at our events. These eco-conscious choices align with our broader goal of promoting sustainability.

Furthermore, the publication of this sustainability report serves as a critical tool to raise awareness among event participants about the environmental impact of their actions. We believe that fostering awareness is essential to inspire change and cultivate a culture of sustainability within our organisation and among our valued members and event attendees.

Q

Beyond carbon emissions, what other environmental and social aspects does the Green Chamber Plan encompass?

In addition to carbon emissions, the Green Chamber Plan focuses on raising awareness. We track our members' commitment to net-zero, not only through this report but also in our annual Sentiment Survey. This ensures that progress is monitored, and successful sustainability initiatives are shared among our community.

Q

What are some of the challenges that the Chamber faces in becoming net-zero?

As a non-profit, we may face resource constraints in fully implementing sustainability initiatives. Additionally, achieving net-zero can be challenging due to the need for significant changes in operations and infrastructure. However, we are committed to overcoming these challenges and setting an example for our members and the wider community.

Q

What is the Chamber looking to do over the next 12 months in terms of sustainability efforts?

Over the next 12 months, the Chamber plans to continue its efforts to reduce carbon emissions, working closely with KPMG identifying certifications to first offset our emissions. We also aim to expand sustainable practices in our events and operations, and further engage with our members on sustainability initiatives. We will also explore partnerships and collaborations to amplify our impact in the sustainability space.

Q

As the Managing Director, how do you encourage and engage member companies to actively participate in sustainability initiatives?

We encourage member companies to actively participate in sustainability initiatives by showcasing the benefits of sustainability in terms of cost savings, brand reputation, and long-term viability, in particular through our annual Sustainability Summit. As a knowledge platform we also provide resources, guidance, and networking opportunities for members to learn from each other's experiences and share best practices. By fostering a community of like-minded businesses, we aim to inspire and support our members in their sustainability journeys.

Q

How important is sustainability in terms of UK-China relations? How do you hope to influence policymakers in both the UK and China for mutual collaboration?

Sustainability is paramount in fostering strong and mutually beneficial UK-China relations. Both countries have ambitious net-zero targets, and collaborative efforts in sustainability can improve bilateral ties. We aim to influence policymakers by showcasing the success stories and collective efforts of our member companies in contributing to sustainability goals. By facilitating dialogue and collaboration between governments and businesses in the UK and China, we hope to drive policy changes that promote sustainability and create a more sustainable future for both nations.

GREEN HORIZONS

UK-CHINA SUSTAINABILITY OBJECTIVES

1993

China becomes party to the Convention on Biological Diversity

1994

UK becomes party to the Convention on Biological Diversity

2002

UK launches world's first large scale voluntary emissions trading system

2005

China becomes party to the Cartagena Protocol on Biosafety

2004

UK becomes party to the Cartagena Protocol on Biosafety

2015

UK and China both sign the United Nations Paris Agreement on Climate Change

2016

China and the UK both become parties to the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilisation

UK becomes first major economy in the world to create a legally binding target of net-zero emissions by 2050

2019

UK and China both sign Glasgow Leaders Declaration on Forests and Land Use at COP26

2020

President Xi Jinping announces China's dual carbon goals

2021

- China's National Emissions Trading Scheme commences
- 14th Five Year Plan outline is shared
- "1+N" Policy Framework is rolled out
- China hosts phase one of COP15 in Kunming

2021

- The UK Emissions Trading Scheme comes into operation
- First year in UK's history that electricity came predominately from renewable energy
- Estimated GBP24bn of new investment committed in the UK across low carbon sectors

2022

UK and China representatives attend COP27 in Egypt

2030

The year before which China is committed to reaching peak carbon emissions

2050

The year by which the UK is committed to being carbon neutral

2060

The year before which China is committed to being carbon neutral



Scopes of emissions

The most common way of measuring and assessing greenhouse gas emissions is by looking at them within three different scopes.

Scope 1

Emissions from sources that an organisation owns or controls directly (example: emissions from company fleet of vehicles that are not electrically powered). In this report, they are classed as emissions from “business operations.”

Scope 2

Emissions that indirectly stem from where the energy it purchases and uses is produced (example: emissions from electricity generation consumed in office buildings and business operations). In this report, they are also classed as emissions from “business operations.”

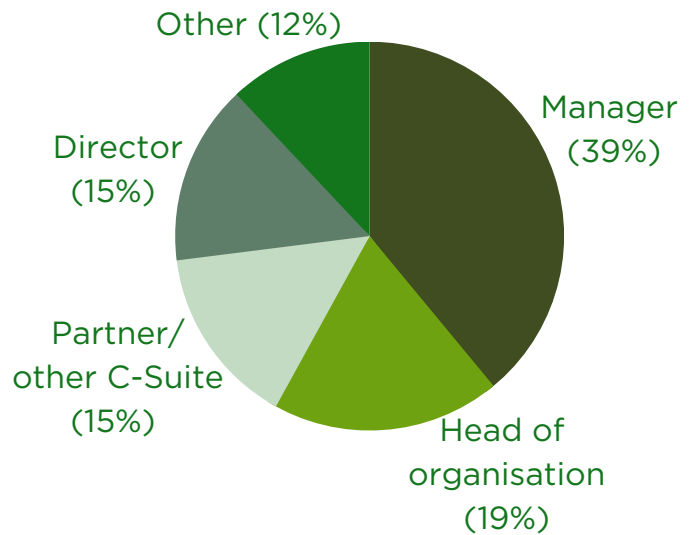
Scope 3

All emissions not covered by scope 1 or scope 2, created by a company’s value chain (example: emissions generated by suppliers that we buy, use and dispose of products from). In this report, they are classed as emissions from the “value chain.”

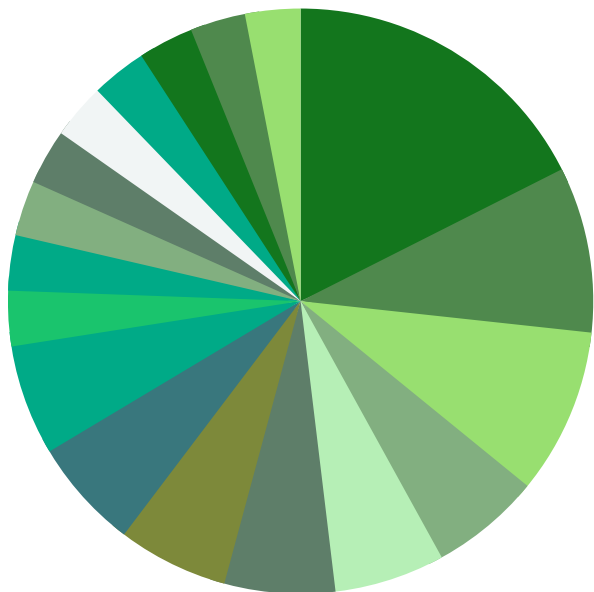
ORGANISATIONAL PROFILES



Respondents had the following roles:



Sectors represented in the report include:



- Business Advisory & Business Services (23%)
- Energy (12%)
- Financial Services (12%)
- Accounting (8%)
- Automotive (8%)
- IT and Telecommunications (8%)
- Marketing and Communications (8%)
- Other (8%)
- Early years and K12 (8%)
- Aerospace and aviation (4%)
- Built Environment Services (4%)
- Food and Beverage (4%)
- Healthcare Services (4%)
- Legal Services (4%)
- Manufacturing (4%)
- Media and Publishing (4%)
- Other Education (4%)
- Real Estate Development (4%)

*Respondents could select more than one sector.

Please note that the inclusion and showcase of company responses has been by their express consent when submitting responses to the survey, and should not be taken to indicate their support or agreement with the entire content of this report. Finally, the report only showcases a portion of responses received with only the most complete responses being included where possible.

JOURNEY TO NET-ZERO

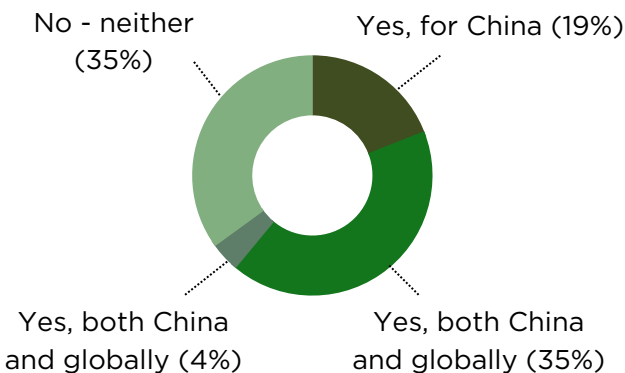
THE DESTINATION

Net-Zero target setting and environmentally-friendly operations

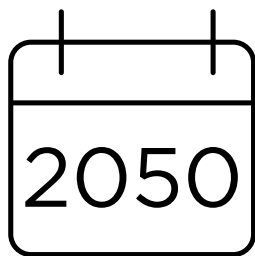
PLOTTING THE COURSE

The strategies businesses are adopting to achieve their targets

Q Has your organisation set a net-zero target?



For businesses that have a net zero plan, 100% said that they aimed to achieve net zero by



For businesses that don't have a net zero plan, on a scale of 1-10, businesses rate their aim to be more environmentally friendly in their operations at

7/10

65% of British businesses report having set a net zero target. The commitment of British businesses operating in China towards achieving net-zero sustainability reflects a multi-faceted and comprehensive approach to addressing climate change and promoting environmentally responsible practices. Despite approaches differing across various sectors, common themes and phrases emerge in these ambitious strategies to reduce carbon emissions and contribute to a greener future, indicating a shared language and holistic approach when it comes to sustainability.

The concept of achieving net-zero emissions is often solidified in the articulation of achieving certain goals by certain target years, providing a basis for tracking progress and signifying a clear commitment to rapid and significant emissions reduction. Of those respondents who have a net-zero strategy, 93% of these strategies included specific net-zero or emissions reduction targets attached to specific years, with time frames for achieving sustainability goals. Targets and strategies are often two-fold, with one applying to a business's operations and its products and services, and another applying to the relationships with customers, suppliers, and other external stakeholders.

Targets relating to achieving net zero carbon emissions from a businesses own operations range from the year 2025 to 2050. The average target is by the year 2039. Decarbonising operations and products, and sustainable consumption lie at the heart of these strategies. Various strategies frequently reference *"improving energy efficiency"*, *"reducing carbon emissions"*, *"reducing methane"*, commitments to utilising *"100% renewable electricity"* and becoming *"single-use plastic free"*, underscoring the comprehensive efforts being taken to minimise carbon footprints and foster a circular economy.

Member insight: Wood

At Wood we believe the power to create a better tomorrow starts with us. Our vision of a better tomorrow is driven by our shared purpose and the goals we set ourselves in delivering Wood's contribution to global sustainable development. Our sustainability goals:

- Reduce Woods carbon footprint by 40% by 2030 on our pledge to net zero;
- Ensure all Wood offices are single use plastic free by 2025;
- Double client support aligned to the energy transition and more sustainable infrastructure by 2030;
- Improve gender balance with 40% female representation in senior leadership by 2030;
- Ensure 100% of wood labour supplies sign up and comply with the Building Responsibly principles by 2025;
- Educate and inspire 100% of our colleagues to be inclusive every day by 2021;
- Ensure 100% of Wood suppliers have Building Responsibly principles embedded into their supply chains by 2030;
- Consistently run in the top quartile of ESG investment ratings with our peer group by 2025;
- Give our time, resource and funding to contribute \$10 million to our global causes by 2030

wood.

Member insight: KPMG China

At present, we are driving the 'net-zero' goal by improving energy efficiency, purchasing 100% renewable electricity through renewable energy certificates (RECs), promoting green travel, reducing carbon emissions in our supply chain, promoting circular economy, and protecting the ecological environment as core initiatives to achieve decarbonisation. Among them, 'Decarbonisation', 'Nature and biodiversity' and 'Climate risk' are our main commitments in this area.



Targets relating to achieving net-zero carbon emissions across the value chain span from 2030 to 2050. This delineation between operations and offerings, and strategies that encompass addressing sustainability in both, recognises that achieving net zero goals requires collective action, with collaboration a recurring theme across strategies. The average target for net-zero activities, products and services is by 2042. The emphasis on “working closely with partners”, “engaging ecosystems”, “setting new expectations for relationships with trade associations around the world” and “building global partnerships” demonstrates an understanding that the challenges of sustainability transcend organisational boundaries and necessitate cooperation amongst stakeholders, clients, industry peers, communities, and governments.

Member insight: Diageo

Part of Diageo’s strategy includes achieving 60% recycled content in all packaging and 100% packaging widely recyclable before 2030 globally.

DIAGEO



Member insight: HSBC

We continue to support energy clients that take an active role in the energy transition, helping to finance and invest in the technologies and infrastructure needed to succeed. We engage closely with our clients on their transition plans, which helps us to track our own progress towards net zero by 2050. In addition, we’re providing finance to accelerate climate change solutions and building global partnerships to help channel investment swiftly towards sustainable projects. We understand the need to find new solutions to increase the pace of change if the world is to achieve the Paris Agreement’s goal of being net zero by 2050. We are working closely with a range of partners to accelerate investment in natural resources, technology and sustainable infrastructure to reduce emissions and address climate change.



A common thread amongst the strategies shared is the acknowledgement of a need for a progressive approach, often referred to as “progressive scaling up”. Transitioning to a net-zero economy is a complex endeavour, and respondents largely favour a step-wise trajectory towards emissions reduction. Terms such as ‘transition plans’, ‘embedded behavioural change’, and ‘phasing down’ certain activities illustrate the strategic balance that must be struck between economic and business growth and environmental responsibility.

Member insight: Standard Chartered

In response to climate change, Standard Chartered is committed to achieving net zero carbon emissions from its own operations by 2025, and pledges to mobilise \$300 billion in green and transformational finance by 2030 and net zero carbon emissions from financing activities by 2050. With the progressive scaling up of green and transformational finance, Standard Chartered Group proposes to do so by 2030 (using 2020 as a base year).





Another key aspect of these strategies is the commitment to science-based approaches. From the adoption of tools such as the 'Paris Agreement Capital Transition Assessment Tool (PACTA)' to participation in the 'Science Based Targets initiative (SBTI)' or alignment with the 'International Energy Agency's Net Zero Emission scenario', British businesses tend to adopt a rigorous scientific criteria to guide emissions reduction. This commitment enhances credibility, accountability, and the likelihood of achieving meaningful results. Responses also highlighted the importance of transparency with references to 'annual emissions reporting' and 'regular disclosures', allowing businesses to be held accountable to stakeholders and the public at large for achieving their set targets.

Member insight: AstraZeneca

Through our flagship \$1 billion Ambition Zero Carbon programme, we aim to achieve net zero greenhouse gas emissions by maximising our energy efficiency, shifting to renewable energy sources, and investing in nature-based removals to compensate for any residual GHG footprint. We are on track to reduce GHG emissions from our global operations (Scope 1 and 2) by 98% by 2026 from a 2015 baseline. We were one of the first seven companies to have our net-zero Scope 1-3 targets verified under the Science-Based Targets Initiative's Net-Zero Corporate Standard.



Member insight: Rolls-Royce

Emissions associated with our office, manufacturing and production activities are a small, but important, step in our journey to a net zero carbon value chain. Reducing the energy needs and climate impacts of our facilities will also help ensure they are more resilient to rising energy prices and energy insecurity.



British businesses strategies for addressing climate change and achieving net-zero sustainability share themes of science-based targets, collaboration, transparency, and a focus on decarbonisation and consumption. Furthermore, there is a commitment to fostering long-term sustainability and resilience in these net-zero strategies with the word “resilience” and “future” appearing in 32% of responses respectively. By adopting these approaches, these companies not only contribute to the global effort against climate change but also set an example for sustainable business practices that are designed to have lasting positive impacts in society and the environment, contributing to a greener and more resilient future in China and beyond.

Member insight: BT

Each year, we report progress on our climate and environmental targets in our Annual Report and Accounts (ARA). As part of the ARA, we report under the Task Force on Climate related Financial Disclosures (TCFD) framework and its recommendations relating to governance, strategy, risk management and metrics and targets. These disclosures are externally verified to a high level of assurance.



SPEED BUMPS

The challenges and obstacles businesses face in achieving their net-zero and sustainability goals



As British businesses operating in China strive to align their operations with their sustainability goals and targets, they report encountering a range of challenges unique to the Chinese market. These challenges, whilst diverse across industries and sectors, share commonalities.

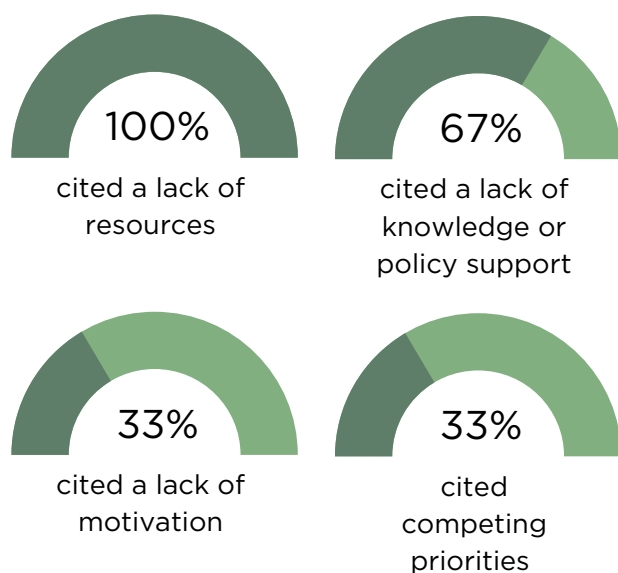
Lack of Stakeholder Acceptance and Support

British businesses operating in China report encountering obstacles as regards stakeholder acceptance and support when it comes to sustainability initiatives. This challenge extends across multiple dimensions from consumer behaviour to client priorities, to regulatory support and employee engagement.

When it comes to consumer acceptance and instigating behavioural changes, the lack of education around and uptake of green technologies and initiatives proves challenging. British businesses report that decarbonisation of assets, services, or activities are less of a priority for some of their clients in China. British businesses share that they sometimes face issues with consumer uptake of their products due to a penchant to favour lower cost options, which are often less sustainably produced and used. This is, however, not necessarily unique to the China market itself as it is also seen globally in many other markets. Engagement with and uptake of green initiatives extends past customers to supply chain partners and employees. Enhancing engagement across value chains on climate action is critical for comprehensive sustainability efforts that span the entire life cycle of a product. Some British businesses report that convincing suppliers to adopt sustainable practices and align with a company's emissions reduction targets is an ongoing challenge. Similarly, British businesses sometimes face challenges in regards to educating employees on sustainability issues.

Q

If your organisation has not set a net zero target, why?



Encouraging employees to adopt sustainable practices, such as reducing energy consumption and promoting eco-friendly commuting options, requires comprehensive strategies in order to engage them in a businesses sustainability journey.

This resistance to and lack of unity in sustainability efforts can complicate partnerships and hinder progress towards sustainability goals. To transition the Chinese economy toward greener practices, there is a growing need for increased dialogue, discourse, and incentive. Conversations involving government, corporate sectors, and investors can help enhance public understanding of sustainability benefits and foster collaborative efforts. Initiatives such as incentive-driven programmes are seen as essential to promote business investments in decarbonisation projects and create a more conducive environment for sustainable practices.

Ultimately, the ability for businesses to successfully deliver on their sustainability initiatives comes down to widespread stakeholder acceptance and support at every level.

Obstacles around funding, finance and investment

Green finance and investment practices are an integral aspect to successful sustainability efforts. The substantial financial commitment required for China to achieve its carbon neutrality goals presents a significant challenge. Businesses report complexities arising in navigating securing funding for decarbonisation initiatives, ranging from renewable energy projects to emissions reduction technologies. The need to find investment sources that align with sustainability goals while maintaining business viability alone is a delicate balancing act.

British businesses point to the existing disparity between institutional investors in developed countries and developing nations like China as a notable challenge, and future opportunity. More developed countries tend to boast investors with a deeper and more well-defined understanding of green investment alongside greater liquidity and a preference for sustainable projects. Conversely, developing nations such as China, have substantial demand for financing green projects as they look to transition to a greener economy. Obstacles lie in terms of communication, standardisation of criteria and instruments, collaboration, and appropriate channels. Bridging the gap necessitates active cooperation between international organisations and governments in order to foster the creation of robust and efficient green investment and financing channels that span across borders. Policy facilitation and alignment for cross-border green investment is essential to ensure seamless financial flows. Furthermore, by internationalising green bonds would facilitate greater inflow of cross-border capital into the national green bond markets and expand the scale of green bond issuance allowing for financing channels to be diversified and a greater range of green investment opportunities and asset types available.



Enhancing investor confidence and clarity would also be assisted by introducing a mandatory requirement for Chinese-listed companies to publish their ESG performance on an annual basis, measured against set guidelines. In doing so, investors would be equipped to make informed decisions based on a company's climate commitments and overall sustainability record, fostering transparency and accountability within the business ecosystem and serving to influence company behaviour.

In summary, British businesses hope to see the establishment of an international green financial hub, as well as stronger cross-border investment channels, greater collaboration across projects such as those under the Belt and Road Initiative, and greater cohesion across international policies and disclosure requirements. These would be pivotal actions that would bring with them the potential to revolutionise the financing landscape in terms of sustainability efforts, enabling robust and sustained financial support for green initiatives and contribute to China's transition to a more sustainable future.

Differing standards and requirements

A prominent challenge facing British businesses in supporting China's sustainability journey is the significant variation in standards and requirements - both globally and across domestic

provinces. Discrepancies span not only differences in regulatory frameworks but also infrastructural limitations, making it arduous for businesses to implement unified sustainability strategies across their operations.

The lack of harmonisation of green standards with international benchmarks means that the uptake and application of new technologies and materials is hindered, and sustainability efforts are less able to be streamlined and consistent. This results in a less predictable and conducive environment for sustainable practices, and British businesses hope to see greater convergence between domestic and international standards. Furthermore, green project financing would be better supported by integrating higher standards of environmental information disclosure, risk identification, and management which could be facilitated by the sharing and utilisation of British business experience in other, more developed markets with the Chinese government. This integration would not only align businesses endeavours with international standards, but would also bolster project resilience in terms of environmental risks, fortifying both the financial and climate change sustainability of green investment projects. By bridging the gap between local regulations and global best practices, businesses and investors alike would be able to navigate the complex landscape more effectively.

Variations in regulations do not exist only in the international sphere, but also more locally in China across provinces. British businesses operating in China report that regulations and infrastructure availability differ significantly across provinces, with the disparity resulting in sustainability efforts being unable to be uniformly implemented nationwide. Instead, companies are sometimes faced with needing to design region-specific strategies to align with their sustainability goals. As regards infrastructure, a British business in the consumer goods industry reported encountering challenges related to resource recycling across different provinces with their ability to recycle production water or utilise biomass boilers being held back, at times, by local regulations and infrastructure constraints. Businesses are then faced with finding tailored solutions to address these challenges across provinces, or to look to other areas for their operations where they are more easily aligned with sustainability efforts.

The varying standards, requirements, and availability across different regions and markets impacts British businesses looking to embrace sustainability across their operations, and in particular, their China operations. Greater alignment with international benchmarks, integration of higher standards, and overall harmonisation both domestically and internationally would greatly benefit British businesses looking to support China's efforts towards a sustainable future.



Balancing growth with Sustainability in Business Operations

A common challenge is that of reconciling business operations with sustainability goals, and the complexities involved in striking a balance between growth and sustainability across various aspects of operations.

Core to that challenge is the measurement and management of emissions. In order to identify the significant sources of emissions from business operations, a business must first be able to evaluate and calculate their carbon emissions and waste and energy sources. Businesses note that this often involves manual calculations of emissions using existing data and information, which is time consuming and often prone to error. Where companies are able to annually calculate their carbon emissions from their business activities, a significant source of emissions is in the form of supply chain operations, business travel, and employee commuting. Businesses are then faced with balancing meeting expanding client demands, which often rely on the sources of these emissions, whilst simultaneously reducing their carbon footprint. Furthermore, some industries, such as the automotive industry and the aviation industry, share that the transition towards electrification or more sustainable fuel sources is not always the most profitable, with businesses profits sometimes suffering as a result.



Currently, British businesses look to adopt and utilise innovative technologies, and promote telecommuting and optimise their transportation practices where possible to address sources of emissions in their operations. However, higher quality databases and tool kits that can connect to standardised carbon emissions systems would significantly enhance the ability for businesses to measure emissions accurately, thereby allowing for accurate monitoring of progress towards sustainability goals and shedding light on major emission sources in their operations.

Conclusion

British businesses report facing challenges in achieving their net-zero goals in China, and call for the further implementation of supportive, innovative, and comprehensive policies in order to better facilitate the transition to a sustainable future. Importantly, British businesses underscore challenges associated with the significant financial investment needed for decarbonisation and green projects, calling for policy-driven incentives, greater channels for cross-border investment, and local government support for targeted initiatives.



WHERE WE STAND

Concrete actions that are being taken



Member insight: bp

We are implementing energy efficiency measures, electrifying our centralised facilities, reducing flaring and venting, and managing methane across our operations. We are progressing with carbon capture and storage in global operations such as in Indonesia.



Irrespective of whether companies have set net-zero targets, British businesses have already made and continue to make significant strides towards reducing emissions, promoting sustainability, and moving towards being more environmentally friendly.

Zero-emission operations

Member insight: BT

We continue to purchase 100% renewable electricity worldwide and we aim to maintain this going forward. Long-term power purchase agreements (PPAs) play an important role in growing the supply of renewable electricity in the grid and form part of our energy strategy. PPAs met around 23% of our worldwide electricity demand this year and we're planning to grow this in the year ahead. The rest of our electricity supply came from local green tariffs and, in some cases, renewable certificates. We're also reducing our electricity consumption by decarbonising our buildings and networks. In FY23, we cut our global energy consumption by a further 77 GWh compared to last year. Our workplace transformation programme is based on a move to fewer, more sustainable and efficient buildings.



British businesses in China are actively engaged in achieving zero-emission operations. One of the most prevalent themes, despite respondents hailing from diverse industries, is the efforts to transition to renewable energy sources. Companies are actively sourcing renewable electricity, whether that is through the purchase of approved renewable energy certificates, long-term power purchase agreements, or via active efforts to source renewable energy. A number of respondents shared their progress towards supporting 100% renewable electricity and energy efficiency, with some reporting having already successfully achieved sourcing 100% renewable energy in certain, or all, global offices, and others sharing a commitment to transitioning to doing so in the coming years. These transitions align with global efforts to combat climate change and reduce reliance on fossil fuels.

Member insight: Development Reimagined

Development Reimagined allows employees to work from home to reduce commuting emissions. Development Reimagined also uses video conferencing and virtual meetings to cut down on travel-related carbon emissions.



British businesses are also pursuing holistic approaches to carbon emission reduction, with a notable emphasis on energy efficiency measures within operations. Measures include the gradual replacement of existing lighting with LED equipment, the installation of energy-saving equipment, and the use of high-efficiency electrical appliances. Some companies are also expanding sustainability efforts beyond office spaces to encompass broader operations, actively encouraging employees to adopt low-carbon travel options in order to drive a broader cultural shift towards sustainable travel practices. Notable examples include the electrification of fleets in order to reduce emissions associated with transportation and the adoption of sustainable travel initiatives and green travel policies. 14% of respondents report that they are either transitioning or have already transitioned their fleet to electric vehicles, and one company reports that none of their employees drive cars to work. 27% of respondents referred to incorporating sustainable principles in their travel policies, with companies looking to reduce non-essential travel and emissions by encouraging telecommuting, virtual meetings, remote work, and opting for the use of trains over aeroplanes for short to medium-haul distances. As regards hybrid and remote working, a shift that has undoubtedly been accelerated by the COVID-19 pandemic, companies are increasingly recognising



the environmental benefits, cost savings, and efficiency gains from making longer term changes to workplace dynamics and operational approaches.

Member insight: RELX

We advance our net zero efforts through an internal carbon price payable by all business areas for Scope 1, 2 and select Scope 3 emissions. The current price is \$30/tCO₂e and will increase over time, providing an additional incentive to reduce emissions and partially funding the purchase of high quality carbon offsets.



Internal carbon pricing ('ICP') mechanisms are also a popular mechanism by which British businesses seek to advance their net-zero efforts, with 9% of respondents reporting incorporating this as a concrete action supporting sustainability goals. The ICP mechanism follows a "polluter pays" principle, and seeks to encourage all business areas, departments and their personnel to reduce their carbon footprint by charging them based on the amount of greenhouse emissions generated by their activities. Businesses expect to increase the price over time to continue to incentivise greater reductions, and report using funds generated by the ICP to fund decarbonisation projects and purchasing high quality carbon offsets. The adoption of this mechanism not only mitigates emissions, but promotes employee awareness and engagement around sustainability, and integrates sustainability into the core principles of business operations. ICP mechanisms also rely on carbon data management, which is increasingly becoming a focal point of sustainability initiatives with companies employing advanced carbon management software and conducting regular internal verification checks to enhance data accuracy. This meticulous data management not only ensures that emission reduction goals are closely monitored and accurately measured, but allows businesses to more easily offset their existing emissions.

Many companies have not only set ambitious targets for emissions reductions, but have also achieved significant reductions in their Scope 1 and Scope 2 (location based) emissions or already achieved carbon-neutral operations.

Company	Achievement in terms of emissions
AstraZeneca	Decrease of 59.3% in Scope 1 and Scope 2 greenhouse gas emissions compared to the 2015 base year.
BP	Decrease of 41% in carbon emissions from operations compared to the 2019 base year.
Deloitte China	Carbon neutral operations and business travel for fiscal year 2020, 2021, 2022 and 2023.
KPMG China	Decrease of 24.3% in net carbon emissions compared to the 2019 base year, equivalent to 46,814 tonnes of CO ₂ .
RELX	Decrease of 74% in Scope 1 and Scope 2 emissions compared to the 2010 base year.
Rolls-Royce	Decrease of 61% in Scope 1 and scope 2 emissions compared to the 2014 base year in FY2022.
Shell Lubricant Supply Chain in China	Decrease of 49.95% in carbon intensity from 2016 base year, annual emissions reduction equivalent to 10,000 tonnes of CO ₂ .
Wood	Decrease of 65% in Scope 1 and Scope 2 emissions compared to the 2019 base year.

British businesses are taking clear, concrete, and multifaceted action to achieve zero-emission operations. These shared themes in sustainability initiatives and efforts highlight the collective dedication of British businesses in China to environmental responsibility, furthering China's progress towards its net-zero goals, and to addressing climate change.

Sustainable value chains

Member insight: KPMG China

We continue to strengthen our supply chain management by participating in the CDP (Carbon Disclosure Project) Supply Chain Programme in FY2022, with 23 key suppliers in China engaged to understand the carbon emissions we generate in our supply chain and drive reductions in supply chain emissions.



British businesses in China are extending their sustainability efforts to their value chains amidst growing recognition of the interconnectedness of emissions across value chains. 45% of British businesses report taking action around addressing environmental impacts from their value chain, whilst 32% of respondents share that they have begun investigating, reporting and/or addressing their scope 3 or value chain emissions. In order to address carbon emissions across value chains, British businesses report actively engaging and collaborating with their suppliers in the pursuit of common sustainability goals. Over one fifth of respondents indicated engagement with CDP, a not-for-profit charity that runs a global disclosure system for key stakeholders to manage their environmental impacts.

Member insight: Deloitte China

Deloitte China has formulated the Green Procurement Standard to specify environmental protection factors such as the raw materials and energy consumption of target products, and use our influence to persuade suppliers to choose eco-friendly operations options.



Businesses also seek to exert their influence in promoting sustainability throughout their value chains by adopting standards and policies around sourcing, procurement, and products. 23% of respondents reference adopting green procurement standards aimed at driving supplier selection based on sustainability and environmentally conscious criteria, influencing suppliers to adopt eco-friendly operational practices in order to secure more business. Two British businesses reported implementing a tool that allowed them to evaluate the environmental impact of their products and services in order to inform improvement plans and progress made in terms of sustainable offerings, whilst another requires suppliers to meet minimum requirements in terms of climate and environmental management standards and carry out compliance assessment processes. British businesses also recognise the power of sourcing materials locally in order to minimise the carbon footprint associated with transportation and value chains.

These strategies demonstrate a wider commitment to achieving zero-emissions across the entire value chains, by not only contributing to individual company sustainability goals but also driving collective action across the board towards achieving a sustainable future.

Stakeholder Engagement and Education

Member insight: HSBC China

We believe the most significant contribution we can make is by mobilising finance to support our portfolio of customers in their transition to decarbonise.



Member insight: Dulwich College Beijing

To advance our goals, we believe that securing buy-in from our stakeholders is crucial...Dulwich College International holds several network-wide, environmentally friendly events throughout the year, such as No Carbon November and the Dulwich Photo Competition. Student leadership positions (Global Citizenship prefects) were also created to give our students agency over making changes to the College that will bring us closer to our goal of becoming a more sustainable community. We also have a Sustainability Committee that meets once quarterly. The student-led committee includes different stakeholders: students, teachers, and our Group Head of Sustainability and Global Citizenship (who works with our family of schools). During these meetings, the participants discuss ways to improve sustainability on campus, assessing all areas of the business to identify room for improvement.



British businesses are also fostering a wider awareness and education around sustainability by engaging with their stakeholders and the community at large. From environmental awareness activities to partnerships with environmental organisations and other businesses, British businesses seek to drive behavioural change and community engagement.

Member insight: Shell China

Based on its decarbonization and energy management expertise, Shell has established DEMaaS (Decarbonization & Energy Management as a Service) team to help its business partners accelerate their journey towards net-zero emissions. Since 2022, DEMaaS has identified 29,000 tons of CO2 decarbonization opportunities for customers and helped them implement technology upgrades to reduce emissions by 1,100 tons of CO2.



Some businesses reported introducing mandatory climate learning programmes or themed campaigns that run throughout the year, often aligning with international environmental days, hosting climate-themed workshops and seminars. Employees are educated on climate change and equipped with the knowledge and tools to make informed sustainability choices. One British business provides climate change training to its internal supply chain teams and its Tier 1 suppliers in order to build awareness, reporting to date that 45% of its supply chain colleagues and 82% of its Tier 1 Suppliers have now completed its training course. Another respondent has developed a team that specifically assists its business partners to identify and implement technology upgrades to reduce their emissions. An education company reported surveying their community's understanding of 'global citizenship' in order to best understand whether changes made on campus have had a wider and positive influence on the community it engages with.



Member insight: KPMG CHINA

In order to raise awareness of decarbonisation and environmental protection among our people and to nurture our green warriors, KPMG China regularly organises themed campaigns around international days related to the environment. We also offer a variety of environmental volunteering activities to encourage our colleagues to actively take practical actions to protect our planet, and keep the environment front of mind. The carbon tracker, developed by our technology team at the KPMG Digital Ignition Centre (KDi) and available on our KPMG Wellbeing App, allows our people to calculate their carbon emissions from transport, food, utilities and clothing, encouraging them to adopt a more sustainable lifestyle. KPMG has also been taking concrete actions to make a positive impact on the natural environment. We work with WWF, Shenzhen Mangrove Wetlands Conservation Foundation, Conservation International and other well-known environmental organisations to carry out nature conservation projects and empower our staff to raise their awareness about biodiversity.



Taking education and turning it into action, some businesses have also developed platforms and tools for employees to exchange or donate items, and to calculate their individual carbon emissions. Businesses often report encouragement in terms of employee volunteering and engagement with on-the-ground conservation projects, in order to foster a sense of shared responsibility for sustainable efforts. By partnering with non-profit organisations, British businesses have sought to support sustainable community building, recycling, and conservation. Non-profit organisation engagement spans from large organisations such as the World Wildlife Fund (WWF) and Conservation International, to more locally based community programmes.

These initiatives not only reduce companies' environmental footprint, but also foster a deep rooted value of sustainability that permeates throughout their workforce, supply chain, customer base, and local communities.

Waste and consumption reduction and circular economy efforts

British businesses in China are actively engaged in reducing their consumption and waste production and supporting circular economy practices in their own operations. Endeavours in these areas can be categorised into several distinct areas of action, from infrastructure to events, to sustainable workplace practices and product optimisation.

British businesses take pride in the creation of green, eco-friendly workspaces, in China and across the world. In terms of circularity principles, a number of British businesses are making significant strides in incorporating these into their office infrastructure. Businesses report utilising green-certified contractors and applying sustainable practices when it comes to office set-up and renovations by focusing on purchasing refurbished or environmentally friendly furniture, sourcing low carbon materials, and ensuring their facilities are environmentally friendly. Companies are actively prioritising eco-friendly workspaces by leasing buildings with green certifications, confirming that their office spaces adhere to environmental standards throughout construction and operation.

“We are actively reducing the use of disposable single-use items in our offices.”



“We have a water filter in the studio so that we do not need to use plastic bottles. For hand soap and cleaning materials we use a concentrate that we mix with water that is all used in glass bottles. We also use recycled toilet paper. We prefer ceiling fans to AC.”



“It can feel quite hopeless when you’re a small business and you see the plastic waste that one tiny delivery restaurant creates every day, or knowing that there are millions of cars being driven every day in the city. We all try to eat in restaurants or bring our own food; we’ve almost completely stopped delivering food to the office. No one buys bottled water. We work in a coworking space, we don’t print things out and no one drives to work.”



Efforts are being made to minimise carbon emissions in production and company operations. The China Office has achieved significant progress in transitioning to a paperless working environment.



Technology hardware has a significant impact on our environmental footprint. All end-of-life laptops are treated properly and either resold to second-hand vendors or donated to non-profit organisations and schools. In FY2022 we increased recycling efforts for electronic equipment such as mouses and keyboards in several of our major offices in China. We also worked with printer suppliers to recycle used toner and cartridges, with over 2,000 cartridges properly recycled in FY22.



This sustainability ethos extends to workplace practices where SMEs and large multinational companies alike are embracing sustainability in their day-to-day operations. British businesses look to reduce plastic waste by curtailing the use of disposable single-use items. Some examples include installing water filters to eliminate plastic water bottles, purchasing reusable containers, and reducing the reliance on food delivery services by encouraging employees to bring their own food. A number of companies also utilise and promote digital communication and document sharing to reduce paper usage and waste, recognising the environmental benefits that technology and digitalisation bring. In terms of technology and digitalisation, some British businesses have also recognised the environmental footprint of technology hardware, choosing to resell these devices to second-hand vendors or donating them to non-profit organisations and schools. Others mention recycling efforts for printer cartridges and batteries, further underscoring the dedication to circular economy principles.

Commitments and signatories to agreements

Member insight: Hogan Lovells

Some of our highlights include obtaining:

- LEED certification in 13 of our offices – 45% of total footprint
- BREEAM certification in 4 of our offices – 4% of total footprint
- Other Green certification in 5 of our offices – 16% of our total footprint
- ISO14001 certification for our London offices;
- ALISS Silver certified by the American Legal Industry Sustainability Standard;
- 100 per cent renewable energy for offices in UK and Germany;
- Silver Certification by EcoVadis for Corporate Social Responsibility in the Americas;
- Expansion of recycling programmes across our global platform including reduced use of plastics, increase in use of recycled materials and enhanced e-waste programmes

Hogan Lovells

Member insight: Standard Chartered

In April 2021, Standard Chartered joined the Net-Zero Banking Alliance, led by the Financial Action Task Force (FATF) of the United Nations Program. A total of 43 banks from five continents are part of the Alliance, with more than US\$28 trillion in assets under management, coordinating the banking sector's support for carbon compliance and accelerating progress towards the global net-zero carbon emissions target.

 standard chartered

British businesses also report taking action to solidify and support their targets by aligning themselves with global sustainability commitments and agreements. These agreements often foster transparency, climate accountability, and contribute to verifying the environmental impact of these businesses, such as completing the CDP Climate Change Questionnaire and obtaining BREEAM (Building Research Establishment Environmental Assessment Method) or LEED (Leadership in Energy and Environmental Design) certifications for buildings and operations. Other commitments and agreements focus on driving sustainability on a wider scale through organisations such as the Sustainable Markets Initiative, the FAST-Infra Group, the Sustainable Aviation Fuels Declaration, and the Net-Zero Banking Alliance. In extending efforts beyond corporate boundaries and supporting global sustainability goals, British businesses actively contribute to addressing climate change and fostering a sustainable future. By harnessing their expertise, these companies not only look to forge a green path forward in China, but on a more global stage.



Funding and investment

Sustainability efforts are further supported by substantial financial commitments in terms of funding and investment, with companies investing in research and development capabilities, renewable energy sources, electric vehicles, reforestation efforts and more. British businesses are directing resources towards driving a more sustainable future by supporting innovation, with one company sharing that it has developed three major electrification platforms and another hosting an awards programme awarding monetary prizes to projects that support improved and sustainable access to water or sanitation where it is presently at risk. Others have invested in contributing to a sustainable future through the purchase of new energy vehicles to transform their fleets, or carrying out reforestation projects to restore biodiversity and sequester carbon. When it comes to capital expenditure and investment between the years of 2019 to 2022, one company reports an increase of 30% in terms of investment into bioenergy, EV charging and convenience, hydrogen, renewables and power, whilst a financial services firm reports a 672.96% growth in its transition growth investment for the same period. In 2022 alone, a company reported that 74% of its net R&D expenditure was allocated to net zero and sustainable transition products and solutions.

Member insight: bp China

In 2019 around 3% of bp's total capital investment went into what we now call our transition growth engines - bioenergy, EV charging, convenience, hydrogen and renewables and power. In 2022 this was around 30% of capital expenditure.



Member insight: RELX

Each year the RELX Environmental Challenge is awarded to projects that best demonstrate how they can provide improved and sustainable access to water or sanitation where it is presently at risk. There is a \$50,000 prize for the first place entry and a \$25,000 prize for the second place entry. The winners also receive free access for one year to ScienceDirect, our Scientific, Technical & Medical business' database of full text, scientific information. The 2022 \$50,000 first prize winner was Caminos de Agua, a Mexican organisation installing groundwater treatment systems to remove harmful contaminants such as arsenic and fluoride from groundwater supplies. The community of Los Ricos have successfully adopted this low-cost, community-managed system.



Member insight: AstraZeneca

Through our commitment to plant and maintain 200 million trees worldwide by the end of 2030, we are investing in projects that will sequester carbon, restore habitats for biodiversity and bring wider co-benefits such as improving food security, building climate resilience, and rehabilitating polluted watersheds to improve local water quality. Forest restoration also helps to reduce the risks of natural disasters, has social and economic benefits for communities, and promotes physical and mental wellbeing. In partnership with planting experts, local communities and governments, by the end of 2022, we had planted over 10.5 million trees in Australia, Indonesia, Ghana, the UK, the US, and France since 2020.





GETTING THERE TOGETHER

The opportunities that exist for collaboration between the UK and China



Q In what areas do you think the UK and China are best placed to work together to promote sustainability? Do you have specific examples where you collaborate with Chinese partners on sustainability projects?

British businesses operating in China are actively engaging in achieving net zero goals in collaboration with Chinese partners and initiatives. These collaborative efforts reveal common themes and ongoing opportunities for cooperation between the UK and China. Across various industries, such as aviation, energy, finance, and consulting, British companies are contributing their expertise to sustainability efforts. These efforts span the adoption and testing of sustainable aviation fuel, the development of green finance principles, assisting Chinese stakeholders to review, refine, and implement decarbonisation strategies, engaging with local conservation projects, and overall energy transition initiatives.

In terms of financial collaboration, British businesses have been instrumental in integrating sustainable and green finance

principles into the development of the Belt and Road Initiative, driving the convergence of environmental and social risk management into large-scale investments. Meanwhile energy and consulting companies are actively initiating projects to reduce emissions and promote sustainable energy sources. Collaborative research, innovation, and the ongoing development of sustainable technologies, particularly around carbon capture and storage, would also help to accelerate progress in this crucial area.

By capitalising on their collective strengths and resources, the UK and China can position themselves as global leaders in sustainable development. Collaboration in promoting sustainable practices, green manufacturing, and new energy initiatives will be instrumental in achieving this vision. Clear communication and policy alignment between the UK and China can further facilitate joint sustainability efforts. Coordinated roadmaps and initiatives can ensure both countries are working toward shared sustainability objectives. Embracing shared principles, such as sustainable finance, industrial decarbonization, and supply chain sustainability, can propel both nations toward a greener, more sustainable future. It is through continued collaboration and innovation that the UK and China can lead the way in global sustainability endeavours.

Key Highlights

- SMI (Sustainable Markets Initiative) For AstraZeneca, we recognise that working in partnership is critical to achieving our goals, which is why we were a founding member of the Sustainable Markets Initiative, founded by His Majesty King Charles III in his former role as HRH The Prince of Wales. AZ global CEO Pascal Soriot champions the SMI Health Systems Task Force, which aims to accelerate the transition to net-zero health systems. In China, Leon Wang, Executive Vice President, International and China President, is the CO-Chair of the Healthcare Sector of SMI China Council. AstraZeneca will work with multiple partners to create a green and sustainable ecosystem.



- Bp China joined and promoted the “Sichuan Rural Household Biogas Development Programme” (the Project) together with the Sichuan Rural Energy Office (SREO) and other partners in 2012 to provide a solution for the biogas of 1 million low-income families raising livestock in Sichuan and achieve an emissions reduction of over 4 million tons of CO2 equivalent. The Project contributes to 14 of the 17 UN Sustainable Development Goals and is certified by the UN Clean Development Mechanism and Gold Standard.
- Signed a strategic collaboration agreement with AVATR Technology in China to accelerate the development of an EV ultra-fast charging domestic network.



- Attended the 2022 Erhai Forum on Global Ecological Civilization Construction and Showcase for Green technology in Area of Pristine Natural Beauty and Resources.
- In the process of building a carbon neutral distillery in Dali, the Diageo Eryuan Malt Whisky Distillery in Yunnan Province, minimising the impact on local communities and the surrounding environment.
- Partnered with NPI to build the Dali Community Fund focusing on areas such as sustainable community, ‘grain to grass’ recycling programme, and disaster relief.



Key Highlights

- Through this collaboration with Tsinghua University, our students had the opportunity to gain hands-on experience in STEM fields by interacting with Tsinghua's STEM students. This cross-cultural exchange not only allowed our students to observe STEM practices in action but also facilitated English language practice for the Chinese students, creating a mutually beneficial learning environment. By leveraging the UK's expertise in urban planning and China's rapid urbanisation experience, we aim to develop strategies that balance urban growth with environmental sustainability.
- Dulwich College International holds several network-wide, environmentally friendly events throughout the year, such as the Dulwich Photo Competition - a friendly competition in partnership with the China Environmental Protection Foundation (CEPF) where stakeholders across our Dulwich family of schools send in their submissions based on the given theme. For every ten photo entries received, Dulwich College International plants one tree. A total of 8,122 tea trees and 40 camphor trees in Hubei have been planted in the last two years.
- EiM has used a variety of ESG and carbon mapping partners. After working with the various partners, EiM now uses SynTao to support their ESG (Environment, Social & Governance) process and the interactive InsBlue platform for carbon mapping. In addition, the group has worked with United Nations Global Compact China and at the EiM headquarters in Shanghai there are members on the BritCham Education Committee. EiM and Dulwich schools have been pioneering ESG and carbon mapping in the education sector in China including looking at ESG standards for the education sector in China with an organising committee that has currently stagnated, but we are regarded as key leaders and a voice for education, ESG and carbon mapping.
- There are a number of school partnerships with local Beijing sustainability programs and initiatives including Fun, Farm, Fam nearby as well as an active parent community, some of whom work with leading international consulting firms and their roles specialising in sustainability.



DULWICH COLLEGE
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- Entered into a 50/50 joint venture engine MRO (maintenance, repair, and overhaul) facility with Air China called BAESL that is incorporating SAF (sustainable aviation fuel) testing into its test bed capability to make sure it meets with sustainability strategies.



Key Highlights

- Through a broad suite of ESG capabilities including green loans and sustainability linked loans, capital markets products, transaction banking solutions, and advisory services, HSBC not only supports the low-carbon transition and sustainability innovation of various Chinese state-owned enterprises, but also assists their cross-border business growth, providing impetus for a green and sustainable global economy.
- HSBC has been actively involved in UK and China green finance cooperation frameworks, and is a supporter of the UK-China Economic and Financial Dialogue (EFD). Following the 10th EFD, and in partnership with Charterhouse and China Investment Corporation, HSBC established a GBP 1bn private sector UK-China Cooperation Fund to invest in UK SMEs with growth plans linked to China.
- HSBC has also been actively involved in many projects with the UK-China Green Finance Taskforce, such as the Green Investment Principles for the Belt and Road (GIP), UK-China Climate and Environmental Information Disclosure Pilot and the China Green Bond Market Development Programme.
- In 2022, HSBC launched a \$5bn sustainable finance scheme to support businesses of all sizes to transition to low-carbon operations in China's Greater Bay Area, with successful loan applicants entitled to a range of additional services including training, subsidised third-party assessments and assistance from a newly formed team with sustainable financing expertise.



- Conservation International Foundation: Following the success of our first artificial wetland in Xiadong village, KPMG plans to deploy a second community-based freshwater conservation project in another village in Guangdong Province, in partnership with Conservation International. These projects aim to protect water resources in the Dongjiang River Basin, improving the water quality of a major water source in the Greater Bay Area. It is also important to note that these projects can be used as eco-tourism initiatives to create local employment opportunities and promote rural revitalisation.
- KPMG China, as a partner of the Shenzhen Mangrove Wetland Protection Foundation, has jointly promoted the restoration and protection of the mangrove wetland ecosystem in Shenzhen Bay. This initiative has successfully created 7,000m² of habitat for winter migratory birds and restored/maintained at least 5.2 hectares of mangrove wetlands. This year we will work with MCF to launch the second phase of the programme, expanding the benefits to more areas in the Greater Bay Area and attracting more people to participate.
- KPMG China has been working with WWF for many years on various conservation projects and environmental themed activities, such as forest ecosystem restoration programme in Northeast China and a climate resilient ocean conservation programme in Hong Kong.



Key Highlights

- The first British financial institution to sign the Belt and Road Green Investment Principles (GIP), drafted by the Green Finance Committee of the Chinese Society of Finance in collaboration with the City of London. The GIP seeks to integrate low-carbon and sustainable development issues into the construction of the “Belt and Road”, strengthen the environmental and social risk management of investment projects, and promote the greening of the “Belt and Road” investments. Standard Chartered is currently the only member institution to have won the GIP award for three consecutive years for its outstanding ability in “Belt and Road” green financial products and services, as well as its great contribution to advocating green investment principles and promoting the development of the GIP. In 2022, Standard Chartered participated in a total of 131 “Belt and Road” investment projects, 40% of which are in line with the Sustainable Development Goals set by the United Nations.



- We co-deliver a sustainability lead programme to schools around the country in partnership with a Chinese sustainability company. Sharing expertise and making it clear that this is a global challenge, rather than unique to one country (or more country's responsibility) is really important.



- In China, we are currently working with our clients and partners on reducing the carbon footprint of their existing portfolio by leveraging our experience, expertise and our proprietary SCORE methodology across renewable integration, efficiency optimisation, carbon capture, and carbon offsetting.
- Wood opened a green and low-carbon centre in Yulin City, Shaanxi Province in June 2021 to support clients with high energy-intensive and carbon-emitting projects in northwest China
- Wood secured a study contract from the Yulin government to provide carbon emission reduction and energy saving roadmap research.
- From 2021, Wood secured over 15 separate consulting contracts spanning energy saving, emission-cut, asset performance optimization, roadmap development etc.
- Wood is developing an ecosystem of decarbonization in China. We are fostering open and collaborative relationships with Supon, Honeywell UOP and AVEVA that push beyond the norm of the traditional client / supplier relationship we are used to in China, and Wood is engaging with the initiatives of decarbonization, eco-economic, digital, energy secure and transition. We believe that developing innovative commercial models is key to creating a sustainable future for our people, business, clients, stakeholders, and partners.



A SMOOTHER PATH

Recommendations

POLICY RECOMMENDATIONS

International dialogue, collaboration, and alignment

- Increase dialogue and communication between the UK and Chinese governments on their net-zero goals and progress.
- Enhance cross-border collaboration by working closely with international businesses and experts to align sustainability policies, benchmarks, and disclosure requirements where possible in order to promote consistency.
- Foster greater collaboration and expertise-sharing between government agencies, private sector organisations, and non-governmental organisations, exploring the possibility of entering into joint sustainability initiatives.

Education and increased awareness

- Increase understanding and awareness among stakeholders (consumers, businesses, and employees alike) of green technologies and practices by investing in comprehensive public campaigns that share the benefits of sustainability, including the economic, environmental, and social advantages.
- Continue to cultivate a 'green, healthy, and civilised school culture' by increasing the integration of programmes into school curriculums aimed at educating younger members of society on sustainable consumption, encouraging responsible purchasing and lifestyle choices.



POLICY RECOMMENDATIONS

Incentives and investment

- Invest in the development, and incentivise the uptake, of high-quality, user-friendly emission calculation tools and databases that are easily accessible and capable of connecting to standardised carbon emissions systems.
- Introduce more comprehensive regulatory frameworks that actively incentivise and reward sustainability initiatives in the form of tax deductions, subsidies, and preferential policies.
- Provide financial support for the research and development into sustainable alternatives, encouraging businesses to invest in decarbonisation projects and align with emissions reduction targets.
- Develop and strengthen cross-border investment channels that connect international investors with green projects in China, with standardised mechanisms for efficient cross-border green investment and diversify financing channels for sustainability initiatives by promoting the internationalisation of green bonds and encouraging Chinese-listed companies to issue green bonds.
- Continue to develop and establish Shanghai as an international green financial hub in China, providing a centralised platform for sustainable projects and attracting global investors in order to facilitate green finance and investment.
- Restart the China Certified Emission Reduction (CCER) market, the voluntary carbon market, as soon as possible in order to incentivise companies to participate in carbon-reduction projects.
- Allow for and encourage greater foreign participation in the Carbon Emission Reduction Fund established by the People's Bank of China.



POLICY RECOMMENDATIONS

Clarity, transparency, and confidence

- Enhance investor confidence and provide greater reassurance to international investors seeking to participate in Chinese green projects by setting clear and standardised criteria and instruments for green investments, alongside industry-wide standards for sustainable reporting and disclosure.
- Provide a clear regulatory roadmap for businesses operating in China, outlining the steps and timelines for achieving specific sustainability goals in order to help businesses plan and adapt their sustainability strategies accordingly.
- Encourage and reward transparent sustainability reporting for businesses by providing a clear framework and metrics related to emissions reduction and sustainability practices and developing a public information system by which these figures can be obtained.
- Provide greater coordination between green power trading and green electricity certificates in order to address the issue of double counting.

Accelerate China's progress towards net-zero

- Provide greater clarity on how national sustainability initiatives and policies will be implemented at a regional and local level across China, focusing on building clusters or necessary infrastructure to provide greater connection between sustainable sources found in different regions
- Increase communication with businesses in order to promote their engagement with and understanding of the sustainability initiatives and priorities across different regions.
- Continue to increase the proportion of renewable and clean energy in China's energy mix in order to accelerate China's energy transition.
- Increase companies' access to green energy, such as through expanding access to green power trading schemes and accelerating cross-regional power trading.
- Improve China's carbon market by including more sectors in the national emission trading scheme (NETS) beyond the power sector, such as petrochemical and building materials, and allowing institutional emitters to participate in the NETS in order to improve market liquidity.
- Increase policy support for green technologies such as hydrogen, energy storage and CCUS to accelerate development in these sectors.

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