

Speech by SCED at CarbonCare Label 2017 Award Ceremony (English only)

Following is the speech by the Secretary for Commerce and Economic Development, Mr Edward Yau, at the CarbonCare Label 2017 Award Ceremony today (December 1):

Chan Yau (Chairman of Carbon Care Asia, Mr Chong Chan-yau), Professor Mathieson (President and Vice-Chancellor of the University of Hong Kong, Professor Peter Mathieson), distinguished guests, ladies and gentlemen,

Good afternoon. It is my pleasure to join you today for the CarbonCare Label Award Ceremony. Some people might find it strange that this ceremony would be opened by the Secretary for Commerce and Economic Development, but no doubt, many of you would agree that climate change is everyone's business, figuratively and literally.

Gone are the days when environmental protection was the luxury of those who had the spare time or a generous heart. Today, the environment ought to be a regular factor of consideration for decision makers - policymakers and businessmen alike.

Climate change as a result of reckless consumption of natural resources has become a reality. The victims are not only people and other species that inhabit nature, or indeed nature itself, but also our children, grandchildren, and even each one of us in Hong Kong.

Climate change mitigation calls for immediate action. Hong Kong is a party to the Paris Agreement. To achieve the vision of the Agreement, the Hong Kong Government has set a target to reduce carbon intensity by 65 per cent to 70 per cent by 2030. This means an absolute reduction of about 26 per cent to 36 per cent of Hong Kong's carbon emissions, or a reduction in per capita emissions from 6 tonnes down to 3.3 tonnes.

Earlier today, Secretary K S Wong (Secretary for the Environment, Mr Wong Kam-sing) and my colleague Edwin Lai from the Hong Kong Observatory spoke on the measures that the Government is taking to transform Hong Kong into a low-carbon, resilient city. These measures include adopting cleaner fuels, promoting territory-wide energy saving, improving green public transport, reducing waste and

more, as set out in Hong Kong's Climate Action Plan 2030+.

Our action plan would not succeed without the support of the business community. When I say climate change is everyone's business, I mean it in two senses - in a sense that it is the responsibility of every company, and in a sense that it opens the door to new possibilities.

How can every individual living in Hong Kong cut down the emissions of his or her own activities by half in the next 12 years? Of course, it starts with each individual making a conscious effort to adopt energy saving habits, but individual effort can only go so far. As consumers, we are constrained by the options that business and the public sector provide us with. We could be "carbon locked-in" if the offices we work in or the shops we walk into are by default using energy in a wasteful manner. Business, by implementing solutions to mitigate climate change, plays a key role in helping end users adopt low-carbon behaviour.

Carbon footprint reduction is not just about corporate social responsibility. It makes business sense. By auditing and tracking environmental, social and governance (ESG) performance, companies can identify specific action to take to improve efficiencies, improve stakeholder relations, and manage risks. For this reason, financiers attach increasing importance to ESG assessment of the companies they invest in.

Numbers don't lie: according to the Global Sustainability Investment Alliance, which counts JP Morgan, BlackRock, HSBC and Standard Chartered amongst others as members, ESG investment assets reached nearly US\$23 trillion last year, a 25 per cent increase from 2014. A State Street survey in March 2017 found that in Asia-Pacific, 41 per cent of retail investors had incorporated ESG principles in their investments over the previous year, as compared with one-third of investors globally.

The strategic importance of good ESG performance is clear. We are therefore indebted to civil society programmes such as CarbonCare Label for providing a useful framework to business in Hong Kong to continuously improve ESG performance, and importantly, to reduce carbon emissions.

What about the new possibilities I spoke of just now? As a matter of fact, when you look at the Hong Kong Government's strategic priorities in economic development, you will see that we are repositioning Hong Kong so that we can tap

new markets for sustainable solutions and investments.

First, we are pitching ourselves as an irreplaceable enabler of Belt and Road development. Today, Chinese outward investments are subject to higher standards of corporate responsibility. They will turn to professionals and service providers to help them raise the standards of their operations and project management. We have the expertise in Hong Kong. If we continue to refine that expertise and be role models ourselves, we will be their inevitable partner of choice.

Second, the Government has made it a goal to transform Hong Kong into a smart city. The Hong Kong Smart City Blueprint is close to completion, but ahead of this, we are investing HK\$700 million already into key infrastructure projects, and upgrading our regulatory regime to enable the Internet of Things to be used in Hong Kong. These developments create new ways for us to use resources more wisely, and create new markets for innovative, environmental solutions.

Third, the Government has laid out a Development Blueprint for Hong Kong's Tourism Industry, with the mission to ensure the balanced, healthy and sustainable growth of tourism. One important part of it is to develop green tourism, which will again elevate domestic demand for environmentally responsible products and services.

On this note, I would like to congratulate all awardees of the CarbonCare Label, for running ahead of the curve and setting a good example for the wider business community to follow. I would also like to thank you for your efforts and contribution. Each of us has a part to play in climate change mitigation, but those of us who are willing to go the extra mile will also reap from new opportunities. Congratulations and thank you again.

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