## **Driving Change**

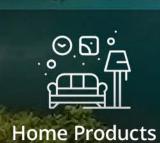
Climate Disclosure of HK Listed Companies in Key Sectors and the Road Ahead

This report unveiling the status and readiness of Hong Kong-listed consumer goods businesses in mainland China and HKSAR in response to the climate disclosure requirements by Hong Kong Exchanges and Clearing Limited, focuses on:













Read the full report

48 HKSAR-listed consumer goods companies were selected for **desktop analysis**, complemented by

expert and business leader interviews to distil decarbonisation insights and identify best practices. Through in-depth analysis, we have concluded the **key findings below**:

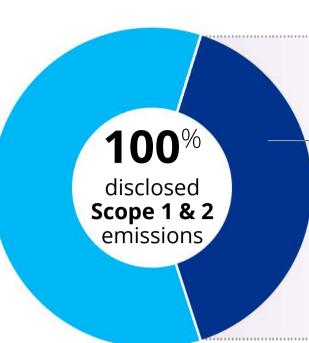
go.dbs.com/drivingchange

Finding #1

## Data Gap

### Scope 1, 2 & 3 Disclosure Rate Out of 48 companies analysed:

Scope 3 vs. Total Emissions .....



**40**% 19 companies disclosed Scope 3 emissions

- **63**% reported **Scope 3** emissions accounting for ≥ **70**% of total emissions
- 16% reported Scope 3 emissions accounting for ≥ 30% to 70% of total emissions 21% reported **Scope 3** emissions accounting for < 30%
- of total emissions

### **Impact:**

of total emissions. Not tracking Scope 3 can leave gaps in

Scope 3 emissions often represent a large share

understanding a company's full carbon footprint.

#### • **Prioritise** Scope 3 data collection by working with suppliers and partners.

**What It Means for Companies:** 

- Use digital tools to improve data collection and fill gaps.
- Focus on improving value chain visibility for better reporting.

## Finding #2

### **Knowledge Gap** Scope 1, 2 & 3 Target Setting

Out of 48 companies analysed: Target Setting

**26**%

**57**% **88**% 42 companies

have carbon

reduction targets

45% disclosed but no details without Scope 1, 2 & 3 baselines **29**%

with Scope 1 & 2 baselines **17**% with Scope 1, 2 & 3 baselines

**26**% did not disclose

disclosed and on track

····Target Tracking ·········

**Impact:** 

do not have carbon reduction targets

### Vague or ineffective targets may undermine

- company credibility. Public commitments not backed by a science-based
- investor trust.

approach or lack of measurement could **reduce** 

### Align targets with recognised frameworks.

- Set clear milestones and track progress consistently.
- Ensure targets cover Scope 1, 2, and 3 emissions to reflect

**What It Means for Companies:** 

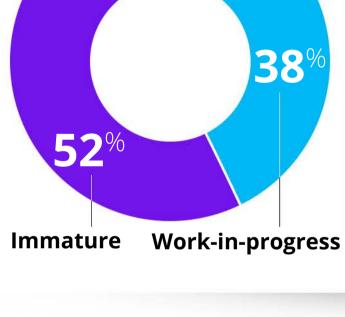
a complete carbon footprint.

# Finding #3

# Financial Gap

Maturity Level of Transition Plan
In accordance with the 3As principles - Ambition, Action, and Accountability proposed by the Transition Plan Taskforce

**Mature Impact:** 



## Out of **48 companies** analysed:

 Securing **financing** for green initiatives. • Responding to climate-related **regulations** effectively.

Without structured transition plans, companies may face challenges in:

- Staying competitive in a low-carbon economy. **What It Means for Companies:**
- Develop green investment strategies to support long-term decarbonisation.
- Engage suppliers to enable value chain decarbonisation. Adopt a phased approach to gradually improve the quality of the transition **plan**, related data and alignment with decarbonisation pathways.

### Green Investment Disclosure Out of **48 companies** analysed:

## disclosed **69**% green investment

## information ------ Top Three Green Investment Types -------

Renewable Energy

e.g. solar, wind, new energy vehicles

**Environmental Protection** e.g. environmental friendly materials, and biodiversity preservation

**What It Means for Companies:** 

**Energy Efficiency** 

e.g. energy management systems, energy

saving equipment, energy conservation

allocation of annual investment

into green and sustainability-related initiatives

#### Positives signs of growing investment in sustainability efforts.

information and data.

**Impact:** 

Sector Findings

Limited transparency on green investment

## environmental protection and energy efficiency.

plan can strengthen stakeholders trust.

Key Insights /// Decarbonisation Approach by Market Leaders

• Enhanced transparency in green strategies and capital allocation

Top 3 green investment categories including renewable energy,



# Food & Beverage

**Apparel** 

Enhance **supply chain transparency** to keep strong collaboration with the suppliers. Leverage **energy management systems** to monitor energy and water usage efficiently.

• Actively **engage suppliers** and enhance supplier evaluation process.

Leverage energy management systems to monitor energy and water usage efficiently.

• Educate consumer about environmental impact of their purchasing decisions.

Promoted consumer awareness to minimise waste throughout the value chain.



#### Invest in **R&D development** on sustainable packaging materials. Introduce campaign to **educate consumers** of concepts relevant to sustainable products.

engagement strategies for decarbonisation.

Home Products

4 Hospitality • **Upgrade equipment**, implement energy management system for better energy usage control.

Optimise **energy management systems** to reduce waste and improve resource efficiency.

• Enhance **product lifecycle management** to keep end-to-end visibility of carbon footprint.

5 Logistics

Conduct in-depth supply chain assessment to improve visibility and develop supplier



- Optimise **delivery systems** to reduce the carbon footprint while maintaining service levels. Invest in renewable energy sources and alternative fuels which are less subject to price volatility.

Transition to **alternative fuels** and employ electrical vehicle.

- Collaborate with technology companies and research institutions to **accelerate innovation**. Partnerships with mining companies and investing in **sustainable mining practices**. Adopt comprehensive lifecycle assessments to evaluate the environmental impact of vehicles
- Transportation & Automobile
  - from production to end-of-life.