

# ISM-HK PRESENTS END OF YEAR NEWSLETTER

*December 2021 Edition*



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# MESSAGE FROM PRESIDENT

Dear ISM-HK members & friends,

We are approaching the finish line of 2021. As a reflection, there were quite a lot of challenges in view of the disruptions of global supply chain due to COVID-19 and the geopolitical environment. The pressure applied on businesses has never been that abundant before. Having said that, we remain positive to see how the situation would evolve given there are new developments in the Greater Bay Area and increasing concerns towards hot topics such as sustainability. Hong Kong as one of the regional hubs, will continue to capture the unprecedented possibilities, along with a more intensifying depth of interconnectedness with Mainland China and the rest of the world.



*"Supply chain sustainability is one of the major topics among practitioners to see how ESG considerations could be embedded into business routines."*

As you may know, the COP26 climate summit that highlighted the pledges of various countries and the HKSAR Government has also established the Climate Action Plan 2050 – which places a long-term vision to achieve carbon neutrality by 2050. We believe that supply chain, operations, procurement and logistics professionals are becoming more significant since organizations promptly transform their supply management strategies to consolidate their risk management and also improve resilience by capitalizing on their environment, social, and governance (ESG) goals. It certainly remains a key challenge for all supply chain practitioners to take sustainability into consideration in their new ways of working.

Entering my first year as President of the Institute for Supply Management, Hong Kong branch (ISM-HK), I am working with my council team to plan on a wide range of initiatives related to fostering brand elevation, promoting member interaction and sharing good practices. We have completed a few events recently, including a Career Success Workshop in December 2021, with the aim of providing career advice to our members. We also hosted ISM-HK's networking event - Meet & Mingle! on the 20th December 2021 and had more than 40 participants who attended that evening.

# MESSAGE FROM PRESIDENT

We would like to connect supply chain & procurement professionals and provoke open dialogue among ISM-HK members and friends to discuss issues, challenges and more importantly, potential solutions regarding supply management issues. Thus, in this newsletter, we also put together our thoughts on topics such as COP26 to invite more discussion.

To kickstart the year 2022, we are planning a Campus Case Competition with the aim of offering a platform for university students to acquire problem-solving skills, as well as cultivating their interests and pursuits in the field of supply chain & procurement. While we are still formalizing the initiative, our goal is to connect students with businesses and industry players to enable them to become potential future leaders.

We will also endeavor to support our members in the advancement of the supply chain & procurement profession. By coordinating more events, we are eager to offer opportunities for members to obtain valuable industry insights and grow their professional network extensively.

Meanwhile, we are also keen to attract and welcome new members to join from different walks of lives. Last but not least, we would like to further promote The Certified Professional in Supply Management (CPSM) qualification courses, so that more friends will get the professional qualifications to support their personal and professional growth.



We are looking forward to seeing the supply chain industry in Hong Kong continue to thrive and flourish. On behalf of the ISM-HK council team, we wish you all a great Christmas and a wonderful 2022 ahead!

Best regards,  
*Nelson Chow*  
President, ISM-HK



# COP26 INSIGHTS & SUSTAINABLE PROCUREMENT

WRITTEN BY NELSON CHOW, NICOLE WANG AND NATALIE WONG

## Overview of Hong Kong's Climate Action Plan

On November 13, 2021, the Glasgow Climate Pact was officially agreed at the 26th Conference (COP26) of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC), where thousands of government delegates from around the world met in Glasgow, United Kingdom to combat climate change.

Hong Kong has also been an active participant in global efforts to combat climate change. The Chief Executive of Hong Kong announced in the 2020 Policy Address that Hong Kong would strive to achieve carbon neutrality before 2050. In 2019, electricity generation was the largest source of carbon emissions, accounting for about two-thirds (66%) of the total emissions in Hong Kong, followed by transport (about 18%), waste (about 7%, mainly from landfills), other end use of fuel (about 5%), and industrial processes and product use (about 4%).

It is an extremely challenging target to achieve carbon neutrality before 2050, i.e. in less than



30 years. In the first Hong Kong's Climate Action Plan 2030+ published in 2017, the total carbon emissions should reduce by 26-36% against the 2005 baseline by 2030. Significantly carbon reduction has been achieved: Hong Kong's carbon emissions were about 20% lower in 2020 than those in 2005.

Given the momentum generated by diverse groups of stakeholders in COP26 and the issuance of Hong Kong's Climate Action Plan 2050, what was the signal for businesses? This article will provide an overview of highlights from the COP26 and the suggested actions for businesses.

# Key Highlights from the 2021 Summit (COP26)

- **Coal and fossil fuels:** This is the first UN agreement with explicit mentions of fossil fuels. It calls for countries to make efforts to reduce the use of coal as a source of fuel, in a bid to end inefficient fossil fuel subsidies.
- **Mitigation:** It asks for countries to improve their 2030 national climate targets or Nationally Determined Contributions by the end of 2022.
- **Adaptation:** It calls for affluent nations to “at least double” their support for adaptation measures – to help developing countries prepare for climate change – by 2025 from the 2019 levels.
- **Climate finance:** The pact expresses “deep regret” over affluent countries failing to meet the 2020 target for providing US\$100 billion a year to support developing countries, and commits them to arrange at least that amount annually, through to 2025.
- **Loss and damage:** The agreement establishes a “dialogue” for a new UN body to provide vulnerable countries with “technical assistance” to help avoid and address the consequences of climate change.
- **Carbon markets:** The deal creates a market for units representing emissions reductions that countries can trade, resolving the deadlock over Article 6 of the Paris Agreement. The deadlock had arisen over developing countries’ demand for unused carbon credits created under the Kyoto Protocol to be transitioned to the new market, which was being opposed by developed nations on the grounds of suspect environmental integrity of these credits.



# Strategies and Actions for Businesses

## 1. Businesses must contribute by accelerating its efforts

Even before COP26, businesses were beginning to realise its crucial role in tackling the climate crisis. Many companies had set net-zero targets, and more were being announced every day. In Glasgow, businesses were highly visible, and we heard multiple world leaders reference the growing role of the private sector in their speeches. But the bottom line is that businesses need to shift their focus away from setting targets that may be many years in the future to reducing their absolute emissions today – and evidencing action each year. Businesses can and must contribute – using their ability to act more nimbly, set impactful targets and help close the gap between rhetoric and action.

## 2. Businesses should prepare for the implications of the changing market and regulatory landscape

COP26 saw the UK announce that it will become the first ‘net-zero financial centre’ – requiring all financial institutions and listed companies to publish plans on how they will transition to net-zero from 2023. Businesses should expect other governments to follow

London’s lead, and anticipate the pressure from asset owners and managers to trickle down the chain. In addition, leaders must delve deep into their supply chains and gain a detailed understanding of where their scope 1, 2 and 3 emissions come from and establish a target reduction plan.

More broadly, these announcements also reinforce the point that COP26 and sustainability language has gone mainstream. This is a huge signal for businesses to upskill their leaders and workforce to equip themselves to navigate this agenda.

## 3. Climate change is everybody’s business and businesses need to engage with different voices

While thousands of government negotiators formed the core of COP26, this year saw the voices of non-state actors play a larger and more influential role. Non-government institutions (NGOs), indigenous peoples, gender groups, young people, climate activists, protestors, and businesses engaged with what was happening in Glasgow – either on the ground, online, or around the world.

There is an opportunity for courageous leadership from businesses to lead, by building what may have once been considered unlikely alliances to work together towards this common goal. Because climate change is everybody’s business.



## What's Next: Sustainable Procurement

As corporate value creation has significantly been shifted to external third parties, procurement bears a greater responsibility for contributing to climate protection, material efficiency, compliance with social standards and good governance. Minimizing business disruptions from sustainability risks and increasing the security of the supply chain is becoming an important aim for procurement.

Integrating sustainability into procurement is becoming increasingly relevant and will create new opportunities for the organizations. Below are the suggestions to initiate the changes in sustainable procurement:

- Enhance supply chain transparency beyond tier-1 suppliers
- Identify, assess and monitor material sustainability risks in the value chain (categories, tier-n suppliers, countries,...)
- Set clear ESG standards for suppliers, sub-suppliers, products and services
- Implement measures to monitor compliance with ESG requirements
- Minimize complexity and additional efforts for the procurement organization

COP26 has only reinforced the urgent need for us to work together and move quickly from purpose and promises to plans and proof. Our stakeholders in the planet and society won't wait for COP27 for answers, and businesses have an unprecedented opportunity to collaborate and create value from sustainability for people and the planet.

**"Integrating sustainability into procurement is becoming increasingly relevant and will create new opportunities for the organizations."**

Source

- "COP26: Five actions for Business", Steve Varley, EY Global Vice Chair – Sustainability
- "COP26: What was agreed at the Glasgow climate conference," BBC News website
- "COP26: what is in the Glasgow Climate Pact," Financial Times website
- "Explained: What COP26 achieved, didn't," Indian Express website
- Hong Kong's Climate Action Plan 2050, Hong Kong Government



# ISM-HK EVENT HIGHLIGHTS 2021



"Challenges & Potential of New Normal" Hybrid Seminar - July 2021

## "Challenges & Potential of New Normal" Hybrid Seminar

10 July 2021

The seminar highlights the opportunities for small medium enterprises (SMEs) to tap into new business by taking advantage of the resiliency in the supply chain. It covers industries including manufacturing, consumer products, retail, logistics and information technology, etc.



## "Manage Supply Chain Amid Pandemic" Discussion Workshop

3 Sep 2021

We discussed vulnerabilities of Supply Chain Management in the Post-Pandemic World.



"Manage Supply Chain Amid Pandemic" Discussion Workshop - Sep 2021



ISM-HK AGM - Sep 2021

## ISM-HK AGM 2021

3 Sep 2021

We have conducted our 19th AGM 2021 and these are the photos of our council members for term 2021 /23 - Thank you all for the support from our members and friends and we are looking forward to serving you all in the coming years.

# ISM-HK EVENT HIGHLIGHTS 2021

FROM ISM TO MEMBERS & FRIENDS

*Merry Christmas*

## ISM-HK career workshop on supply chain for businesses and SMEs

20 Dec 2021

To develop the future elites and enhance the competitiveness of the supply chain & procurement industry, we have organized a career workshop to guide people who are working in SMEs and friends who are keen to develop a career in supply chain.



ISM-HK career workshop on supply chain for businesses and SMEs - Dec 2021



Advisory board meeting on Hang Seng University global master program - Dec 2021

## Advisory board meeting on Hang Seng University MSc Global Supply Chain Management Program

23 Dec 2021

ISM-HK representatives have provided input to further enhance the program structure, with reference to the Master's program of Global Supply Chain Management, in hopes of exploring future collaboration with ISM-HK.

— *Dec 2021 Pre-Christmas* —

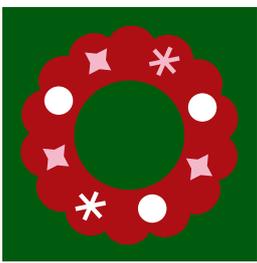
# NETWORKING DRINK

*A great evening gathering with supply chain,  
procurement practitioners and graduate students!*





*what a year it was!*



*Moments of sharing*

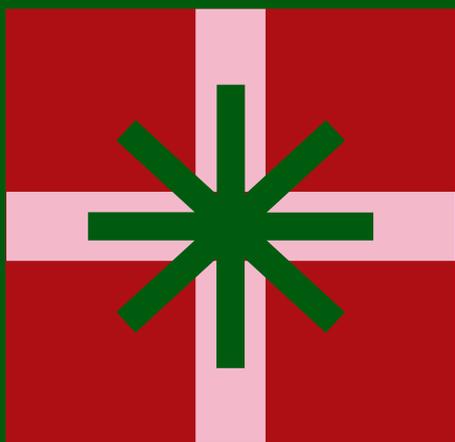
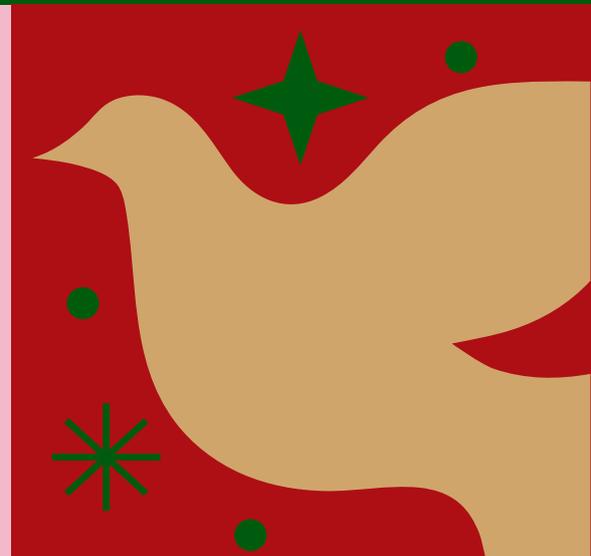


## Campus Business Case Competition

We are planning a Campus Case Competition in 2022 regarding supply chain management, aiming to offer a platform for university students to acquire problem-solving skills, as well as cultivating their interests and pursuits in the field of supply chain & procurement.

## Connection with other Associations

In the coming year, we hope to connect with other supply chain and procurement associations in Hong Kong more closely, in order to share successful experience and resources, to build a more inclusive platform for all the members and professionals in the same industry.



ISM-HK President with Hong Kong Logistics Association Honorary Advisor/Past President (second from right) and President (middle)

**Looking forward to next year**

*More to come in 2022!*