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President's Foreword

European Business in China – Leading from the Front

Jörg Wuttke

President

European Union Chamber of Commerce in China

As I mark my 40th year since first arriving in China, I am once again honoured to be entrusted by you to take the reins of the presidency of the European Union Chamber of Commerce in China. Throughout my many years as both a business leader and my terms as Chamber president, I have witnessed our member companies tackling challenges while grasping the bountiful prospects that China affords to the savvy and willing.

As Jamie Dimon, CEO of JPMorgan Chase, put it, "the United States' (US) gross domestic product (GDP) per capita in 2019 was US dollar (USD) 65,000 while China's was USD 10,000. Even if the US does a rather poor job at managing the economy (growing at two per cent annually), US GDP per capita in 20 years will reach USD 85,000. Meanwhile, if China continuously does a good job managing their economy, GDP per capita in 2040 would still be under USD 35,000, though this will represent 30 per cent of global growth over that period." Considering these numbers, we cannot afford to pick sides between these two key markets. Decoupling from China is not an option for our members, and competing for market share here will be critical to compete with its national champions in third markets and in Europe itself – if we are not at the table, we will be on the menu.

Challenges present themselves in what the Chamber has labelled a 'one economy-two systems' model – rendering one part of China's economy open to foreign investment and with a level playing field, while the other half remains closed and dominated by hand-picked national champions. In addition, public opinion on China in Europe is at an all-time low since the PEW Research Center began polling on this topic more than a decade ago, which gives our democratically elected leaders in the European Union little political space to engage with Beijing. The perception of European countries in China also turned negative over that period as well, and our companies are now at risk of getting caught in the grind.

We urge European companies to evaluate how this challenging landscape will affect them and find a way to efficiently navigate it. Rather than living in denial or only reacting to political outbursts, our members should proactively concrete roadmaps detailing how they can stick to the fundamentals of operating in China while staying true to their corporate values. This is, after all, our licence to do business.

To this ends, I plan to focus on six key areas during my next term as president:

1. Continue to strengthen public as well as informal communications with authorities, the Party and Chinese think tanks.
2. Continue to launch thematic publications that will steer discussions, for example, on the environment (COP26), cyber-related issues and standards.
3. Maintain our recovered media profile to shape the public debate and bring a sense of realism to Chinese and foreign stakeholders in times of nationalism and miscalculation.
4. Deepen coordination on advocacy with the American Chamber, EU member state chambers and other like-minded partners.
5. Continue to build up a strong relationship with the European Commission and the European Parliament.
6. Provide strong engagement opportunities for each of our seven chapters by strengthening their communication toolbox and bolstering local chapter media profiles.

I believe that these six priorities can guide us over the coming two years. Fortunately, we have a strong team to put the rubber on the road; our executive committee has the energy and experience to lead, and our working groups have proven business leaders and deep expertise to voice our members' concerns and recommendations and to deliver results. Together, we are the unique voice of European business in China.

1 Full text of Jamie Dimon's Chairman and CEO Letter to Shareholders, *JP Morgan Chase & Co Annual Report 2020,* 7th April 2021, viewed 24th May 2021, <https://reports.jpmorganchase.com/investor–relations/2020/ar–ceo–letters.htm#>

2 *Unfavourable Views of China Reach Historic Highs in Many Countries,* PEW Research Center, 6th October 2020, viewed 24th May 2021, <https://www.pewresearch.org/global/2020/10/06/unfavorable–views–of–china–reach–historic–highs–in–many–countries/>

By Barry Tong

CAUTIOUS OPTIMISM

Asian private equity industry outlook favourable thanks to ongoing digitalisation trend

Cautious optimism prevails in the Asian private equity (PE) industry for 2021, with Asia Pacific regions leading the global recovery. The region even recorded a 29 per cent increase in merger and acquisition (M&A) deal value in the first three quarters of 2020 compared to the same period in 2019. While mounting geopolitical tensions and the evolving pandemic remain the key concerns of PE investors, Asian countries—namely, China, Japan and India—are considered the most appealing investment destinations given their robust opportunities. **Barry Tong** of **Grant Thornton** outlines some of the trends in the PE industry that emerged from a recent survey carried out by the company.

The unprecedented pandemic has brought both challenges and opportunities to the PE industry. Despite travel restrictions posing challenges for on-site due diligence and hindering cross-border deals, the crisis has led to faster adoption of new technologies and sparked tremendous demand for healthcare services, thus expediting the development of the technology and healthcare sectors. The pandemic also sped up industry consolidation and restructuring deals in hard-hit sectors such as energy, mining and utilities. Thanks to ongoing digitalisation, PE firms have changed their normal working routines and investment approval procedures drastically to incorporate remote meeting technologies and virtual due diligence. This has had the added benefits of greatly enhancing work efficiency and deal-closing speeds.

COVID-19 pandemic bodes well for healthcare industry and new economy companies

Throughout the pandemic, technology has been a lifeline for businesses, and it is now also considered as the key to recovery. PE firms are increasingly looking to join the fast-emerging sector, chasing technology ventures related to healthcare, e-commerce, online education and other 'new economy' companies, as innovative technologies transform business models and spur rapid growth in the post-outbreak era.

COVID-19 has also pushed the healthcare industry to devote more resources to quality control procedures, and to boost operational efficiency through technological solutions when demand for products and services is high. Telehealth has likewise become a new trend, given the restrictions on public mobility in many countries.

The swift recovery of the PE industry should generate cautious optimism going forward, with significant levels of capital waiting to be deployed. The technology and healthcare sectors are two of the few industries that experienced growth in investments in the last year. In the first three quarters of 2020, around United States dollars (USD) 33 billion and USD 13 billion of Asian buyout fund investments were recorded in the technology and healthcare sectors respectively. Online healthcare service providers saw a spike in demand, while artificial intelligence companies showed their ability to repurpose solutions to tackle the pandemic. The two sectors are at the forefront of keeping the global community in order, providing investors with both short-term and long-term counter-cyclical investment opportunities.

Distressed asset opportunities rise amid economic downturn

The lingering pandemic and the subsequent economic fallouts have spurred a surge in distressed assets, with the sectors hit hardest being retail, hospitality, leisure and commercial real estate. China's deleveraging policy and the resultant credit tightening have also made the debt-laden small to medium-sized property developers more vulnerable to distress selling, as they are left struggling to meet debt obligations and fund new land acquisitions.

Distressed assets driven by lowered valuations are in growing demand, fuelled by bank capital constraints. As many companies are just hanging on, with limited support from banks and short-term government assistance, there could be an influx of PE capital searching for distressed opportunities when that support runs out.

In the first three quarters of 2020, around USD

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of Asian buyout fund investments were recorded in the technology and healthcare sectors respectively.

By taking advantage of the persistent low-interest environment, distressed asset investors could achieve enhanced returns through leveraged acquisitions. However, success in distressed asset investing requires significant expertise in order to assess risk and opportunity wisely, as well as sound strategies for realising value and conducting management in turbulent times.

The rise of continuation funds and restructuring deals

With the severe economic disruptions caused by the unprecedented pandemic, scheduled exit windows for portfolio assets may no longer be viable. Continuation funds, which allow general partners to extend hold periods for assets, have grown rapidly in the wake of tremendous uncertainties related to the prolonged pandemic and geopolitical tensions.

A continuation fund allows general partners to transfer assets from an existing fund to a newly created vehicle, with limited partners given the choice to exit or to rollover into the new funds alongside new investors. It provides investors the option of liquidity as well as a new exit window in the existing fund for those that want to cash out. It also gives investors the opportunity to benefit from the up-side of a second phase of value creation.

In view of the COVID-induced uncertainties, the current diversified exit trend is expected to continue, with restructuring deals forecast to rise in the short- to medium-term. It is crucial to conduct rigorous financial and other important due diligence to reveal the fair market valuation and minimise the risks of a restructuring deal. Meanwhile, investors looking at this option should seek professional advice also on the legal contractual terms, tax issues and political environment.

Lofty valuations remain the major challenge

In 2021, extreme market valuations remain a major concern for investors. The elevated levels of dry powder over the last few years are likely to hold buyout price multiples at a fairly high level.

The key challenge for PE investors in 2021 will be how to sensibly deploy equity amid intensifying competition and manage troubled portfolios in a volatile and unpredictable market.

Barry Tong has over 20 years of financial advisory experience and is an advisory partner at Grant Thornton Hong Kong, as well as the national leader of Forensic & Investigation Services at Grant Thornton China. Barry is also the president of the Hong Kong Chapter of the Association of Certified Fraud Examiner, the world's largest anti-fraud organisation with 85,000 members around the globe. He is also senior fellow of the Hong Kong Securities and Investment Institute.

Grant Thornton Hong Kong Limited is a member firm of Grant Thornton International Ltd, one of the world's leading independent assurance, tax and advisory advisers with 58,000+ people in 136 countries. Under the unique 'one firm, one China' ethos, Grant Thornton Hong Kong is fully integrated with Grant Thornton China with a comprehensive network of 28 offices, 270+ partners and 6,000+ professionals across China.

China Expansion: The Why, When & How

Inspiration from private equity managers

Assets under management of funds that cover Greater China amounted to United States dollars (USD) 624 billion for private equity (PE) and USD 391 billion for venture capital (VC) in 2019.[1] Some of these funds look at cross-border expansion as growth strategies for its portfolio companies. The two key expansion principles explored in this article by **Nick Laursen** of **Laursen van Swieten** are based on: first, entering *China now not later*; and second, entering guided by the *'China as a venture'* PE methodology.

Companies should be willing to enter *China now, not later,* even if the product is still developing, to stay ahead of the competition. Lessons learned along the way can be carried forward into modifying the product though the Chinese market experience.

China as a venture means that companies should see themselves as a venture again when entering the Chinese market. This means starting small, looking closely at the market, being entrepreneurial, adapting constantly, hedging bets, keeping the burn-rate low, and so on. Essentially, it means to act as a young company again that 'grows up' in a challenging but rewarding environment.

China is key in the Asian Century (The Why)

The 21st century will be the 'Asian Century'. Between 2000 and 2017, Asia's share of global real gross domestic product (GDP) in purchasing power parity terms rose from 32 per cent to 42 per cent, and its share of global consumption from 23 per cent to 28 per cent. By 2040, these two measures are expected to increase further to 52 per cent and 39 percent, respectively.[2]

Within Asia, China is the largest and fastest growing market. This will remain so in the years to come due to strong fundamentals, such as science, technology, engineering and maths graduates; infrastructure; and industrial value chains. This means that European companies need to be part of China's growth to be a leading multinational in the 21st century. The investors and companies that build this growth will have a strong influence on 21st century commerce, politics and culture. China's influence can be seen already as it has a 17.4 per cent share of global GDP. By comparison, the European Union's (EU's) share is 15.4 per cent.[3]

China is at the forefront of growth, innovation and change, and, as such, will play a big role in the next phase of globalisation and industrialisation. So, when should European companies consider a China expansion?

China now, not later (The When)

As China grows, it needs new technologies products and services. However, new entrants need to move fast; when foreign entrants finally do expand to China, they soon discover how rapidly their Chinese competitors innovate.

Entering the China market earlier allows more time for successful product localisation and mitigates against being outcompeted by local competition. An early expansion should focus on localising and evolving the product, engaging with local experts and partners, and gaining market feedback quickly.

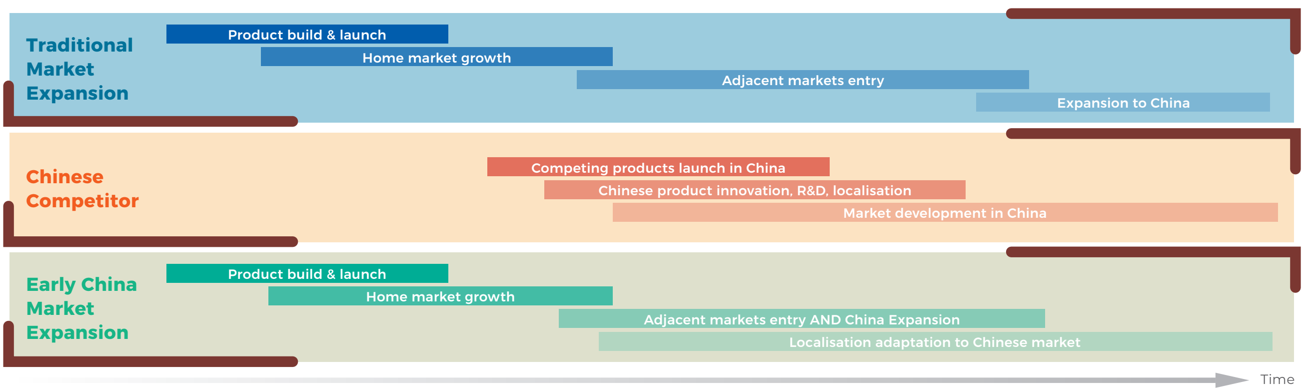
The difference between early and late market entry is best set out in a comparison. Figure 1 illustrates the 'traditional route', the 'Chinese competitor route' and early China expansion.

European companies should take inspiration from Chinese competitors, which are not afraid to launch products in the germination stage to gain market feedback and inform further iterations. They prioritise learning fast, innovating rapidly and creating good customer experience. Chinese competitors also are naturally more familiar with Chinese customers (both business-to-business (B2B) and business-to-consumer(B2C)) and have a more established network. These advantages allow them to operate and establish a product-market fit faster.

European companies should take note of the risks of using the traditional expansion route they take in other markets. Late arrival and poor adaptability to a highly competitive landscape leave many foreign companies at a disadvantage compared to Chinese domestic competitors. Notable examples include Amazon, Google and Uber. These

[1] McKinsey & Co. 2020, *In Search of Alpha: Updating the playbook for private equity in China*
[2] McKinsey & Co. 2019, *The Future of Asia.*
[3] International Monetary Fund Word Economic Outlook Database 2019.

Figure 1. Traditional vs Early China Expansion Timeline: Comparing a traditional market expansion route with one tailored to capture China market growth.



companies all initially gained market share but were eventually overtaken by Taobao, Baidu and Didi, respectively. This shows that even with serious targets and significant financial backing, international entrants can have difficulty succeeding in China.

China as a venture (The How)

The above facts mean that entering China early is vital. However, this early entry puts more pressure on the company when its global structure is still growing and it is unfamiliar with the Chinese market. The answer to this challenge is to see China as a venture and scale up once critical information, network and experience has been obtained. This brings us back to our investment principle.

Seeing 'China as a venture' is simple in theory, but hard in practice. The following guidelines encapsulate this approach:

1. **Make sure all facts are verified on the ground.** When considering any potential expansion or partnership, a lot of verification is required. Local customers, facilities, markets, companies, infrastructure, government initiatives and so on, all need to be inspected, and details rigorously verified through other sources. Verified facts are the foundation of strategy. For example, at time of writing, China is home to 121 unicorns (by comparison Europe has 36). Unicorns are often seen as proof of market growth and the potential to find great partners. In reality, unicorns need to be carefully examined before any conclusion can be drawn. What is fuelling their valuation? What do they base their projections on? Are they truly suitable partners or more likely competitors? To verify these details, local teams need to meet with potential partners and review their operations, market and competitors. Only thereafter can a plan be developed.

2. **Work only with trusted partners.** China operates at great speed, so the human risk factors are also greater. When choosing between capabilities and trust, choose trust. China is large; if a company is not successful in one location, it can try again in another. But if a company enters into a bad partnership, it can lose the entire market. Therefore, a company should not enter into a partnership or deal without understanding the counterparty's objectives, or hire a senior manager without really knowing the person. It is essential that foreign entrants surround themselves with people they trust. Trust can come from referral, but also needs to be built up, tested and reviewed. Companies should only trust people whose benefit to their China expansion is clear and agreed upon. This particularly applies to investment.

3. **Keep teams compact as long as possible.** Working for a foreign company is still a goal for many Chinese employees. This is not because of the higher pay (leading Chinese companies usually pay better), but due to the work-life balance and international component. While this is beneficial, companies may attract some people that look great on paper but are not that productive in practice. In addition, new entrants to the China market should not use English language skills as an assessment filter; good workers are not always good English speakers and vice versa. Until a China market strategy is formed and revenue is coming in, companies should aim to keep the team small.

4. **Localise products and scale fast.** Given China's unique business landscape, product localisation is essential across all business sectors. China differs in not just customer needs (both B2B and B2C), but all the way down to the nuances of domestic technology regulations and standards. The first step in localisation is to start testing the existing product in the right environment and using the feedback to improve it. The ability to localise and scale quickly is more important today than 20 years ago for foreign companies expanding to China, in order to keep up with Chinese competition and achieve a defendable market share (Figure 1). In addition, domestic competition today can often catch up with a foreign company's product within a few years.

The key questions for China expansions are:

- how to build sustainable revenue?
- how to navigate the Chinese market?
- how to link and manage the China operations with global operations?
- how to localise, scale and compete with domestic competition?

Emerging PE managers in China use fund strategies that deploy capital, coupled with an entrepreneurial and active management role, to better facilitate portfolio companies' expansion to the Chinese market.

Laursen van Swieten (LvS) is an Asia-focussed expansion investment firm. We invest in and manage China expansions of innovative European companies. We manage two funds and our focus industries are healthcare, biotech, Industry 4.0, new energy, and media and entertainment.

Active Expansion Investment is our entrepreneurial, very hands-on approach. We drive results. We cross the bridges that lie before us or we build them to ensure that our portfolio companies achieve successful expansions. We leverage an investment strategy that mitigates downsides while allowing Laursen van Swieten to take the lead as expansion manager.

Transparency International

The EU's Sustainable Finance Disclosure Regulation: what it means for investment managers and advisors

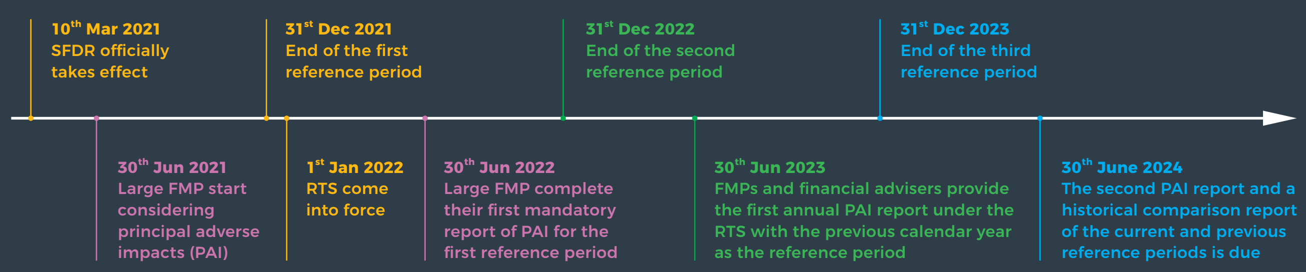
By **Una Peiyun Qu**

The European Union's (EU's) Sustainable Finance Disclosure Regulation (SFDR) became effective on 10th March 2021. Alongside entities based in the EU, the SFDR will also affect all asset management and advisory firms globally—including those in Asia Pacific (APAC) and China—that either have undertakings for the collective investment in transferable securities (UCITS) products; provide advisory services to EU asset managers or asset owners; or market and sell fund products (including Cayman) or advisory services in the EU. These firms will be required to disclose their sustainability-related assessment and reporting practices, both on an entity and product level, covering principal adverse sustainability impacts, pre-contractual products and periodic statements, among others. **Una Peiyun Qu** of **Seneca ESG** brings us the details.

The European Commission first published its regulation on sustainability-related disclosures in the financial services sector in 2019. In parallel to the implementation of the SFDR in March this year, the European Supervisory Authorities (ESAs) also issued the draft Regulatory Technical Standards (RTS) as a supplement on 2nd February 2021. The RTS specify disclosure content, methodologies and presentation at both entity and product levels under the SFDR for investment firms and their products and services. They will come into force on 1st January 2022.

The precautionary principle of sustainable investments under the SFDR is to 'do no significant harm'. Therefore, the disclosure requirements consist of

Reporting Timeline at Entity-Level



four parts: principal adverse impacts; pre-contractual information; periodic statements; and website reporting.

Disclosure requirements and timeline

The SFDR specifies the following scopes of financial market participants (FMPs), financial advisers and financial products as subject to the regulation:

Financial market participants

- an insurance undertaking that provides an insurance-based investment product (IBIP)
- an investment firm that provides portfolio management
- an institution for occupational retirement provision
- a manufacturer of a pension product
- an alternative investment fund manager (AIFM)
- a pan-European personal pension (PEPP) product provider
- a manager of a qualifying venture capital fund registered in accordance with Article 14 of *Regulation (EU) No. 345/2013*
- a UCITS management company
- a credit institution that provides portfolio management

Financial advisers

- an insurance intermediary/ undertaking that advises on IBIPs
- a credit institution that provides investment advice
- an investment firm that provides investment advice
- an AIFM that provides investment advice in accordance with point (b)(i) of Article 6(4) of *Directive 2011/61/EU*
- a UCITS management company that provides investment advice in accordance with point (b)(i) of Article 6(3) of *Directive 2009/65/EC*

Financial products

- a portfolio managed in accordance with mandates given by clients on a discretionary client-by-client basis that include one or more financial instruments
- an alternative investment fund
- an IBIP
- a pension product/scheme
- a UCITS
- a PEPP

Entity-level

Although the SFDR divides financial entities into two types, FMPs and financial advisers, at the corporate level, it requires both to consider the principle adverse impacts (PAI) of investments, with an initial requirement of 'comply or explain'.

As for differences, notably, reporting PAI on sustainability factors of their investments is mandatory for large-sized FMPs (more than 500 employees). Large FMPs must update the principal adverse sustainability impacts statement on their websites by 30^{th} June each year, taking the previous calendar year as the reference period. Their first statement is due on 30^{th} June 2022, with a reference period from 10^{th} March 2021 to 31^{st} December 2021.

The RTS, effective from 1^{st} January 2022, will bring further specified requirements and templates for disclosures. Under these standards, all FMPs and financial advisers will need to publish and maintain PAI statements on their websites. The disclosure frequency and schedule will be the same as that of large FMPs, which means the first reporting date for smaller FMPs and financial advisors based on the RTS will be by 30^{th} June 2023.

The RTS provide a template for PAI disclosures, which includes 18 mandatory indicators and an additional 46 indicators for disclosure options. For financial advisors, fewer indicators are required, but they instead also have to disclose related sustainability information for the products and practices they advise on.

Even if FMPs and financial advisers do not consider PAI, they will still need to provide their 'no consideration of sustainability adverse impacts' statements online.

Product-level

For financial products, the reporting requirements mainly include pre-contractual, periodic and website disclosures. Expanding on the basic disclosure requirements specified in the SFDR, the RTS provide four templates for pre-contractual and periodic disclosures at the product level. These come in the form of question lists, and are designed for financial products that promote environmental and/or social characteristics, or have sustainable investments as their objectives.

Moreover, FMPs should disclose the impacts of up to 15 of the top investments of their financial products in the periodic statements, covering those that account for the largest proportion of their investments during the reference period. They will also eventually need to publish a historical comparison of their reports for at least five previous reference periods.

For non-ESG related financial products, companies are required to specify that those products are not obliged to take the EU criteria for environmental sustainability into consideration.

In addition, FMPs also need to make other 'sustainability-related disclosures', on their websites, for example, providing additional details on financial products, such as investment strategy.

Potential impacts

The SFDR is intended to improve the transparency of investment firms' products and financial advisers' services. Along with the *Non-Financial Reporting Directive* (NFRD) announced in 2014 and the taxonomy released in June 2020, this regulation highlights the EU's efforts to promote the flow of capital into environmentally sustainable projects and investments, as well as to curb fictitious green projects or 'greenwashing'. It may also signal a new trend in the global green development and investment sectors.

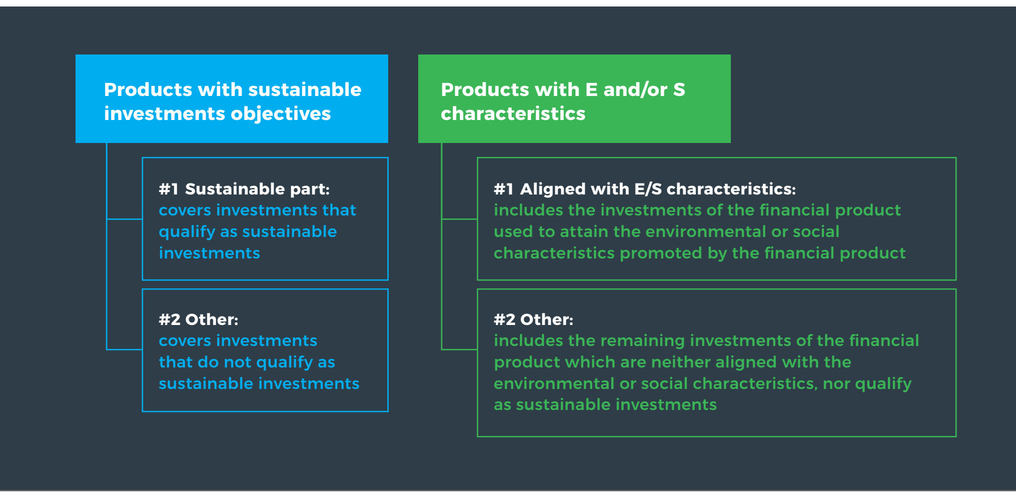
The EU is the one of the world's largest economies. The implementation of the SFDR and the future RTS will not only impact EU entities; it will also affect companies and financial institutions outside of the EU in the following ways.

1. **Non-EU companies:** those that have subsidiaries and businesses in the EU will also have to provide the principal adverse sustainability impact statements, pre-contractual and periodic reports, and additional information on their websites in accordance with the regulations.

2. **Non-EU investment firms:** those that are now offering or plan to offer registered financial products in the EU will have to make product-level disclosures. Notably, even if a company considers its product as non-ESG-related, it should also explain why sustainability risks are not relevant to the product.

3. **Non-EU financial advisers:** those that are now offering or plan to offer investment advisory services to EU firms are indirectly subject to the SFDR. Since the SFDR is mandatory for EU financial and non-financial entities, they may choose service providers—whether EU or non-EU—that can help them comply with the regulatory requirements and obligations. Based on this consideration, non-EU financial advisers should also follow the SFDR requirements when providing services to EU clients.

From a broader perspective, it is anticipated that the SDFR will lead to the development of similar policies in other regions and countries. For instance, Singapore and South Korea have considered building a local green investment taxonomy. This implies that even if a company thinks it will not have connections with the EU, it may still need to take the SFDR, the taxonomy and other sustainability disclosure policies into account when planning for the future.



Seneca ESG is a business intelligence company delivering solutions for corporate sustainability assessment, reporting and integration with financial services. In additional to data acquisition and environmental, social, and governance (ESG) integration services, the company's flagship Zeno platform facilitates ESG data management, tailored analyses and sustainability-driven business workflows for both corporate and investment manager clients.

Private Equity in China

Recent difficulties for the industry

By **Shane Farrelly** and **Divya Hazra**

Geo-political tensions, strong policy moves and a global pandemic have given rise to shifts in the private equity (PE) market in China for foreign investors, with industry sources reporting a steady decline in new international investors or even divestiture of China holdings. However, there may be light at the end of the tunnel. In this article, **Shane Farrelly** and **Divya Hazra** of **D'Andrea & Partners Legal Counsel** seek to clarify the current environment for PE in China, ranging from legislative developments to peculiarities of the Chinese jurisdiction for PE investments.

Recent growth and strengths in China's PE market

Private equity in China has been a steady growth story over the last decade, with Chinese Internet and technology firms in particular capturing a growing share of global PE and venture investment, indicating just how much has changed since 2010. The Asset Management Association of China recently reported that the value of PE under management grew by Chinese yuan (CNY) 2.17 trillion (United States dollars (USD) 335 billion) between December 2019 and November 2020 to total more than CNY 15.91 trillion. According to McKinsey, China is now the third-largest PE market in the world, despite the fact that it is not yet fully mature.[1]

For businesses, the prospect of reaching higher profit margins, alongside the introduction of strategic expertise through PE funds to grow their business, adds significant value to their long-term projections in comparison to traditional business loans.

The advantages for international investors are also clear to see, such as higher returns on their PE investments than in other jurisdictions, the fast-developing Chinese marketplace and consumer base at their disposal, and the abundant opportunities for expansion within the Middle Kingdom and beyond. It is no wonder that, in recent years, China

[1] *In search of alpha: Updating the playbook for private equity in China* (mckinsey.com)

has seen industry giants such as UBS, BlackRock, Allianz and Bridgewater Associates start to operate PE funds within its borders.

Battles with domestic PE funds

International investors had been the principal source of PE capital for Chinese companies in the past but—as with everything in the Chinese market—the PE market too runs at 'China speed'.

International investment now has the task of catching up on domestic funds, as a sharp drop from USD 40 billion in 2007 to USD 22 billion in 2019 is in stark contrast to domestic fund investments, which were estimated at USD 163 billion in 2019.[2]

Factors such as fewer government restrictions on the industries open to foreign investment, and simpler ownership structures and transaction processes, allow for a more efficient process when utilising *renminbi* (RMB) funds. The recent geopolitical tension between China and the US, and China's national policy of dual circulation as per the 14th Five-year Plan (2021–2025), may well push companies to choose RMB fundraising as their first choice.

Effective management of potential barriers for foreign PE funds

For foreign investors interested in the Chinese PE market, it should be noted that a detailed and thorough due diligence procedure by an established law firm is deemed essential. As reliable data about the economic activity of a target company may be hard to come by, any documentation supplied by the target company, publicly available information and insights from third-party sources all come within the remit of a legal due diligence report.

Thus, conventional due diligence checklists should be expanded to look into aspects such as the validity of the target company's business certificates, the founder's family background and *guanxi*, as well as any scandals founders may have previously been engaged in.

Recent regulatory updates of relevance

On 8th January 2021, the China Securities Regulatory Commission (CSRC) officially issued the *Several Provisions on Strengthening the Regulation of Private Investment Funds (Provisions)*, which became retrospectively effective from 30th December 2020. The *Provisions* gather together most of the regulatory rules for private funds previously scattered across various industry voluntary rules and notices.

Highlights of the *Provisions* include the recognition of qualified foreign institutional investors (QFII) as exempt investors – meaning they can utilise much more streamlined procedures, which facilitates their investments. Previously, a full set of procedures—including suitability test, the signing of a risk disclosure letter, confirmation of qualified investor status, contract signing, cooling-off period—would apply when onboarding a qualified investor (certain types can skip some of these procedures).

In addition, the *Provisions* prohibit a private fund manager from using fund assets to engage in borrowing and lending, guarantees or pledges. It also places restrictions on a private fund providing loans or guarantees to its portfolio companies.

The *Provisions* regulate conflicts of interest concerning private fund managers, requiring the manager using the fund asset to: establish a regime to prevent conflicts of interest; seek consent or approval from all the investors or through the pre-agreed decision-making mechanism; and report to investors after making an investment which falls under the definition of a conflict of interest.

Concluding thoughts

China's financial regulator has been tightening its supervision of PE managers as well as implementing measures to safeguard investor interests. However, despite the growth of the PE market in China over the last decade, it is still rife with obstacles for international investors, in particular due to the rise of domestic investors and the role of SOEs.

However, should foreign investors choose to venture into the market, a thorough due diligence procedure shall be implemented inclusive of not only legal but also financial, accounting, environmental, taxation, stakeholders, labour, internal control and operations *et al.*

D'Andrea & Partners Legal Counsel, DP Group, was founded in 2013 by Carlo Diego D'Andrea and Matteo Hanbin Zhi, both of whom have extensive backgrounds in Chinese and EU law. DP Group currently has four service entities: D'Andrea & Partners Legal Counsel, PHC Tax & Accounting Advisory, EASTANT Communication and Events, and Chance & Better Education Consulting. DP Group has a variety of branches around the world, with locations in several major developing economies.

[2] https://www.schroders.com/en/uk/asset-manager/insights/markets/why-investors-in-china-private-equity-might-be-missing-out-on-most-of-the-market/

Fighting Climate Change with Finance

European Chamber's Green Investment Conference

With the heavy focus on carbon neutrality and environmental protection in the 14th Five-year Plan, the European Chamber is holding a number of events in 2021 on going green. One of these events was the Green Investment Conference: Fighting Climate Change with Finance, held in Beijing and online on 19th May. Distinguished guests and participants included Marcel Haag of the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) of the European Commission, Jin Liqun of the Asian Infrastructure Investment Bank (AIIB) and Ma Jun of the China Society for Finance and Banking.

The conference was opened by Chamber President Jörg Wuttke, who stressed the fact that the emphasis on sustainability and the transition to green operations would create numerous business and investment opportunities, which European enterprises are already well-positioned to take advantage of.

The first keynote speech was a video address from Mr Haag, director for horizontal policies, including sustainable finance, at DG FISMA. He spoke on the latest developments in green finance from a European Union (EU) regulatory perspective. Director Haag noted that the OECD had estimated that nearly United States dollars (USD) 7 trillion would be needed in sustainable investments before 2030 to meet climate change commitments globally. He said that there is considerable interest from investors worldwide to contribute to this transition. He added: "Our task as policymakers in the field of private finance is to set the targets and provide clarity on the direction of travel, and to provide the private sector with credible and usable frameworks." One of these frameworks will be the EU's climate taxonomy, which aims to improve transparency in the sustainable finance market. Director Haag said, as a result, "market participants will be able to greatly reduce the resources they currently devote to the identification of sustainable investments, as the taxonomy will disseminate most of the information." Director Haag also mentioned the International Platform on Sustainable Finance (IPSF), which brings together policymakers from 17 jurisdictions—including the EU and China—that account for around 55 per cent of global greenhouse gas emissions and almost 55 per cent of global GDP. He announced that the EU and China are working on a common grounds taxonomy under the IPSF.

The director was followed by Jin Liqun, president and chair of the AIIB, who spoke on the topic 'Investing in infrastructure for tomorrow'. He spoke of how the AIIB is playing its part in driving the transition to a green economy by not only rejecting investments in coal-fired energy plants or coal mines, but also by not financing coal-enabling projects, such as the building of roads to a coal mine, or the electricity infrastructure that will allow coal-fired plants to operate. President Jin urged European political and business leaders to put the resources they transfer to poorer countries into renewable energy options to show the way forward. He said that the belief that developing countries can only grow by using fossil fuels is a fallacy – there *are* other options. Behaviour change is important, and a new behavioural model is required. President Jin concluded by saying that: "When the wind blows, some people build walls, and some people build windmills."

Conference guests Jin Liqun, president and chair, AIIB, and Ma Jun, chair of the Green Finance Committee of China Society for Finance and Banking delivered keynote speeches.
Photo: European Commission

Ma Jun, chair of the Green Finance Committee of the China Society for Finance and Banking, also delivered a keynote speech to the conference. He said that while Tsinghua University has estimated that achieving carbon neutrality by 2060 will cost Chinese yuan (CNY) 100 trillion, he expects that up to CNY 500 trillion will be spent in the coming years on decarbonisation. Chair Ma said that only one per cent of loans issued in China has gone towards green financing. In the meantime, the green bond market in China was worth CNY 1.3 trillion in early 2021, having doubled year-on-year. He said the sustainable finance market in China will change in five ways:

1. The taxonomy will have to change, as it had been set up to deal with pollution in Beijing when reducing PM2.5 was the priority, while carbon was not addressed. Carbon neutraility is now the priority, so the bond taxonomy has removed investments in coal-fired energy.

2. The central bank is designing a methodology on calculating the carbon footprint of projects/investments. Banks will be asked to disclose the carbon emissions per unit of loans issued, so debtors will have to disclose this information to their banks.

3. Incentives will have to be improved, as many carbon neutrality projects are not currently feasible. This could be achieved, for instance, by reducing loan rates for green financing, while increasing rates for 'brown' financing.

4. New types of financial products will be made available, such as carbon neutrality bonds. There is appetite for green bonds, demonstrated by the fact that 50 per cent of all green bonds issued in China have been issued in the first half of 2021.

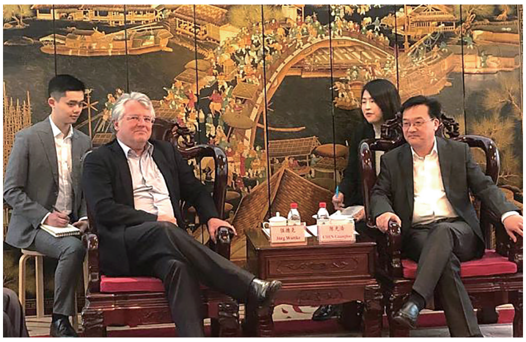
5. Only five per cent of business is currently green; 90 per cent are still carbon emitters, and traditional banks still have to lend to them, but this financing could fund the carbon emitters' transition to green operations.

Following the keynote speeches, there was a panel discussion on 'Strengthening investment in green finance to support sustainable growth, increase environmental protection and implement the Paris Agreement', with panellists from the banking and investment sectors. The panellists further highlighted the growing interest in green finance, with 700 environmental, social and governance investment funds set up across all assets in China in 2020. By the end of the year, outstanding credits were worth CNY 12 billion and bonds CNY 850 billion. Evidence has shown that while sustainable assets are more expensive in terms of investments initially, as in the first three or four months, over three or four years, these assets outperform traditional financial assets. The panellists agreed on the importance of capital markets in the transition, not just in terms of providing financing but also in determining where the resources will go.

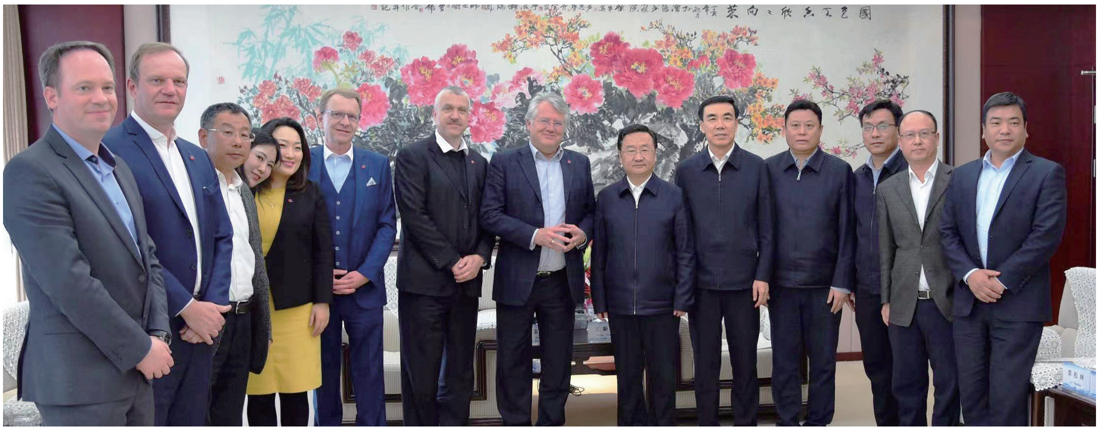
APRIL
ALL CHAPTERS

Chamber President tours regional chapters, meets with local governments

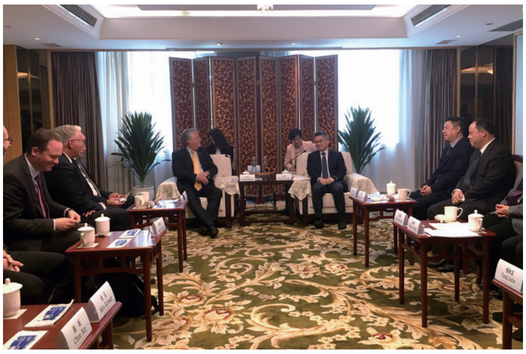
In April, European Chamber President Jörg Wuttke visited the regional chapters of the Chamber, using the opportunity to also meet with local government officials and high-level authority representatives. During these meetings, both specific local issues and common horizontal challenges—such as the difficulties encountered by foreign employees trying to return to China and the individual income taxation reform—were raised by President Wuttke and regional board members.



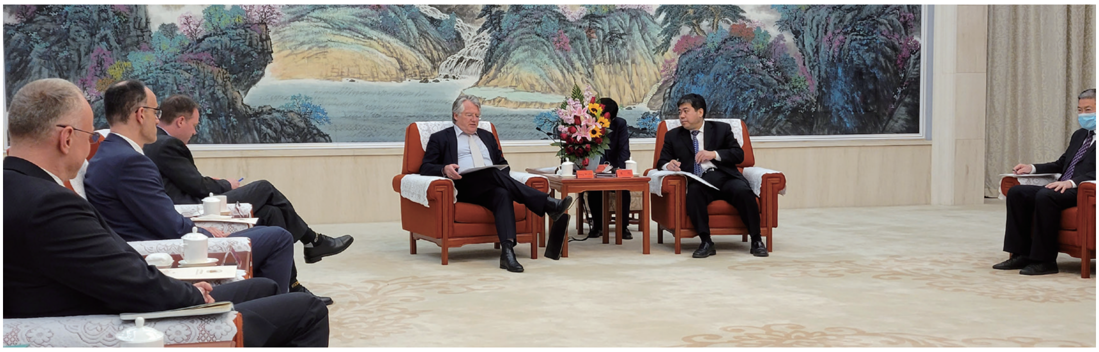
9th April 2021, Chen Guanghao, director general of the Sichuan Provincial Bureau of Economic Cooperation.
Photo: European Chamber



13th April, Wang Xinwei, mayor of Shenyang, Li Songlin, vice mayor of Shenyang, and Cao Peng, secretary general of the Shenyang Municipal Government.
Photo: European Chamber



Left: 15th April, Shen Jianrong, vice mayor of Nanjing.
Right: 28th April, Zhang Jinsong, director, and other officials from the Guangdong Department of Commerce.
Photos: European Chamber



22nd April, Newly appointed Tianjin Vice Mayor Wang Xu.
Photo: European Chamber

APRIL
SOUTH CHINA

South China Chapter general manager, vice chair meet with EU ambassadors and consuls general

Francine Hadjisotiriou, general manager of the South China Chapter, together with Klaus Zenkel, vice chair, met several European ambassadors, consuls general and staff from several EU embassies in China, including Belgium, the Netherlands, Poland and Switzerland.
Photo: European Chamber

During April, Francine Hadjisotiriou, general manager of the South China Chapter, together with Klaus Zenkel, vice chair, met several European ambassadors, consuls general and staff from several European Union member state embassies in China, including Belgium, the Netherlands, Poland and Switzerland. After outlining Guangzhou and Shenzhen's pivotal roles in the Greater Bay Area and the local business environment, ideas were exchanged on the investment landscape and prospects for European business. As the meetings concluded, Vice Chair Zenkel presented the *European Business in China Position Paper 2020/2021*.

20TH APRIL
ALL CHAPTERS

European Chamber President and Vice President meet with EU HR/VP Josep Borrell

President Wuttke and Vice President Jens Eskelund had a video conference with Josep Borrell, High Representative for Foreign Affairs and Security Policy and Vice President of the European Commission. They were joined by Gunner Wiegand, managing director of EEAS.
Photo: European Chamber

On 20th April, President Wuttke and Vice President Jens Eskelund had a video conference with Josep Borrell, high representative for foreign affairs and security policy and vice president of the European Commission. They were joined by Gunner Wiegand, managing director of the European External Action Service (EEAS).

The exchange focussed on recent developments between the EU and China, as well as on the outlook for the bilateral relationship. Topics of discussion included the recent sanctions, the politicisation of business in China, the EU-China Comprehensive Agreement on Investment, and European competitiveness in the digital arena, among others.

23RD MARCH
BEIJING

European Chamber leads a business delegation to Fortune 500 Dialogue with Hubei

President Wuttke led a delegation of members to participate in the Business Cooperation and Fortune 500 Dialogue with Hubei Conference.
Photo: European Chamber

On 23rd March, President Wuttke led a delegation of members to participate in the Business Cooperation and Fortune 500 Dialogue with Hubei Conference. The European Chamber delegation included representatives of the Advisory Council, the Maritime Manufacturing and Industrial Services Working Group, the Energy Working Group, and the Consumable and Disposable Medical Devices Desk. The delegation first met with Zhao Haishan, vice governor of Hubei Province, who expressed appreciation for the European business community's donations during the initial COVID-19 outbreak. Members of the Chamber delegation spoke of local business opportunities, especially in the sectors of healthcare, green energy and the Hubei Free Trade Pilot Zone.

The delegation also met with Yang Zhi, chair of the Wuhan Chinese People's Political Consultative Conference (CPPCC). President Wuttke pointed out the strong interest among the European business community in strengthening cooperation with Wuhan should direct and indirect market access barriers be lowered.

Darkness Navigated

European Business in China Business Confidence Survey 2020

The *European Business in China Business Confidence Survey 2020* reported that European companies found themselves "navigating in the dark," as the COVID-19 pandemic upended economic norms. In a separate February 2020 survey, half of respondents expected a year-on-year (y-o-y) decrease in revenue, with a paltry 0.5% expecting an increase. Companies spoke extensively of making their global supply chains more resilient and diversifying into other markets.

Contrary to those expectations, European companies in China found themselves in a resurgent market, after production went back online far quicker than had been initially anticipated. Although y-o-y revenue shifts were the worst in a decade, 42% of respondents actually saw revenues increase in 2020, with the biggest surges in business-to-consumer industries like retail and automotive.

Yet, despite the notable downward shift in revenues y-o-y, three out of four companies ended the year with positive earnings before interest and tax (EBIT), the same share as have been profitable for the last five years. China became a critical pillar in the global operations of many European multinationals, with 51% of companies reporting that their EBIT margins in China were higher than their worldwide average, a 13-percentage point increase from the previous year. Looking forward, 68% of European companies in China are now optimistic on growth, a 20-percentage point increase y-o-y.

Unfortunately, the pandemic took a dramatic toll on the foreign employees of European companies in China. COVID-related travel restrictions negatively impacted 73% of respondents, a large number of whom still have foreign experts stranded outside of the country.

Having successfully navigated those dark times, European companies are keeping one eye on the horizon, and are preparing to shift strategies to address the coming storms.

Over a quarter of manufacturers are onshoring their supply chains, five times as many as are offshoring. Meanwhile, 27% of companies in a joint venture (JV) increased their positions, with 18% taking a controlling share and 2% buying their partner out and forming a wholly foreign-owned enterprise. Importantly, this is not just chasing the growth potential of China's economic recovery, this is long-term thinking on how to remain and build scale in this critical market.

To be successful, European companies will need to chart a precarious course between a growing number of obstacles. Those now regularly stem from the increasingly politicised business environment, as reported by the 41% that thought business had

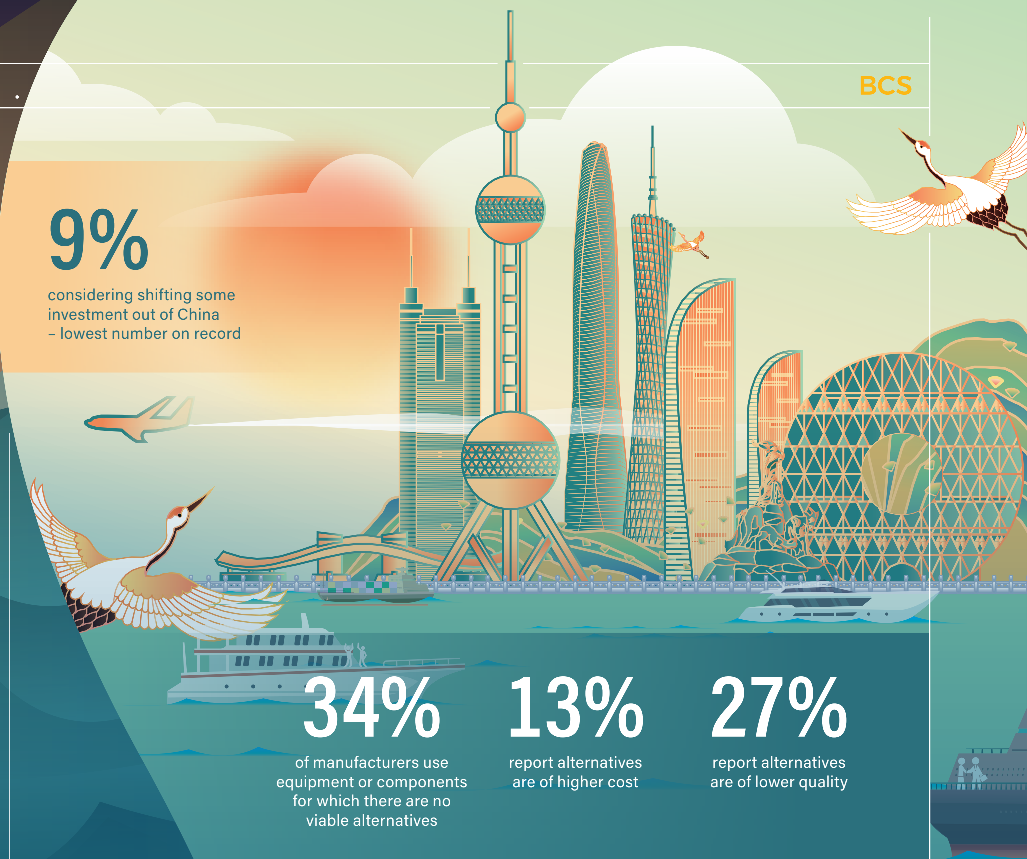
FINANCIAL OUTCOMES BRIGHTER THAN EXPECTATIONS

In 2020, **64%** expected a y-o-y revenue drop...

...but only **24%** experienced this

In 2020, only **0.5%** expected increased revenue, but...

42% actually saw revenues rise



become more political. Significantly, as this was before the mid-March 2021 European Union-China sanctions and the coordinated social media attack on European clothing brands, it is reasonable to assume that the percentage of members reporting this may well have increased.

As political tensions rise, European companies are attempting to gauge their exposure to decoupling and technology divergence and prepare accordingly, but many simply cannot. A worrying third of manufacturers report that they have at least one imported component or piece of equipment for which there are no viable alternatives, and about half note that alternatives will come with higher costs, lower quality and/or compatibility issues. Despite their best efforts, it is highly probable that a fully onshored supply chain will remain elusive for most.

It is becoming apparent that a type of decoupling is indeed happening, though not the one that was intended by those seeking to drive foreign companies out of China. Instead, European companies are exploring ways to decouple their China operations from their global ones, with the goal being local self-reliance to avoid cross-border ties in supply chains, technology, data flows and digital systems.

As they batten down the hatches, European companies note that many of the obstacles ahead of them are long-standing:

- Market access continues to improve, but only marginally. Barriers are reported by 45% of members, with 12% noting that they are direct, like the negative lists, and 33% reporting that they are indirect, like opaque licensing procedures and administrative approvals.
- Unequal treatment persists for 44% of respondents. A small share of members believe that foreign companies receive better treatment than local firms, a problem that must be dealt with as urgently as favouritism towards local players.
- SOE 'reform' continued to disappoint. Only 15% of respondents expect that the private sector will gain opportunities at the expense of the state-owned sector, with 48% expecting the opposite.
- Compelled technology transfers persisted for 16% of respondents, the same number as last year, despite the Foreign Investment Law prohibiting this practice being conducted through administrative measures. This is unsurprising to European companies, as they have long argued that it is China's market access regime forcing them into JVs that sees them being compelled to transfer their technology.
- New regulatory challenges emerged. A third of respondents have been negatively impacted by the regulatory requirements surrounding the vague and broadly-defined concepts of "critical information infrastructure" and "autonomous and controllable technology".
- Intellectual property rights (IPR) enforcement continues to steadily progress, and 2021 marks the first time that a majority of respondents found IPR enforcement to be adequate or excellent.

The journey ahead will be precarious, and European companies are bracing for more challenges. While the importance of the China market has perhaps never been clearer, it is going to become increasingly difficult for companies to manage the long-standing, internal regulatory challenges of doing business within the strict boundaries of China's state-directed economy alongside the external risks emanating from unwanted political confrontations and technology divergence. As the voyage becomes riskier, the end-rewards must grow commensurately. This would be best achieved through a resurgent reform agenda that completes China's market opening story and provides European companies with a level playing field.

A Blend of the Old and the New

The European Chamber Annual General Meeting

The European Chamber held elections for our Executive Committee and local chapter boards from 13th April to 28th May 2021.

Beijing

The elections for the European Chamber's president, three vice presidents and treasurer took place during the Annual General Meeting (AGM) in Beijing on 27th May.

We are pleased to announce that Jörg Wuttke was confirmed as president, with no other candidates for the role. He will chair the Executive Committee, which is responsible for providing strategic direction for the Chamber and representing our more than 1,700 member companies. Jörg is continuing his third stint as president, and has so far spent a total of eight years in the role; from 2007 to 2010, 2014 to 2017, and 2019 to now.

The three elected vice presidents—Bruno Weill, Carlo D'Andrea and Guido Giacconi—and a treasurer, Marko Tulus, will also be part of the Chamber's Executive Committee.

In the weeks leading up to the AGM in Beijing, local board elections were also held in the European Chamber's six other chapters across China (see opposite page). In their respective capacities as the elected chairs of the Shanghai, South China and Southwest China chapters, Bettina Schoen-Behanzin, Klaus Zenkel and Massimo Bagnasco have also been appointed as vice presidents of the Executive Committee. Charlotte Roule has also been invited to remain as a board member until she leaves China later this year.

The States Representatives were selected by the Supervisory Board on 28th May, after presentations were given by seven potential candidates.

President

Jörg Wuttke, BASF

Vice Presidents

Carlo D'Andrea, D'Andrea & Partners

Guido Giacconi, In3act

Bruno Weill, BNP Paribas

Treasurer

Marko Tulus, Sandvik

States' Representatives

Matthias Goebel, Lufthansa

Peter Ling-Vannerus, SEB

Renata Pavlov, Fincantieri

Nanjing

The Nanjing Chapter board elections took place on 15th April, with the following results:

Chair

Andreas Risch, Fette Compacting (China) Co Ltd

Vice Chair:

Bernhard Weber, Baden-Wuerttemberg International Economic and Scientific Cooperation (Nanjing)

Board Members

Sofie Gielen, Epiroc Trading Co Ltd

Frank Redecker, REACH Talent Consulting (Xuzhou) Co Ltd

Jianhua Shan, BASF-YPC Co Ltd

Shanghai

The local board elections for the Shanghai Chapter took place on 11th May 2021, with the following taking the seats available:

Chair

Bettina Schoen-Behanzin, Freudenberg Group

Vice Chairs

Pius S. Hornstein, Sanofi China

Francis Liekens, Atlas Copco

Board Members

Roberto Donà, International Business School Suzhou, Xi'an Jiaotong-Liverpool University

Jens Ewert, Deloitte

Allan Gabor, Merck

Holly Lei, Covestro Polymers (China)

Shenyang

The Shenyang Chapter board elections took place on 13th April 2021, returning the following candidates:

Vice Chair

Harald Kumpfert, Dezhong Green City

Board Members

Franz Decker, BMW Brilliance Automotive

Stephane Gonnetand, Dalian ODC Marine Manufacture Co Ltd

Erich Kaiserseder, Conrad Shenyang

South China

The local board elections for the South China Chapter took place in Guangzhou on 28th April, when the following candidates were returned:

Chair

Klaus Zenkel, Imedco Technology (Shenzhen) Co Ltd

Vice Chairs

Fabian Blake, AMS Products Assembly (Foshan) Co Ltd

George Lau, TÜV Rheinland (Guangdong) Co Ltd

Board Members

Blandine Cressard, Residence G Shenzhen

Alessandro Fiorito, Autoneum Nittoku Guangzhou

Gianluca Giorgi, ES Automation Consulting

Joanna Ye, Mazars Guangzhou

Southwest China

The Southwest China Chapter held its AGM on 8th April 2021, and the following board members were elected at the meeting:

Chair

Massimo Bagnasco, Progetto CMR (Beijing) Architectural Design Consultants

Vice Chair

Paul Sives, Proton Products Chengdu Ltd

Vice Chair and Chongqing Representative

Dominik Widmer, SinoSwiss Holding

Board Members

Xavier Arnaud, ADEN Group

Jennifer Birdsong, Chengdu International School

Ali Sheikh, Vista

Dieter Vanonckelen, Md Business Management (Chengdu)

Tianjin

Taking place on 22nd April 2021, the local board elections for the Tiianjin Chapter saw a record-breaking nine candidates competing for five positions. Members chose the following:

Chair

Christoph Schrempp, Airbus (Tianjin) Delivery Centre

Vice Chair

Julian Jeffrey, Wellington International School

Board Members

Luca Gasparri, Tianjin Zapi Motion Co Ltd

Jürgen Hasenpusch, Volkswagen

Florian Thomas Mack, Airbus (Tianjin) Final Assembly

CROSS-INDUSTRY MENTOR INITIATIVE

female leadership

The European Chamber launched the initial cycle of its Cross-industry Mentor Initiative (CIMI) in late 2019 and the second cycle in late 2020.

The CIMI partnered mid- to senior-level managers in China with C-suite leaders of European business in China, who helped to impart the additional skills and knowledge required for managers to take the next step in their careers, from senior management to board-level positions. Each cycle of the CIMI is a part-time course lasting approximately six months.

Both cycles focussed on improving female representation at senior management and board level in China. The European Chamber have chosen this as the focal point for the programme due to the lack of gender diversity among top leadership within the Chamber's member companies. The Chamber believes this initiative will have an instant impact on those future female leaders involved whilst also acting as a platform for future diversity and inclusion, as well as leadership development programmes.

Mentors involved in the initiative so far include:

Mentor	Company and Position
Jörg Wuttke	President of the European Chamber; Vice President (VP) and Chief Representative, BASF China
Charlotte Roule	VP of the European Chamber; Chief Executive Officer (CEO), ENGIE China
Jens Eskelund	VP of the European Chamber; President, Maersk China
Bruno Weill	States' Representative of the European Chamber; Chief Group Representative of BNP China
Marko Tulus	Treasurer of the European Chamber; Chief Financial Officer (CFO) and Country Holding Officer, Sandvik China
Pierre-Yves Bonnet	Chair, Société Générale China
Allan Gabor	President, Merck China
Denis Depoux	Global Managing Director, Managing Director Greater China, Head of Asia, Roland Berger
William Zhao	China Country Chair, TOTAL
Ouyang Bo	CFO Greater China, Director of the Board of Directors, Executive VP (EVP) and CFO of Siemens Ltd, China
Michael Chang	EVP, CX Strategy & Technology, Greater China, Nokia Shanghai Bell
Fabrice Megarbane	President - North Asia Zone, CEO, L'Oréal China
Holly Lei	President, Covestro China
Bettina Schoen	Regional Representative Asia, Freudenberg

Mentoring sessions, workshop and training

Both mentors and mentees committed to dedicating five hours of their personal time for one-on-one mentoring sessions during the course for each cycle.

On 15th January 2020, Gabor Holch from Campanile Management Consulting delivered leadership training for all mentees, preparing them for the challenge of the century – working with others across continents and cultures.

On 13th August 2020, Aaron Leow from Deloitte delivered the financial analysis and management workshop for all mentees, which examined how to use key financial results obtained from analysis before decision-making and for management purposes.

On 31st August 2020, Charlotte Roule, CEO of ENGIE China and vice president of the European Chamber, and Rachel Morarjee, director of the Economist Corporate Network and former board member of the European Chamber, spoke about the impact of mentoring, the values of the CIMI and how this programme can facilitate female leadership development in the European Chamber community.

On 18th September 2020, mentor Jörg Wuttke and his mentee Gloria Zhou, head of Strategy and Business Portfolio at BP China, shared what they learned and achieved from the initial cycle of the programme. They also discussed the difference between the CIMI and other in-house mentoring programmes, and how to integrate global thinking into local actions through the mentoring sessions when dealing with the disruption caused by the COVID-19 pandemic.

On 25th September 2020, mentors from the initial cycle of the programme, Charlotte Roule and Denis Depoux, shared their views on the importance of women's representation in leadership teams and how the CIMI can facilitate female leadership development.

On 17th December 2020, Laurie O'Donnell, managing director of Cornerstone International Group, conducted separate mentoring induction webinars for the mentors and the mentees. In these webinars, Laurie shared her views on the difference between coaching and mentoring, the skills essential in mentoring and how to manage mentoring sessions.

Good Manufacturing Practices

Benefits of regulatory changes in China for the cosmetics industry

By Fabio Stella

While China is lifting the requirement for testing imported cosmetics on animals, there are still certain areas where the procedure will remain mandatory. These situations have been laid out in the two pre-conditions specified in the *Cosmetic Supervision and Administration Regulation*. **Fabio Stella** of **Hawksford** explains how these pre-conditions in particular will affect European cosmetics producers.

After years of negotiations between China's National Medical Products Administration (NMPA), the Cosmetic Supervision and Administration Regulation (CSAR) and global industry leaders, on 4th March, Chinese regulators confirmed that imported general cosmetics will be exempt from animal testing from 1st May 2021.

Two pre-conditions with three exceptions

With the publication of the final version of the *Provisions for Management of Cosmetic Registration and Notification Dossiers*, China's NMPA set forth two main pre-conditions for general cosmetics to be exempted from animal testing and three exceptions.[1] Brands wishing to access the Chinese market should both:

- hold a good manufacturing practices (GMP) certificate issued by the relevant authority of the country where the cosmetics are produced; and
- present safety assessment results and testing proving the safety of the use of the cosmetics.

GMP certificates and issuing bodies' hurdles

GMP certificates for the cosmetics industry usually describe the basic principles of applying GMP in facilities that produce finished cosmetic products. These guidelines present general processes and the best practices in terms of operators, techniques and organisational factors that may affect the quality of finished goods to be distributed on the market.

Regulatory bodies such as the European Committee for Standardisation the International Cooperation on

[1] For details on the three exceptions, please see the article #BecauseofUs: Animal Testing on p. 28

Cosmetics Regulation and the United States' Food and Drug Administration usually approve and recognise the set of standards filed by the International Organization for Standardization and its certifiers, thereby enabling manufacturers to apply one qualification for entrance into several regional and national markets.

The issue with the pre-condition specified in the NMPA's new regulations lies in the fact that very few national regulatory bodies for cosmetics/medical products actually issue GMP certificates, as these mostly come from cosmetics manufacturers associations or national bodies representing the regulated entities rather than the regulator itself.

First come, first served

Several economies in Europe are better positioned to take advantage of this new development. The French National Agency for the Safety of Medicines and Health Products has already started issuing GMP certificates for manufacturers grouped under the national body, the Federation of Beauty Enterprises, and has launched an online platform to streamline the entire process.

On the other side of the English Channel, the United Kingdom, via the Department of International Trade (DIT), is in discussion with industry leaders and associations to launch a certification system with standards that satisfy the requirements of China's NMPA. The DIT is also developing a 'China Ready' package, which groups market experts, consultants and its Chinese specialists together so as to ensure that the British beauty sector doesn't miss out on this new opportunity.

The Italian Association of Cosmetics Enterprises is also continuing to follow up on a series of programmes to educate its members about regulatory market updates and export strategies for China. Currently, no government authority or regulator in Italy other than this association is able to certify GMP status for Italian manufacturers.

A common European approach?

Rather than acting on a national basis, European Union (EU) Member States should refer to the EU framework and come up with a mutual solution that brings all the bloc's major players to an equal starting point. In fact, the EU has already unified a series of best practices and minimum requirements that beauty products have to respect in the Common Market via *Regulation CE 1223/2009*, which came into force in July 2013 and does mention GMP standards as a benchmark.

In addition, the EU also hosts Cosmetics Europe, the body that first hailed the introduction of GMP standards while trying to improve the quality of the cosmetics industry output via modern production techniques, packaging strategies and new manufacturing processes. If that wasn't enough, the European Federation for Cosmetic Ingredients has also developed its own GMP standards for its chemical and natural raw materials suppliers for the beauty industry.

Online channels poised to spur growth

Figures by Statista show that the cosmetics market in China totalled Chinese yuan (CNY) 425.6 billion in 2019 before dropping to around CNY 396 billion last year due to the pandemic.[2] However, it is now set to bounce back and recover in 2021, and forecast to a record figure of CNY 455.3 billion. The next five years should bring exponential growth, with China already being the second-largest market in the world for cosmetics products. Around 70 per cent of China's beauty products sales are already performed online via e-commerce platforms like Tmall, JD.com and their cross-border versions. This is in fact due to the initial regulatory hurdles on animal testing: with cross-border e-commerce, Chinese consumers were able to purchase certain cosmetic products from overseas, with the products classified under CBEC as personal goods. This meant they could skip market-related regulatory requirements, such as animal testing.

South Korea and Japan, the Asian counterparts with historical penetration and influence in the traditional retail sector, have long exploited the admiration of their audiences for eastern beauty standards and the inflow of travellers with higher replacement needs than fashion apparel. During the last Singles Day on Alibaba (11th November), new local player and Yatsen's beauty brand Perfect Diary (完美日记) sales hit CNY 100 million in the first nine minutes of a shopping frenzy. This provides a glimpse of the market potential for cosmetics producers and retailers still considering entering the Chinese market.

[2] *Cosmetics market size in China from 2012 to 2019 with a forecast until 2021*, Statista, 17th December 2020, viewed 28th May 2021, <https://www.statista.com/statistics/875794/china–cosmetics–market–size/>

Fabio Stella is associate director of sales and business development at Hawksford China. Hawksford has helped many global retail and beauty brands to expand throughout China and Asia. With healthy economies and increasing government incentives for retail growth, Asia remains the centre of the international retail market. We work with an unrivalled number of fashion, luxury and cosmetics brands from all over the world who entirely rely on us to take away the burden of back-office activities such as company incorporation and corporate compliance, management reporting/accounting, tax, payroll and immigration. Our mission is to ensure that brands can focus most of their financial and human resources on their success and expansion in Asia.

#BECAUSE OFUS

Animal testing successfully rescinded

As the independent voice of European business in China since 2000, the European Chamber actively participates in China's legislative process and our advocacy activities are widely recognised by the Chinese authorities.

In 2019, we launched our #becauseofus campaign to show our gratitude for the joint advocacy efforts of all stakeholders: governments, think tanks, member companies and our own working group and desk managers. In *EURObiz* in 2021, we will present four examples of our successful advocacy work.

For this edition, we look at **how the requirement for animal testing of imported non-special cosmetics was successfully rescinded.**

Background

On 4th March 2021, the National Medical Products Administration (NMPA) officially released the *Provisions for Management of Cosmetic Registration and Notification Dossiers (Provisions)*, which take effect from 1st May 2021. These *Provisions* finally conditionally waive the requirement for animal testing of non-special cosmetics imported into China, which has been in place since 1989. The European Chamber Cosmetics Working Group has worked continuously over the past 14 years to eliminate such requirements, advocating for advanced alternatives to animal testing.

Efforts of the Cosmetics Working Group

The *Cosmetics Working Group Position Paper* has included a recommendation to rescind animal testing since 2007. Over the past 14 years, the Cosmetics Working Group has tracked the progress of relevant regulations, and communicated with various parties on industry updates and the alternative experimental methods used in other countries. The working group's efforts include but are not limited to:

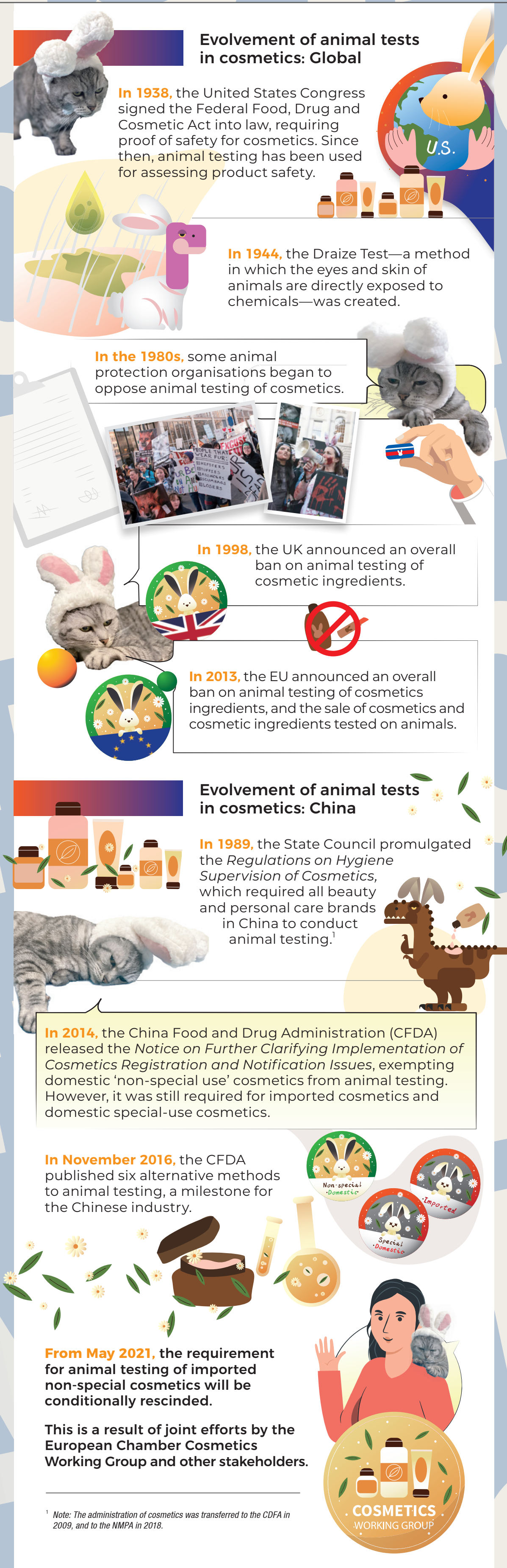
- collecting and collating member companies' comments on regulations relating to animal testing exemptions and tests;
- providing feedback to the NMPA and the National Institutes for Food and Drug Control; and
- organising government-industry meetings on alternatives to animal testing and conditions for exemptions.

Can alternative animal testing ensure the safety of cosmetics?

Many of the cellular models used in alternatives to animal testing are based on human cell designs. In-vitro replacement using human-derived cell models is more relevant to human risk assessment and thus are better predictors of human responses to the effects of products and ingredients.

Advocacy results

In June 2020, the NMPA released the *Cosmetics Supervision and Administration Regulations,* in which significant changes and greater acceptance of animal testing replacements can be observed.



On 4th March 2021, the NMPA released the *Provisions for Management of Cosmetic Registration and Notification Dossiers*, which went into effect on 1st May 2021.

Under the *Provisions*, if a producer of non-special cosmetics has obtained the production quality management certification issued by the competent government department of the country or region where the production facility is located, and its safety risk assessment result has been substantiated, the producer may be exempted from submitting animal testing reports, except in the following circumstances:

- The product will be used on infants or children.
- The product uses new cosmetic ingredients that are still under safety monitoring.
- The notification applicant, domestic responsible person or production enterprise are listed as key supervision targets according to the NMPA quantitative rating system.

Janice Ma, chair of the Cosmetics Working Group

"The European Chamber Cosmetics Working Group has been working with the relevant regulatory authorities in China for many years to actively promote the research, validation and adoption of alternative methods and the improvement of China's cosmetics safety risk assessment system, thereby continuously and further reducing animal testing. In the context of the implementation of the new regulations, the recently promulgated *Guidelines for the Technical Assessment of Cosmetic Safety (2021 Edition)*, and the forthcoming *Provisions for Management of Cosmetic Registration and Notification Dossiers*, provide the possibility for imported non-special cosmetics to be exempt from animal testing under certain regulatory conditions. This reflects the determination of the Chinese regulatory authorities to speed up the construction and implementation of a scientific system for supervision of cosmetics, and is also a recognition of the joint efforts of industries and enterprises over the years."

Implications

The waiving of animal testing for imported non-special cosmetics that meet the specified conditions will enhance China's image worldwide, level the playing field for domestic and foreign enterprises, and optimise the business environment. The new *Provisions* will attract more foreign cosmetics brands to the Chinese market, allow those already in China to further expand and enrich the choice of imported cosmetics available to consumers.

For more details on this campaign and other advocacy successes, please visit the European Chamber website: https://www.europeanchamber.com.cn/en/advocacy-success

Media Watch

President Wuttke joins CGTN Two Sessions special programme

On 5th March, European Chamber President Jörg Wuttke joined a special 'Two Sessions' programme on *CGTN* to discuss expectations for and outcomes of the opening ceremony of the fourth session of the 13th National People's Congress. The live show lasted more than three hours, during which President Wuttke shared the Chamber's positions on and expectations of China-United States-European Union (EU) relations, China's 2021 gross domestic product target and multilateralism, among other subjects.

President Wuttke joined a special 'Two Sessions' programme on *CGTN* to discuss expectations for and outcomes of the opening ceremony of the fourth session of the 13th National People's Congress.
Media: *CGTN*
Date: 5th March 2021

President Wuttke speaks to media on potential boycotts of European brands

On 24th March, a coordinated group of Chinese social media users started a call to boycott a Swedish clothing brand after discovering an undated statement from the company pledging to not use cotton from Xinjiang due to forced labour concerns. This spread into a wider call for boycotts of other Western brands that have also sought to distance themselves from supply chains sourcing cotton from Xinjiang. On 30th March, President Wuttke took part in a *Bloomberg* live interview and shared his opinions on this issue. He said, "You have to just let it happen, lay low and see when it blows over, and then come back again." This quote was reposted by both domestic and international media.

President Wuttke took part in a *Bloomberg* live interview and shared his opinions on the call for boycotts of Western brands that have sought to distance themselves from supply chains sourcing cotton from Xinjiang.
Media: *Bloomberg*
Date: 24th March 2021

On 15th April, President Wuttke joined an exclusive interview with *CGTN* on its flagship show, *World Insight with Tian Wei*. When asked about the impact that the current sanctions and the Xinjiang cotton issue were having on European business, he responded, "[Europe and China] put [European businesses] between a rock and a hard place. It's now tricky for European business in China." President Wuttke continued, "It's very hard for us to either follow the mood at our headquarters and back home, [while trying] to safeguard our entry into the Chinese market."

President Wuttke joined an exclusive interview with *CGTN* on its flagship show, *World Insight with Tian Wei*.
Media: *CGTN*
Date: 15th April 2021

The European Chamber Nanjing Chapter held a business dialogue with the local government, which was covered by local Nanjing media.
Media: 江苏商报
Date: 10th March 2021


江苏商報 订阅本报 日期检索 本期头版 本期内容导航 本期版面导航 收藏

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欧盟企业与南京市政府 举行交流会

2021年03月10日 07：资讯广告 稿件来源：江苏商报

本报记者吴锋报道3月9日，由中国欧盟商会南京分会与南京市商务局共同举办的"2021欧盟企业与南京市政府交流会"在洲际酒店举行。该交流会旨在为在宁欧盟企业与政府部门搭建沟通与交流的平台，共同提高南京对外开放水平，助力创新驱动发展，促进经济行稳致远。南京市人社局、商务局、科技局、工信局等多个部门的负责人与70余家欧盟企业的近120位代表到会。

交流会围绕着南京产业升级、科技创新、长三角一体化等议题进行了主论坛讨论。中国欧盟商会秘书长唐亚东先生就中欧全面投资协定大背景下欧企在华发展前景进行了展望。随后，企业代表分为理事会成员与总经理论坛、人力资源与财务2个小组与相关政府代表进行进一步交流。参与小组讨论的企业代表与政府代表就企业关注的外资政策、人才吸引政策、后疫情时代的出入境政策等问题进行了具体沟通和交流。

南京分会董事会主席、德国巴符州驻华首席代表魏博先生表示："今年南京市好消息不断，长三角一体化，南京都市圈的建设势必会给南京带来新一波的发展机遇。欧盟企业希望借这样的机会，将自己的诉求传递给政府，以打造一个更为透明、开放、共平的商业环境。一个稳定积极的商业环境可以给我们会员企业提供更好的平台去扩大投资、创造就业岗位、促进区域发展。"


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中国欧盟商会：武汉经济重振让人振奋，愿带来更多技术、经验和资源

2021-03-24 14:08 来源：长江网 调整字体

长江网3月24日讯（记者黄莹）"在经济复苏的快车道上，可以看到武汉正在抓住新的发展机遇实现腾飞。"在汉参加"相约春天赏樱花"经贸洽谈活动的中国欧盟商会负责人表示，武汉已经在经济总量上重回全国城市前十，武汉经济的重振让人欣喜和振奋。此次中国欧盟商会特别代表团来汉考察，也是希望了解武汉的潜力和蕴含的机会，为武汉新一轮的经济发展助力。

中国欧盟商会认为，基于武汉的地理区位、资源禀赋和经济社会发展潜力，武汉发展现代化大都市是大势所趋和历史必然，这也将有效引领长江中游城市群一体化高质量发展，"在这些发展机遇面前，欧盟企业在武汉的投资、创新、创业将大有可为"。

President Wuttke led member representatives to visit Wuhan.
Media: *cjn*
Date: 24rd March 2021


陈光浩局长会见中国欧盟商会主席伍德克一行

投资四川 4/12

点击投资四川
获取最新四川经济合作信息

近日

省经济合作局局长陈光浩会见了中国欧盟商会主席伍德克及其西南分会、部分会员企业负责人一行。双方就进一步拓展合作领域，加大在川投资等方面进行深入交流。中国欧盟商会副主席马晓利、秘书长唐亚东及法国兴业银行（中国）有限公司CEO穆裕格、施诺慕Snam（北京）能源技术服务有限公司CEO马泰奥·坦特里、必维（Bureau Veritas）国际检验集团副总裁卫运刚、中国欧盟商会西南分会副主席保罗·塞维斯等随访。

the European Chamber's meeting with the Sichuan Economic Cooperation Bureau was covered by local media.
Media: Sichuan Economic Cooperation Bureau official WeChat account
Date: 12th April 2021


嘉宾 看沈阳

中国欧盟商会主席伍德克——
为沈阳振兴发展送上三个"礼物"

"没想到在去年如此艰难的环境下，我们商会内的宝马、米其林等企业都实现了一定程度的增长，是沈阳市政府卓有成效的政策保障让外资企业收获长远发展的信心！"4月13日晚，来沈参加商会换届选举的中国欧盟商会主席伍德克（Wuttke）一见到记者，就掩饰不住内心的激动。伍德克告诉记者，时隔一年再来沈阳，看到的是沈阳这座活跃之城崭新的城市形象，更是沈阳应对挑战更加积极的精神风貌。作为外国商会代表，此次来沈，他充满诚意，怀揣着沈阳振兴发展的三个"礼物"。

President Wuttke attended the Shenyang Chapter's AGM, and he shared his suggestions with the city. Local media described these suggestions as "gifts".
Media: CNE Paper
Date: 13th April 2021

Media portrays Shenyang Chapter's plans as "gifts" to the city

On 13th April, President Wuttke attended the Shenyang Chapter's Annual General Meeting (AGM), during which he shared his suggestions on how to boost development of the city: investing in clean energy, listening to the voice of foreign business and creating space to attract more talent. Local media described these suggestions as three "gifts" that the European Chamber provided to the city.

Nanjing Chapter holds business dialogue with local government

On 9th March, the European Chamber Nanjing Chapter held a business dialogue with the local government, which was covered by local Nanjing media. In an interview with *Jiangsu TV*, Nanjing Chapter Chair Bernhard Weber called for more support for small and medium-sized enterprises (SMEs), as these companies bring energy to the development of Nanjing. Secretary General Adam Dunnett's speech on the potential impact of the Comprehensive Agreement on Investment on business and trade between the EU and China was also covered.

European Chamber delegation visits Wuhan, meets local government

On 23rd March, President Wuttke led member representatives to visit Wuhan to engage in several meetings with high-level, local government officials. Local media reported on the visit, saying that the city will continue its effort to optimise the local business and regulatory environment to unleash the potential of the region and attract more foreign businesses.

Southwest China Chapter and local officials discuss cooperation, investment

On 9th April, the European Chamber's meeting with the Sichuan Economic Cooperation Bureau was covered by local media. President Wuttke, Secretary General Dunnett, and Vice President and new Chair of Southwest China Chapter Massimo Bagnasco participated in the meeting. The two sides discussed potential areas for future cooperation and ways to increase investment in Sichuan.

Events Gallery

BEIJING, 27TH APRIL 2021

Cyber-Complied: Practical Operations for Classified Cybersecurity Protection Scheme Compliance

- All cross-border connections should be guaranteed and approved, and violations of wireless Internet access and other cyber security policies checked regularly.
- The requirements for any changes should be clearly defined, with plans for these alterations formulated according to change requirements before any action is taken.
- Contingency plans for critical events should be developed, including emergency response processes, system recovery processes.

BEIJING, 11TH MAY 2021

Home Advantage: How China's Protected Market Threatens Europe's Economic Power

- A 'protected home market advantage' is the competitive advantage that stems from the combination of a vast and restricted home market (formally or informally).
- This can lead to greater revenues and global market share, and greater profits that can be reinvested for innovation or international market penetration.
- A protected home market can lead to lower production costs, but also lower sales prices.

SHANGHAI, 11TH MAY 2021

2021 Europe Day Celebration

- Europe Day is held on 9th May every year to celebrates peace and unity in Europe.
- The date marks the anniversary of the historic 'Schuman declaration'.
- At a speech in Paris in 1950, Robert Schuman, the then French foreign minister, set out his idea for a new form of political cooperation in Europe, which would make war between Europe's nations unthinkable.

SHANGHAI, 20TH MAY 2021

2021 Human Resources Excellence Conference

- Lifestyle-related diseases drive employer costs and lower employee productivity, so leading employers are implementing employee engagement programmes to address lifestyle factors.
- COVID-19 has enabled organisations to put into place new human resources (HR) management policies and employee wellbeing programmes.
- Data analytics, behavioural science and digital tools can help HR lead dialogues with the organisation's C-level leaders.

TIANJIN, 8TH APRIL 2021

China's Energy Development Trends Roundtable

- To achieve carbon neutrality, companies may consider an alternative solution to purchasing green certificates, such as investing directly in renewable energy projects, like for example, wind farms.
- By doing so, the company would become a shareholder and thereby obtain a certain amount of green certificates and a fair amount of investment return.
- Companies are recommended to consider three options in their action plan to achieve carbon neutrality: purchasing green certificates, direct investment in renewable energy projects and buying green energy.

SHENYANG, 21ST MAY 2021

Flower embroidery – French style

- French embroidery stresses the three-dimensional feeling of concave and convex.
- Raw materials used in the process include sequins, pearls, ribbons, gemstones and materials such as silk, with the arrangement making each piece unique.
- The Chinese flowering crabapple tree is known as the 'national beauty' among flowers, and is a species unique to China.

SOUTH CHINA, 26TH MARCH 2021

Factory Tour to Autoneum Nittoku

- The tour included a discussion on how to maintain product quality without jeopardising user experience when implementing environmentally conscious manufacturing.
- Using recycled materials to make professional products is essential for reducing carbon emission.
- Environmentally conscious manufacturing needs to be considered in every part of production across all industry sectors.

NANJING, 1ST APRIL 2021

HR Planning and Talent Acquisition for SMES

- In the wake of COVID-19, it was difficult to recruit blue-collar workers after the 2020 Chinese New Year.
- It is recommended that SMEs prepare a forecast for a year ahead when planning HR strategies.
- Taking the impact of COVID-19 on the talent pool into account, talent acquisition strategies should analyse company welfare packages, the talent market and the possibility of fostering internal talent.

Advisory Council News

Photo: Porsche Centre Beijing Goldenport

Exclusive Porsche Spring Test Drive

On Sunday 30th May, members of the Advisory Council participated in an exclusive test drive in Wuqing, Tianjin, sponsored by V1 Auto World and in collaboration with Porsche Centre Beijing Goldenport.

The European Chamber would like to convey its appreciation to both V1 and Porsche for the thrilling experience on the race track!

Siemens and FC Bayern make hearts beat faster for #WeKickCorona initiative

3rd May 2021, Munich, Germany - Numerous Bayern fans measured their heart rates for #FCBayernPulse during matches in the 2020/21 Bundesliga season. They uploaded the data to an interactive website, where it is combined with further information about the course of the game, such as the speed of players or action near the goal. The result is an exciting multimedia visualisation.

For the #HeartBeatFinal on 22nd May, Siemens, FC Bayern Munich and #WeKickCorona urged even more fans to take part in the initiative, with chances to win activity trackers that can measure heart rates, among other things. "Every heart rate measured helps to further develop our virtual stadium experience. And with one cent per heartbeat, a lot of money can be

Photo: siemens.com

raised for #WeKickCorona," said Karl-Heinz Rummenigge, chief executive officer (CEO) of FC Bayern Munich AG.

The #WeKickCorona donation campaign was launched by FC Bayern players Joshua Kimmich and Leon Goretzka to support social and charitable projects during the pandemic.

Siemens AG and FC Bayern Munich are collaborating to advance technology projects as part of their 'Performance Partnership'.

Bayer's Better Life Farming recognised by United Nations for supporting smallholder farmers

30th April 2021 - Monheim, Germany - Better Life Farming (BLF), Bayer's multi-stakeholder global partnership model, received a commendation honour at the fifth edition of the United Nations Economic Cooperation and Integration (UNECE) International Public Private Partnerships (PPP's) Forum as part of its 2021 Build Back Better Infrastructure Awards.

With the COVID-19 pandemic impacting communities globally, UNECE held a competition to find the most resilient projects involving PPPs throughout the world, which put people at the heart of their operations and could help communities maintain, rebuild and move forward within a post-pandemic environment.

BLF, which provides holistic and innovative solutions for smallholder farmers in developing economies, was selected for its stakeholder engagement supporting the enhancement of livelihoods in rural communities. Jointly with the farming communities in Indonesia,

Entrepreneur Alda Aldhaniar Bekti explains the use of agricultural input products to an Indonesian smallholder farmer.
Photo: bayer.com

centres, which currently reach more than 300,000 smallholders in the mentioned countries, allow farmers to purchase seeds, get exposure to crop protection inputs and irrigation options, and improved access to markets and financial solutions.

Bayer is committed to enabling 100 million smallholder farmers in low- and middle-income countries develop their farming potential as part of the company's 2030 sustainability commitments.

ENGIE puts forward a decarbonisation metric and makes it public

12th May 2021 - ENGIE has developed a robust methodology to objectively measure the decarbonisation of both the private and public sector. Fulfilling a need for standardisation and shared in the public domain, this innovation will boost and develop the market for decarbonisation products and services.

ENGIE offers products and services that allow clients to reduce their carbon footprint. Today, carbon performance has an economic and environmental value, and this initiative aims to quantify it objectively. To this end, the Group has developed a methodology based on its experience in the decarbonisation of its clients, both public and private. This tool complements and goes beyond the concept of carbon footprint. ENGIE's aim is for this metric to be directly usable by the widest possible range of players. By providing quality information, the metric will help to boost the emerging decarbonisation market. By clearly demonstrating the creation of economic and environmental value, it will be a factor in increasing investment and innovation.

Stora Enso and Pulpex partner to produce fibre-based bottles on industrial scale

11th May 2021 - Stora Enso and packaging technology company Pulpex have joined forces to industrialise the production of eco-friendly paper bottles and containers made from wood fibre pulp. These renewable products will offer an alternative to PET plastics and glass. The exclusive partnership leverages Stora Enso's formed fibre technologies and ability to convert end-products on an industrial scale.

The joint development agreement is exclusively between Stora Enso and Pulpex, a sustainable packaging technology company established by Diageo (makers of Johnnie Walker, Smirnoff and Guinness) and Pilot Lite (a venture management company). The partnership aims for large-scale industrial production of renewable and recyclable paper bottles and containers that degrade readily in the natural environment. Produced with sustainably-sourced formed fibre pulp, the bottles and containers would enable a significantly lower carbon footprint compared with glass or PET. A formed fibre product is manufactured by pressing various wood-based pulps into a three-dimensional shape in a moulding machine. The focus of the partnership now is on developing a high-speed production line, which is expected to be operational in 2022.

SE Pulpex bottle in use.
Photo: storaenso.com

SAP AGM of Shareholders raises dividend to EUR 1.85

12th May 2021, Walldorf - SAP SE has announced at its Annual General Meeting (AGM) of Shareholders that a dividend of euros (EUR) 1.85 per share will be paid out for the 2020 financial year (previous year: EUR 1.58). The total distribution to shareholders thus amounts to approximately EUR 2.18 billion.

In the Supervisory Board by-elections, Dr Qi Lu, founder of Miracleplus, was confirmed to succeed Diane Greene, and Dr Rouven Westphal, co-founder of EXASOL AG to succeed Dr h.c. mult. Pekka Ala Pietilä. Their mandates will run until the 2023 and the 2022 AGM, respectively. Of the 18 Supervisory Board members, eight are now women.

Due to the pandemic, the AGM was held for the second time as a purely virtual event.

Tell Us Your Big News

European Chamber members are welcome to add news items on their own activities to our website, and share it with all our other 1,700 members.

Executive Committee of the European Chamber

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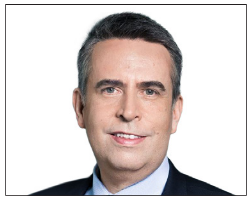

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