



PLASTIC SNOW

How one of China's largest state energy companies turned the tide on a Hong Kong beach spill, by Brunswick's TONG ZHAO and CRYSTAL CHAN

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T'S A RARE EVENT WHEN A LARGE ENERGY COMPANY and a non-governmental organization see eye to eye over an environmental crisis. It's even rarer when the company is a Chinese state-owned enterprise, given the perception that they are typically opaque and slow-moving. So, when Typhoon Vicente struck Hong Kong in July 2012, Sinopec, one of China's largest integrated energy and chemical groups, had the opportunity to demonstrate a different kind of crisis leadership in action.

Until the typhoon hit that summer, most people in Hong Kong had probably never heard the word "nurdle." That all changed when the once-in-a-decade storm slammed into a ship, causing six containers carrying a total of 150 tons of plastic pellets – the aforementioned nurdles – to spill into the sea off the city-state. Within days, the pea-sized pellets, which had been packed into plastic bags and placed in the containers, were washing up on to more than 60 beaches and outlying islands in Hong Kong, coating the sand with a blanket of plastic snow.

WHAT IS A NURDLE?
Nurdles are a type of pre-production plastic that melt quickly and evenly and are used to make many common objects. Tiny plastic beads, they are easy to transport in bulk



THE PELLETS, which are used as the raw material to make plastic objects, belonged to Sinopec, whose name and logo was printed on the bags, so ownership of the cargo was clear and public from the outset. The company was quickly alerted.

Tracey Read from DB Green, an activist group concerned with environmental issues in Hong Kong's Discovery Bay, was one of the earliest on the scene of the pollution. Read, who lives in Discovery Bay, a popular ex-pat enclave on the northeastern coast of Lantau Island, was stunned to see the blanket of nurdles coating her local beach.

"Seeing full bags scattered all over the beach and knee-deep piles of pellets made me feel sick to my stomach," she told *The New York Times* a few weeks after the spill. She contacted Sinopec immediately and the company sent a team to inspect the scene.

Sinopec Chairman Fu Chengyu, a 30-year veteran of the energy industry, has encountered many different challenges in his career, but this incident was a new one. Fu thought the priority was to clean up the spill quickly. But who to call for such an unprecedented task? Was there a relevant government authority? What information should the company put out as the incident was rapidly becoming public?

There was little time to waste. Media coverage, including pictures of the "snowfall" on Hong Kong's beaches, were causing public consternation. At its peak, more than 160 news articles a day were appearing, posing questions such as the potential dangers to people and wildlife. The pellets weren't toxic but were clearly a blight on numerous beaches on Hong Kong's outlying islands.

When Typhoon Vicente hit, six containers carrying 150 tons of "nurdles" (plastic pellets) spilled into the sea off Hong Kong



"Regardless of accountability, we needed to prevent the crisis from getting worse"

Fu Chengyu, Chairman, Sinopec Group

It was clear, Fu says, that rather than fritter away time apportioning liabilities and responsibilities for the crisis, Sinopec should devote most of its energies to the cleanup. "Regardless of accountability, we needed to prevent the crisis from getting worse. So we knew we needed to be at the center of the cleanup efforts," says Fu.

Sinopec set up a crisis management team to assess the situation and provide senior management with first-hand information from site visits and regular monitoring. The company quickly decided to commit its own manpower and resources to the project, as well as contact and support the many parties involved in collective cleanup efforts in Hong Kong.

IT PROVED to be a good judgment. Sinopec's name was clearly marked on the cargo, and many observers believed that the company should take full

accountability for the incident, even though in reality there were many parties involved, including the shipping agent and its subcontractor.

Sinopec set up a special fund of HK\$10 million (\$1.3 million) for the cleanup efforts. Taking the lead in the crisis also entailed consulting various stakeholders, including NGOs and government authorities.

Gary Stokes of Sea Shepherd Conservation Society, a US-based international marine wildlife conservation advocacy group, worked closely with DB Green to spearhead the cleanup effort. He still remembers Sinopec executives asking him, "What do you need, how can we help?" when they first visited the affected beach on the second day. He says, "Sinopec set an outstanding example that many other large corporations should take note of."

How did that differ from what Stokes was used to? He says there was "genuine and sincere concern" from Sinopec: "This sincerity carried all the way up to Fu, who flew down personally to assess the progress and help out on the beach."

Regular meetings with stakeholders and exchange of information helped align objectives and build rapport among the parties. The NGO representatives also shared intelligence on cleaning techniques and agreed on guidance for volunteers.

Since the spill was constantly moving with the tide and changing weather conditions, these regular meetings became critical in pinpointing where additional resources were needed. "Sinopec was honest enough to say it didn't have all the solutions, but it was open enough to listen and work with the NGOs," Stokes recalls.

After the first stage, Sinopec hired scuba diving experts to salvage missing →

危机

“In the Chinese language, the word ‘crisis’ is composed of two characters, one representing danger and the other, opportunity”

JOHN F. KENNEDY, 1959

For decades this trope has been used across the political aisles and in boardrooms to motivate and encourage in times of crisis. As inspirational as it may sound, this silver-lined outlook occupies more of a gray area than its frequent use might indicate.

Translations are interpretations, and over time this favored rhetorical device has come under some scrutiny. The Chinese word for crisis is 危机 - *wéijī* - and the first character does indeed mean danger, but the second does not necessarily mean opportunity.

The character 机 - *jī* - has several meanings, but when placed after the 危 - *wéi* character, the compound means critical point or precarious moment. While this is not far from “crisis” as we know it, the meaning doesn’t necessarily support the paradox that the word has become known for.

The ambiguity has persisted because it usefully presents a potential upside of a damaging event. And as with any pivot point, with preparedness, skillful management and a dash of wisdom, there is a possibility that you can end up better off than you were before. But just because there is a possibility, it does not necessarily mean that a crisis is always an opportunity. That’s up for grabs.

CINDY ZHENG, Brunswick, New York

containers, rented a helicopter to survey affected beaches, arranged for professional cleaning crews and ordered industrial equipment to support the cleanup. The company also arranged for transportation for volunteers to access remote beaches while providing them with medical support. Sinopec employees were on the front line – company employees committed a total of 2,478 days over four months. This included top executives: Chairman Fu, President Wang Tianpu and Chief Financial Officer Wang Xinhua among them.

FOR CLEANUP volunteer Tracey Read, the personal commitment made an impact. “Working with the people that made up the company of Sinopec was a positive experience and certainly gave the corporation a ‘human face,’” she says.

Continuing to provide information was also critical. Sinopec spokesman Lu Dapeng was among those on cleanup duty in addition to being bombarded by media and other external inquiries.

Reflecting on those hectic weeks, he says, “It was really tough to keep on top of the hundreds of calls and emails we received from the media, the public and others. We knew that while we were cleaning the spill, we also had to keep the channels of communication open and to continue answering as many questions as we could.”

The company also worked with NGOs to set up a website to inform the public about the cleanup progress and allow more volunteers to sign up. Being communicative, transparent and proactive paid off. The media, general public and the government were generally supportive of Sinopec’s role in Hong Kong during the incident.

Ming Pao Daily, one of Hong Kong’s leading newspapers, even ran a rare

positive editorial in praise of a state-owned enterprise: “The three parties directly involved in the incident – the owner of the pellets, the shipping company, and the ship owner – none but Sinopec, which owned the pellets, have actively responded to the cleanup call ... Sinopec’s position on the matter is both practical and reasonable ... This is a good example of corporate social responsibility...”

Another positive outcome from the crisis was the increased awareness among the public that Hong Kong’s beaches need to be better maintained.

The mass cleanup galvanized Hong Kong’s “Adopt a Beach” initiative piloted by the government and environmental groups, which aims to broaden the public’s focus on protecting and preserving Hong Kong’s beaches.

For Fu, the incident strengthened his commitment to Sinopec’s sustainability mission. He has committed \$3.8 billion in a “Blue Sky and Clean Water Project” to support initiatives to enhance air and water quality.

For a state-owned company like Sinopec, the communications message that resounded from the experience was that assuming responsibility and dealing with issues openly is a far cry from assuming liability, but enables more effective engagement with local communities and all stakeholders. ♦

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