

BEC Climate Change Business Forum Advisory Group Terms of Reference

(Approved by BEC Board of Directors – 11 June 2025)

1. Mission Statement

- 1.1 The BEC Climate Change Business Forum Advisory Group (“CCBF AG”) promotes awareness, capacity building, and best practices related to climate change amongst the BEC membership and generally amongst the business community in Hong Kong.

2. Objectives

- 2.1 Act as advisor to the BEC Board of Directors and membership on matters related to climate change.
- 2.2 Support BEC to develop thought leadership and influence public policy on climate change.
- 2.3 Create platforms for BEC (including Board of Directors, Executive Committee and other members) to engage relevant regulatory bodies on matters related to climate strategy and policy.
- 2.4 Foster the culture on taking climate actions among BEC members and the broader business community in Hong Kong.
- 2.5 Build capacity for climate change actions among BEC members and the broader business community in Hong Kong.
- 2.6 Forge collaborative links between local and global expertise related to climate change.

3. Governance

3.1 Membership

- 3.1.1 BEC Council, Corporate and General Members, with active BEC membership, are eligible to join as Members of the AG, if the maximum number of AG per BEC Member has not been reached – Council Members are eligible to join a maximum of 4 AGs; Corporate Members a maximum of 3 AGs; and General Members a maximum of 2 AGs.
- 3.1.2 AG Membership is subject to a two-year, renewable term. Each BEC Member is entitled to nominate one representative to join the AG, either as Steering Committee

Member or Ordinary AG Member, by submitting a CV demonstrating the representative's relevant experience in the subject matters of the AG. There are special terms for Steering Committee Members (see Section 3.2 below).

- 3.1.3 In case of AG Membership withdrawal, a written notification should be submitted to the AG Chair via the AG Secretariat with reason(s) stated. A replacement can be nominated by submitting a CV demonstrating the representative's relevant experience in the subject matters of the AG for approval by the AG Chair.
- 3.1.4 AG Chair and Vice Chair reserve the right to determine and review the maximum number of AG Members accepted to the AG.

3.2 Steering Committee

- 3.2.1 The BEC Climate Change Business Forum Advisory Group Steering Committee, upon selection and recommendation by the BEC Executive Committee, is appointed by the BEC Board of Directors for a two-year term.
- 3.2.2 The Steering Committee is made up of (1) Chair, (1) Vice Chair (BEC CEO by default), and a maximum of 14 other AG members, corresponding to a maximum of 16 members.
- 3.2.3 After receiving and reviewing all the nominations, BEC Executive Committee will first consider qualified candidates from Council and Corporate Members. If there are remaining seats, a maximum of two candidates from General Members may be selected by BEC Executive Committee for appointment by BEC Board of Directors.
- 3.2.4 Steering Committee Member, after appointed by BEC Board of Directors, is required to make a financial contribution of HK\$45,000 to the AG at the beginning of the two-year AG term. The same financial contribution applies to Steering Committee Member(s) appointed by BEC Board of Directors at any point of the AG term.
- 3.2.5 Steering Committee Members have voting rights for formal AG decisions (e.g., endorsing the Work Plan, Task Force Membership). Voting will usually take place during Steering Committee Meetings or, where appropriate, via circulation.
- 3.2.6 Steering Committee Membership and the associated voting rights are not transferable.
- 3.2.7 Replacement of a representative serving as Steering Committee Member can be

made during the two-year term with justification (such as change in personnel). A written request should be submitted to the AG Chair via the AG Secretariat with a CV of the replacement. The AG Chair will endorse and make recommendation to the BEC Board of Directors for approval.

- 3.2.8 The Steering Committee, usually via the AG Chair, will report on the AG's progress and activities to the BEC Board of Directors at least once a year.

3.3 AG Meetings and Engagement

- 3.3.1 The AG Secretariat will convene AG Meetings in different formats at least 4 times per annum to facilitate strategic guidance, member engagement, and stakeholder dialogue, such as:

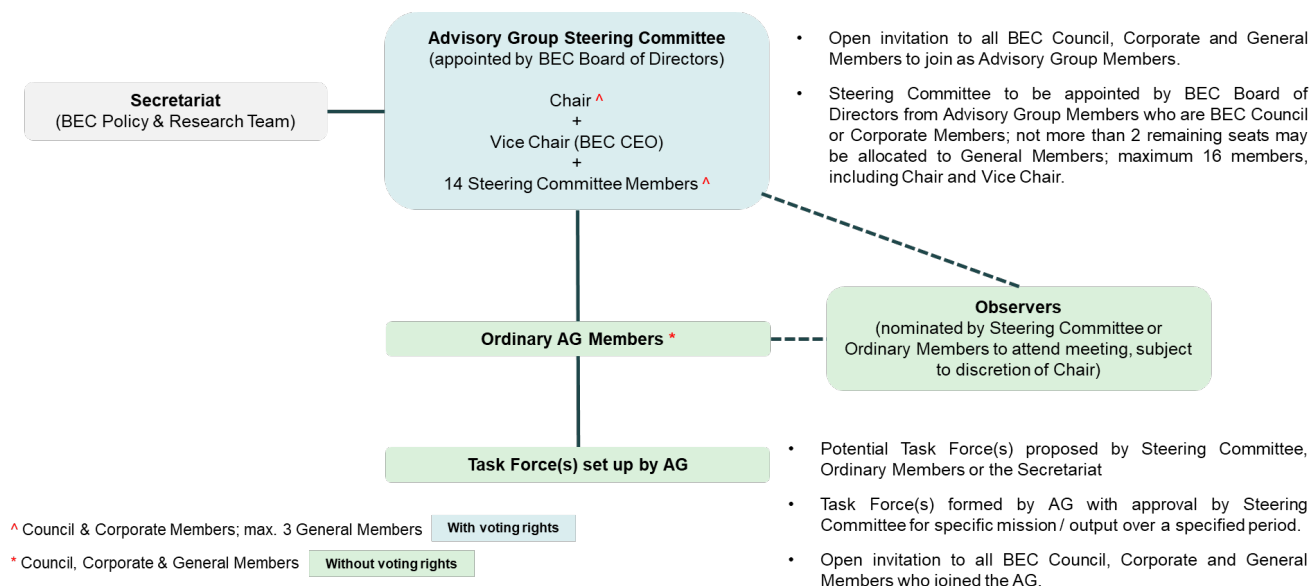
- Steering Committee Meetings: Convened at regular basis for Steering Committee Members to provide strategic direction, advise on policy submissions, develop and oversee the AG Work Plan and Work Programme, guide Task Forces, and provide specific advice to the AG Secretariat.
- AG Annual Review Meetings: Convened once a year for both Steering Committee Members and Ordinary AG Members. Purposes of the Annual Review Meetings include reviewing progress made against the Work Plan, sharing key outputs and insights, gathering broader member feedback, and discussing future priorities.
- Dialogue Platform Meetings: Convened at least once a year for Steering Committee Members and Ordinary AG Members to engage with external stakeholders (e.g., Government officials, industry experts) on specific topics related to climate change. Members from other AGs may be invited to join if the topic is cross-cutting (see Section 3.8).

- 3.3.2 Active participation is expected from all AG Members (see also Annex A).
- 3.3.3 All AG Members can nominate colleague(s) from the same company to attend any AG Meetings as observer(s), subject to the discretion of the AG Chair, except for Steering Committee Meetings which is open to appointed Steering Committee Members only.
- 3.3.4 Name(s) of observer(s) should be submitted to the AG Secretariat in advance. Observer(s)' attendance will be noted but will not contribute towards the attendance

of the appointed AG members.

3.4 Organisation Chart

3.4.1 The Organisation Chart depicting the structure of the AG is provided below.



3.5 Communications and Engagement with Government and Regulatory Bodies

3.5.1 The AG will provide advice and views on climate change related policy submissions and consultations to the BEC Board of Directors via the Steering Committee.

3.5.2 All external communications (including press releases and spokespersons) and formal engagement with government departments and regulatory bodies relating to AG matters are centralised and handled by the BEC Executive Committee, informed by advice from the AG Steering Committee.

3.5.3 The AG will contribute to creating platforms and providing advice to the BEC Executive Committee for undertaking such engagements.

3.6 Work Plan and Work Programme

3.6.1 The Steering Committee will work with the AG Secretariat to formulate and deliver the AG Work Plan and supporting Work Programme for the current term of 2 years. The Work Plan will outline the AG's strategic priorities for the term. The Work Programme will detail the potential activities, deliverables, and resource requirements needed to achieve the Work Plan objectives. The level of specificity

within the Work Programme may vary based on the AG's structure and available resources (e.g., members' support and any funded initiatives).

- 3.6.2 Work Programme should form the backbone for rolling out research, publication and awareness raising activities to carry out the Objectives of the AG. They are developed for the purpose of organising and structuring relevant events, workshops, seminars, training and/or consultations.
- 3.6.3 The AG Work Plan and Work Programme require formal approval from the BEC Board of Directors. Work Programme and the respective resource and funding arrangements are to be updated annually and submitted for endorsement by BEC Board of Directors. Modifications, if required, can be ratified by BEC Executive Committee.

3.7 Task Force

- 3.7.1 Task Forces ("TFs") are important mechanism for active member contribution and participation for the collaborative development of specific, mission-driven outputs aligned with the AG Work Plan.
- 3.7.2 TFs can be proposed by Steering Committee Members, Ordinary AG Members or the AG Secretariat. Formation of TFs requires approval by the Steering Committee to ensure strategic alignment and feasibility, within the scope of the approved Work Plan and Work Programme. Formation of new TFs will be reported back to BEC Board of Directors.
- 3.7.3 Each TF will have a clear mandate, specific deliverable(s), a defined duration, and identified leadership.
- 3.7.4 TFs should be led or co-led by Steering Committee Member(s) as TF Convenor(s).
- 3.7.5 Participation in a TF is open to all members of the specific AG who commit to contributing actively to the TF's work. External experts may be invited to specific TF meetings at the discretion of the TF Convenor. TF Convenor will also determine the size of the TF, and the frequency and format of the meetings.
- 3.7.6 TF progress and outputs will be reported back to the Steering Committee and shared during AG Meetings where appropriate.

3.8 Cross-AG Collaboration

3.8.1 Recognising that key sustainability themes may span across multiple AGs, mechanisms for cross-AG collaboration will be deployed, such as:

- Joint Dialogue Platforms Meetings: These meetings may be organised on cross-cutting themes, inviting members from relevant AGs.
- Cross-AG Task Forces: Specific Task Forces addressing cross-cutting issues may be established, drawing members from multiple AGs, subject to clear coordination arrangements agreed upon by the involved AG Chairs.
- Secretariat Facilitation: The AG Secretariat will facilitate communication and information sharing between AG Chairs and Steering Committees to identify synergies and foster collaboration.

4. Approval and Review of Terms of Reference

4.1.1 These Terms of Reference and any subsequent changes thereof are to be reviewed and approved by BEC Board of Directors, with a review frequency of no less than once every two years.

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Annex A

Additional guidance for prospective AG Members

BEC welcomes diverse participation from AG Members while encouraging their active participation, particularly through contributions to AG Meetings and Task Forces. BEC Members wishing to nominate representative(s) to join AG(s) should also take reference to the following guidance:

- The representative should demonstrate his/her relevance or interest to the corresponding AG through CV submission.
- Active participation is expected. Attendance and participation in AG meetings and Task Forces will be key considerations for membership renewal. AG Membership renewal may not be supported for representatives demonstrating minimal engagement.
- The representative should consider his/her capacity for active contribution; joining multiple AGs may place additional burden on the representative.
- The representative should actively contribute to the AG through meeting participation, discussion, sharing, proposing/joining Task Forces, and providing advice and views on policy submissions and consultations.
- BEC aims to maintain an optimal size for each AG to balance diverse participation and effective discussion. The AG Chair and Vice Chair reserve the right to review the AG size limit, and accept or decline certain nominations, by considering criteria such as:
 - Representative's expertise related to the AG;
 - Representative's capacity for active contribution (including existing involvement in other AGs);
 - AG Member's participation level in the previous AG term (if applicable);
 - Ensuring opportunities for representation across BEC membership tiers and sectors relevant to the AG.

– End of Annex A –

Climate Change Business Forum AG Work Programme Direction (2025-2027)

The CCBF AG is strategically designed to align with Hong Kong's evolving climate agenda (e.g. Climate Action Plan 2050 update) and its alignment with global sustainability standards. Building on the **foundational work of 2023-2025**, which established the “what” and “why” of climate action, the next two-year term aims to drive credible action and market growth by focusing on the “how” and “how to scale.” This transition positions Hong Kong’s business community as a leader in climate finance, governance, market mechanisms, and resilience innovation. Recognising the multifaceted challenges and opportunities posed by climate change, CCBF AG aims to equip businesses and stakeholders with the necessary tools and insights to develop effective climate strategies, foster cross-sector collaboration, and strengthen corporate resilience. It also emphasises engaging with the changing financial and regulatory landscape to support sustainable development.

Below lists the **potential work programme direction for 2025-2027**, actual programme details to be confirmed with the Steering Committee.

Pillar 1: Mobilising Transition Finance and Investment

This pillar evolves from “Transition Planning” to focus on the critical challenge of channelling capital towards credible transition plans and decarbonisation projects. It acknowledges that with disclosure frameworks largely in place, the urgent need is funding the decarbonisation of the existing hard-to-abate sectors, aligning with Hong Kong’s role as a global financial centre and the central theme of COP29.

Key Focus Areas:

- **Supporting Transition Planning:** CCBF AG aims to support businesses in developing comprehensive strategies for low-carbon transformation. Effective plans should identify and address risks while harnessing opportunities to facilitate a smooth transition. The AG will assist businesses in developing comprehensive strategies for low-carbon transformation, identifying and addressing risks, and harnessing opportunities to facilitate a smooth transition, in line with ISSB IFRS S2 standards.
- **Climate Finance Opportunities:** Navigate and promote new financing solutions within Hong Kong’s evolving green finance landscape to help businesses better manage transition risks and accelerate sustainable growth.

- **Stakeholder Engagement:** Convene dialogues between project owners, banks, and institutional investors to address the “bankability gap” of transition projects, and analyse successful international models applicable to Hong Kong and the Greater Bay Area (“GBA”), including financial instruments for hard-to-abate sectors.

Pillar 2: Enhancing Climate Governance & Accountability

This pillar is the natural successor to “Climate-Related Disclosures”, moving beyond mere data provision to ensuring that data is decision-useful, credible, and drives real change. It focuses on the integrity of corporate climate commitments, shifting from compliance to accountability.

Key Focus Areas:

- **Advancing Climate Reporting and Disclosure:** With regulators and standard setters like ISSB now mandating the disclosure of transition plans under the IFRS S2 standard, CCBF AG is aligned with Hong Kong’s climate commitments — 50% mid-term emissions reduction target by 2035, the introduction of mandatory International Sustainability Standards Board (“ISSB”)-aligned disclosures from 2025.
- **Corporate Target-setting:** CCBF AG work focuses on developing cross-sectoral climate policies and setting corporate targets, including through the Science Based Targets initiative (“SBTi”).
- **Governance and Capacity Building:** Key to these efforts is strengthening governance frameworks and ensuring compliance with Hong Kong Exchanges and Clearing Limited (“HKEX”)’s climate disclosure requirements. CCBF AG aims to support members in building a strong foundation for corporate climate governance and strengthening their readiness to meet upcoming regulatory requirements.
- **Addressing Scope 3 Emissions:** Managing Scope 3 emissions — indirect emissions across the value chain, including suppliers, customers, and stakeholders — also remains a key focus. Through different stakeholder engagement activities with practical advice, CCBF AG will help businesses effectively meet regulatory requirements, strengthen their resilience, and seize opportunities for sustainable growth in a low-carbon economy.

Pillar 3: Accelerating Climate Market Mechanisms

This pillar elevates the “International Climate Agenda” from a passive watch-point to an active strategy. It recognises that policy and voluntary action alone are insufficient without powerful economic incentives, focusing on building markets that price carbon and other externalities, making decarbonisation economically rational. This directly supports HKEX’s Core Climate platform and Hong Kong’s ambition to be a regional carbon market hub.

Key Focus Areas

- **Carbon Pricing and Market Development:** Supporting Hong Kong’s ambition to position itself as a leading green finance hub and the development of carbon market infrastructure (e.g. HKEX Core Climate platform), CCBF AG focuses on preparing members for emerging carbon pricing mechanisms, including CBAM and other regulations.
- **Multi-stakeholder Dialogue:** Hong Kong plays a strategic role in voluntary and regional carbon markets and promoting climate technology to innovate climate action. Emphasising climate finance, CCBF AG seeks to unlock new financing solutions within Hong Kong’s evolving green finance landscape to help businesses better manage transition risks and accelerate sustainable growth.

Pillar 4: Championing Systemic Resilience & Climate Innovation

This pillar merges “Climate Adaptation and Resilience” with the forward-looking theme of innovation. It reframes resilience not merely as a defensive necessity but as a driver of economic opportunity, aiming to build an ecosystem where Hong Kong businesses can develop, finance, and export the technologies and services needed to adapt to a changing climate, both locally and globally.

Key Focus Areas

- **Climate Innovation:** Host showcases and matchmaking events connecting green tech startups (in areas like water management, cooling technologies, climate analytics) with corporate users and investors.
- **Adaptation Strategies:** Understanding the growing significance of managing physical climate risks and transition risks, CCBF AG promotes the development of city-wide and corporate adaptation strategies to bolster resilience against extreme weather events and other climate impacts.
- **Risk Assessment & Valuing Resilience:** CCBF AG will facilitate government-business dialogue and share best practices in climate risk assessment tailored to Hong Kong’s specific context, empowering businesses to effectively mitigate risks, capitalise on low-carbon opportunities, and sustain long-term operations in a changing climate.

– End of Annex B –