

BEC Circular Economy Advisory Group

Terms of Reference

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

1. Mission Statement

- 1.1 The BEC Circular Economy Advisory Group (“CE AG”) promotes awareness, capacity building, and best practices related to circular economy, resource efficiency and waste management 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 circular economy, resource efficiency and waste management.
- 2.2 Support BEC to develop thought leadership and influence public policy on circular economy, resource efficiency and waste management.
- 2.3 Create platforms for BEC (including Board of Directors, Executive Committee and other members) to engage relevant regulatory bodies on matters related to strategy and policy on circular economy, resource efficiency and waste management.
- 2.4 Foster culture on circular economy, resource efficiency and waste management among BEC members and the broader business community in Hong Kong.
- 2.5 Build capacity for circular economy, resource efficiency and waste management among BEC members and the broader business community in Hong Kong.
- 2.6 Forge collaborative links between local and global expertise related to circular economy, resource efficiency and waste management.

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 Circular Economy 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\$5,000 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 circular economy and resource management. Members from other AGs may be invited to join if the topic is cross-cutting (see Section 3.8).

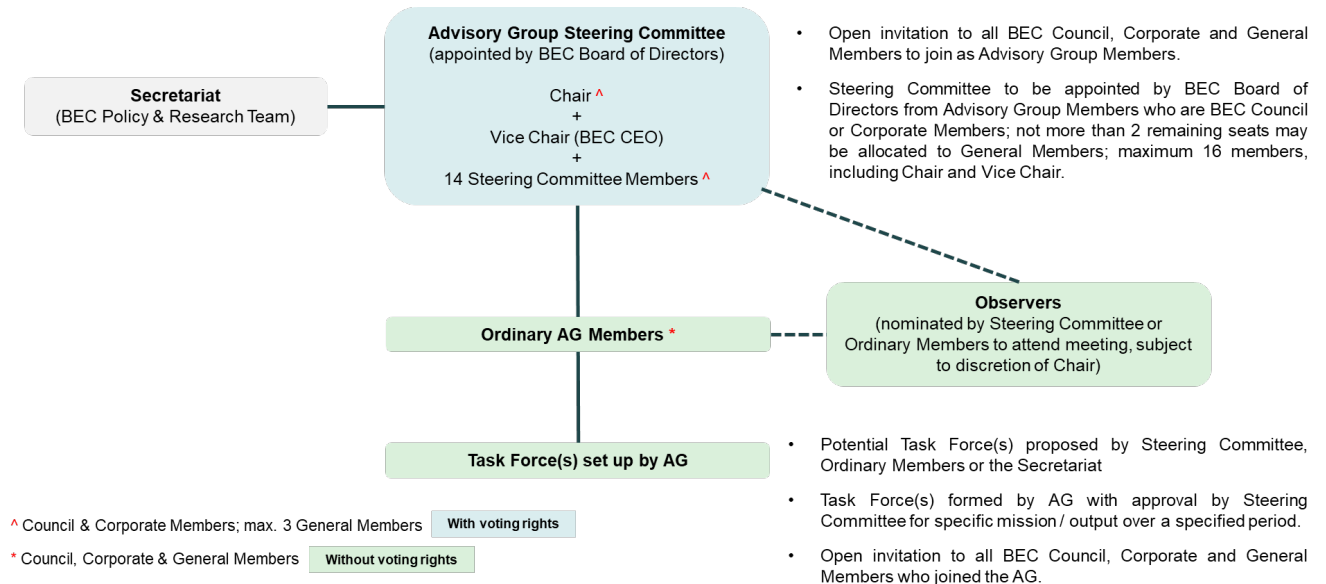
- 3.3.2 Active participation is expected from all AG Members (see also Annex A).

- 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 circular economy, resource efficiency and waste management 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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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 –

Circular Economy AG Work Programme Direction (2025-2027)

The CE AG is strategically positioned to support Hong Kong's evolving sustainability agenda and its alignment with global environmental and circular economy standards. Building on its foundational efforts, CE AG is focused on equipping the business community to navigate emerging regulatory frameworks related to waste management, such as the Producer Responsibility Scheme ("PRS"), while driving impactful waste reduction and resource efficiency strategies. By fostering robust stakeholder engagement, CE AG provides strategic recommendations to the Government for seamless policy implementation and prepares businesses for compliance with forthcoming regulations. Furthermore, CE AG is committed to addressing critical waste challenges through the promotion of circular solutions across high-waste-generating industries and creating platforms to showcase best practices in eco-design. These efforts aim to enhance corporate readiness, foster cross-sector collaboration, and support Hong Kong's transition toward a more sustainable and circular economy, ensuring alignment with global trends while addressing local challenges.

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

Pillar 1: Helping Businesses Navigate Upcoming PRS Requirements

The Government is currently advancing the development of a common legislative framework for the Producer Responsibility Scheme ("PRS"), initially targeting products such as plastic beverage containers, beverage cartons, electric vehicle batteries, vehicle tyres, and lead-acid batteries. Comprehensive and robust stakeholder engagement is deemed essential in formulating the subsidiary legislation for these products, to ensure seamless implementation following the enactment of the framework. The CE AG work is focused on engaging key stakeholders within the business community to understand their perspectives and concerns regarding the proposed regulations. CE AG aims to support the effective implementation of the policy by providing the Government with strategic recommendations derived from comprehensive stakeholder engagement. These efforts are intended to enhance stakeholders' preparedness for compliance with the forthcoming regulatory requirements.

Pillar 2: Developing Corporate Strategies for Waste Reduction and Resource Efficiency

With an increasing focus on circularity performance driven by evolving policies across jurisdictions, such as the European Sustainability Reporting Standards (“ESRS”) E5 and the sustainability reporting guidelines issued by the three stock exchanges in Mainland China for circularity disclosure, CE AG is dedicated to supporting corporations in developing waste management strategies that prioritise reducing, reusing, and recycling to enhance resource efficiency. Meanwhile, the implementation of the Municipal Solid Waste (“MSW”) charging scheme in Hong Kong has been postponed due to the community's lack of readiness. In response, CE AG is committed to equipping Hong Kong's business community with the capacity to further reduce waste and seeks to provide constructive feedback to the Government, supporting the reintroduction of the MSW charging scheme and other waste management pricing mechanism in the future to help create a waste-less city.

Pillar 3: Promoting Circular Solutions and Business Models in Key Hong Kong Business Sectors

Certain waste streams represent significant challenges for Hong Kong. For instance, the disposal of Construction and Demolition (“C&D”) waste in landfills, which constituted approximately 30% of total solid waste disposal in Hong Kong, increased slightly from 4,128 tonnes in 2022 to 4,428 tonnes in 2023. Food waste remains a critical issue, with over 3,300 tonnes generated daily, approximately one-third of the Municipal Solid Waste (“MSW”) disposed of. Additionally, 388 tonnes of textiles are discarded in landfills every day. To address these pressing issues, CE AG is committed to engaging stakeholders across these high-waste-generating industries to identify and promote feasible and innovative circular solutions. These efforts aim to minimise waste generation and enhance resource efficiency by fostering the adoption of sustainable practices in the key sectors.

Pillar 4: Mainstreaming and Sharing Best Practices on Eco-design

Research shows that 80% of a product's environmental impact is determined at the design stage. At the same time, an increasing number of regulations are focusing on eco-design. For example, the European Union's Ecodesign for Sustainable Products Regulation (“ESPR”) establishes design standards to improve product durability, reusability, and repairability. Similarly, the Right-to-Repair Directive outlines manufacturers' obligations, including providing repair services, extending warranty coverage for repaired products, and offering transparent repair

information. In response, CE AG aims to create a platform for pilot businesses to showcase best practices in eco-design, inspiring others to adopt sustainable approaches and preparing the business sector to comply with emerging policies and regulations on eco-design. At the same time, CE AG is committed to engaging stakeholders to offer constructive suggestions to the Government, supporting efforts to align Hong Kong's policies with global trends in eco-design.

– End of Annex B –