



BUSINESS
ENVIRONMENT
COUNCIL
商界環保協會

BEC Net-zero Carbon Charter Information Pack

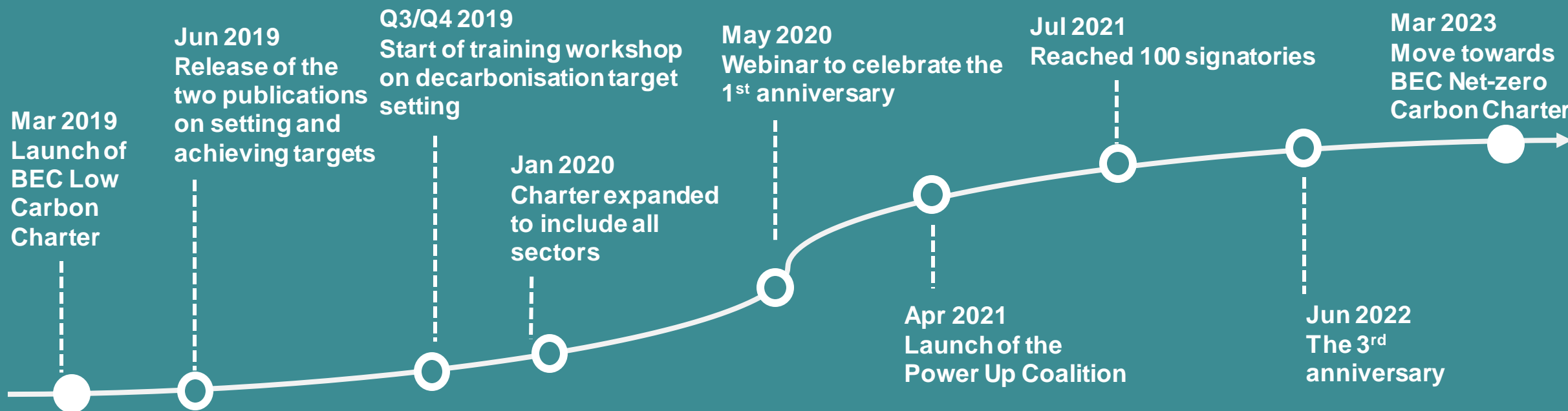
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Background

The success of BEC Low Carbon Charter and the need for a rebranded BEC Net-zero Carbon Charter ("the Charter")

Milestone of BEC Low Carbon Charter: A Collective Endeavor of Climate Action



Launch of BEC Low Carbon Charter

BEC Low Carbon Charter was launched in March 2019 with 34 signatories along the property and construction value chain. Workshops had been organised for target setting and the steps for decarbonisation.

Vertical and Horizontal Expansion

BEC Low Carbon Charter has expanded to welcome business from all sectors, and 39 new signatories have pledged to join the charter as of Nov 2020.

First sectorial initiative

Partnered with Gammon Construction limited, Power Up Coalition has been launched to promote early electrification of construction sites of non-public work projects in Hong Kong

Net Zero Future

To raise the bar of climate actions, BEC is rebranding the existing charter to BEC Net-zero Carbon Charter, which provides 2 different categories of commitments for companies and organisations to embrace a net-zero future.

Paving Way for a New Charter: Success of BEC Low Carbon Charter

Being society's key players, businesses have a role to play in reducing emissions and leading the transformation towards a sustainable, net-zero economy. With the Paris Agreement establishing a decarbonisation target on a global scale, in line with corporate citizenship, businesses should translate the global goal into the corporate context.

With the support of the business community, *BEC Low Carbon Charter* was launched in March 2019 to mobilise companies in the property and construction value chain to collectively contribute towards Hong Kong's long-term decarbonisation through their pledge to set and achieve carbon reduction targets. The BEC Low Carbon Charter has expanded since the beginning of 2020 to welcome companies from all sectors.



- BEC Low Carbon Charter offered 2 pathways for company / organisation to choose according to their business nature.

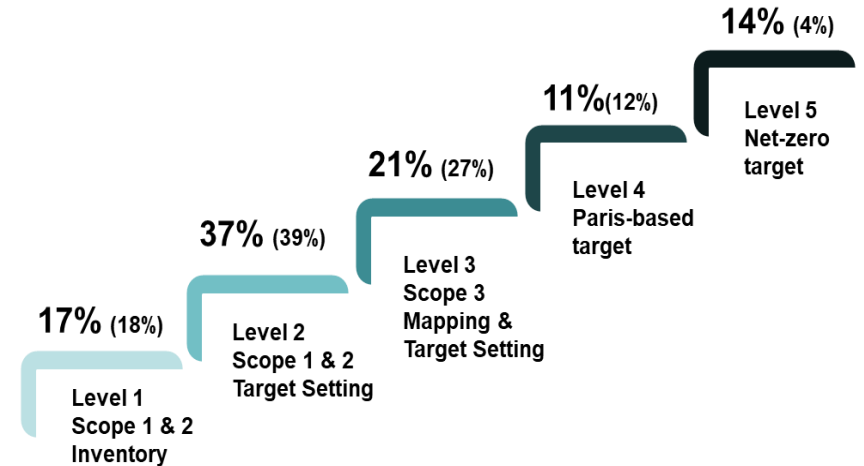
Pathway 1

- Work towards setting decarbonisation target(s) consistent with the direction of transitioning towards the goals of the Paris Agreement.

Pathway 2

- Work towards setting decarbonisation target(s) aligned with climate science and the goals of the Paris Agreement by committing to the Science Based Targets initiative.

- Throughout the years, signatories are more and more dedicated to take actions to meet their commitment. We see an increase no. of signatories have conducted carbon emission mapping with Scope 3 emission included and more willing to commit a more proactive target.



*Percentages in brackets are 2020 statistics

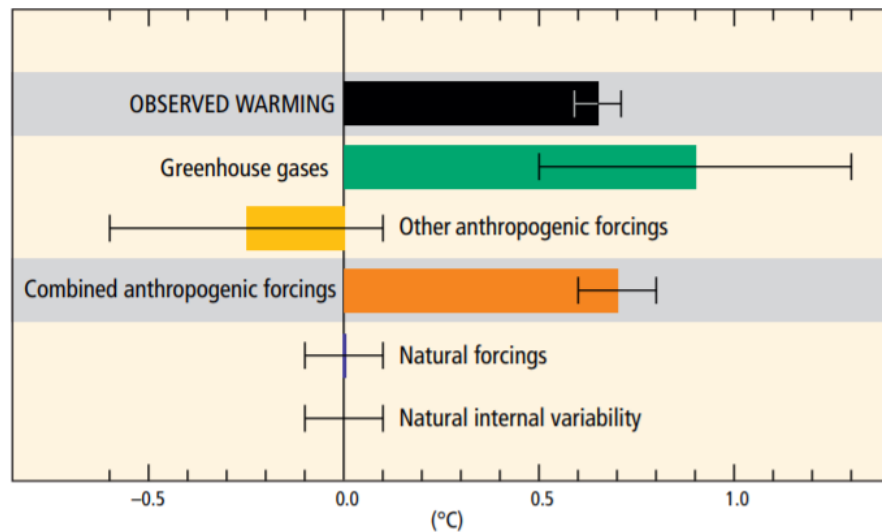
Science & Trends of the Climate Emergency: A Rapidly Changing Climate

Warming of the global climate system is undeniable. Greenhouse gas emissions from human activity have been the dominant force in altering the climate system. Recent anthropogenic emissions of greenhouse gases are the highest in history.

Many of the observed changes over recent decades are unprecedented throughout human history. 18 of the 19 warmest years on record have occurred since 2001. Beyond rising temperatures, disruption of the climate system is causing a domino effect leading to sea level rise, more extreme weather, impacts to ecosystems, as well as human systems and wellbeing.

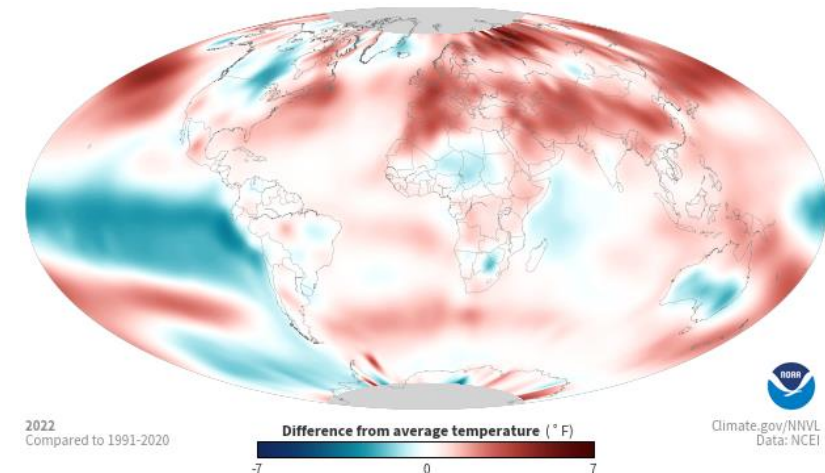
Continued emission of greenhouse gases will cause further warming and long-lasting changes in all components of the climate system, increasing the likelihood of severe, pervasive and irreversible impacts for people and ecosystems. Limiting climate change would require significant and sustained reductions in greenhouse gas emissions which, together with adaptation, can limit climate change risks.

Contributions to Temperature Change 1951–2010



Source: IPCC (2014); Climate.Gov (2023)

Temperature - Global Yearly, Difference from Average 2022
Compared to 1991 – 2020



Science & Trends of the Climate Emergency: Our Choices, Our Future

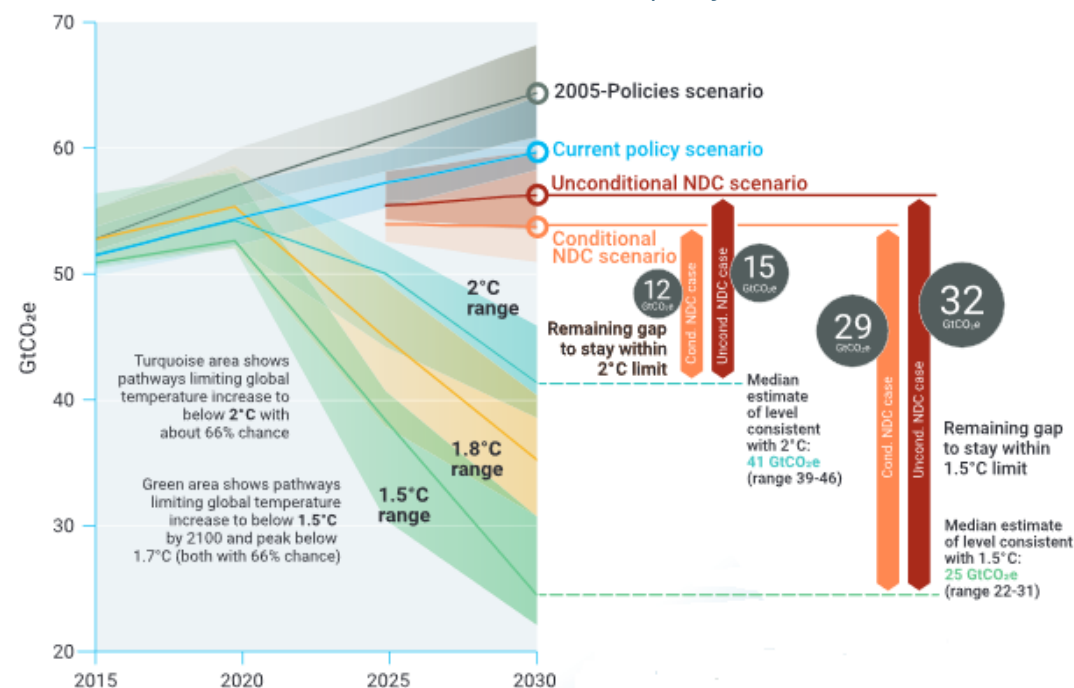
The world will need to reduce greenhouse gas emissions by 40 - 70% by 2050 from 2010 levels and achieve net-zero emissions by 2075 to limit temperature rise to 2°C. Net-zero emissions must be reached by 2050 to limit temperature rise to 1.5°C.

Limiting global warming to 1.5°C would limit risks of extreme weather on a global scale at different regions. It would reduce the number of people frequently exposed to extreme heatwaves by about 420 million, with about 65 million fewer people exposed to exceptional heatwaves.

Net-zero emissions refer to the state where greenhouse gas emissions and the reduction or capture of emissions balance out. Net-zero emissions must be achieved eventually to fully mitigate climate change and stabilise the climate.

The world has already witnessed 1.1°C of temperature rise and a business-as-usual trajectory would already bring us to a 1.5°C increase by 2030. All the more, all parties must strive to reduce greenhouse gas emissions as quickly and significantly as possible.

Global Greenhouse Gas Emissions under Different Scenarios and Emissions Gap by 2030 and 2050



Source: IPCC(2018), NASA – Global Climate Change (2019), & Asia Development Bank (2020)

Science & Trends of the Climate Emergency: A Global Movement for Climate Action

The Paris Agreement of the United Nations Framework Convention on Climate Change was initiated in 2015 and entered into force in 2016. Through the agreement, the global community commits to hold global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C.

To date, 190 out of 197 nations have ratified the Paris Agreement. More than 1,700 governments globally have declared a state of climate emergency to date. Countries that have done so include the United Kingdom, France, Canada, Argentina, and more. These declarations signal imminent rapid and large climate mobilisation.

Hong Kong also has its share of legal obligations in combating climate change, as the Paris Agreement applies to the city. For example, Hong Kong has carbon emissions reached peak in 2014 and pledged carbon neutrality by 2050.

To meet the decarbonisation targets, Hong Kong published its Climate Action Plan 2050 in 2021, setting out the vision of 'Zero-carbon Emissions · Liveable City · Sustainable Development' and outlining the strategies and targets for combating climate change and achieving carbon neutrality.

The clock is ticking for climate change, and it is anticipated that more environmental regulations will be introduced by governments worldwide to save the planet from the climate catastrophe. We invite you to join us together in transition towards a Net Zero future.

COP27, November 2022



Source: Unclimatechange (2023)

Managing Climate Change in the Corporate Context: The Business Imperative

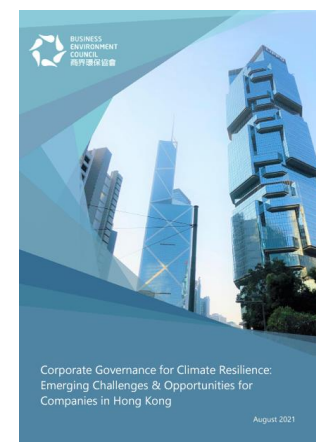
Climate change brings about a range of new risks and opportunities for businesses.

The rise in global average temperature contributes to the increase in frequency and intensity of extreme weather conditions, leading to physical damages to assets as well as business disruptions. Risks are also present in the transition to a lower-carbon economy, including policy and legal risks, market and reputational risks, and technological risks. Company board and management are growingly seen to be accountable and even liable for their failure to identify and address material climate-related risks.

At the same time, companies also face different climate-related business opportunities, such as improving resource efficiency, new markets for products and services, etc. By actively combating climate change, companies can stand out in the increasingly environmentally conscious marketplace.

The next 10 - 15 years are a unique moment in economic history where significant green investments and transformations are needed. Yet, such transition is expected to yield US\$26 trillion-worth in economic benefits through to 2030. Climate-related opportunities is a historic growth story in the making.

Businesses must proactively address climate change through mitigation and adaptation measures to ensure long-term business resilience and sustainability. BEC's [*Corporate Governance for Climate Resilience: Emerging Challenges & Opportunities for Companies in Hong Kong*](#) provide more insights on what climate change means for business.



BEC Net-zero Carbon Charter

*You are cordially invited to join the BEC Net-zero Carbon Charter;
Two categories have been designed to cater your specific business's
decarbonisation journey*



A call for **city level change** for climate actions



Net-zero pledges among corporates, become more mainstreamed



Growing call for **concrete near-term / interim emission reduction targets**, aligned with the 1.5°C science-based pathways

Introduction to BEC Net-zero Carbon Charter: Invitation to join and collaborate for a net-zero journey

- The Government released in **Climate Action Plan 2050**, with 2035 interim target and 2050 carbon neutrality target
-
- More **net-zero guidelines** have been released
 - SBTi Net-Zero Standard (Oct 2021) – with sector-specific guidance documents in 2022 and 2023
 - HKEX Practical Net-Zero Guide for Business (Dec 2021)
 - ISO Net Zero Guidelines (Nov 2022)
 - Integrity Matters: Net-Zero Commitments by Businesses, Financial Institutions, Cities and Regions by the United Nations (Nov 2022)
-
- BEC takes reference to these changes happening locally and internationally, and rebrands the existing charter to accelerate **net-zero transition** for business.

BEC Net-zero Carbon Charter: Participation Categories

	Action Signatory (Category 1)	→	Science-aligned Signatory (Category 2)
Emission Reduction Targets	<ul style="list-style-type: none"> Currently with emission reduction targets fulfilling SMART* criteria, or developing targets in 1 year upon signing the Charter; and With the ambition to join the Science-aligned Signatory, preferably in 3 - 5 years' time. 		<ul style="list-style-type: none"> Currently with near-term emission reduction targets following 1.5°C aligned science-based pathway, or developing targets in 2 years upon signing the Charter; and With the ambition to further develop net-zero targets based on recognised standards
Target Timeframe	<ul style="list-style-type: none"> Target date no later than 2030 		<ul style="list-style-type: none"> Target date in 5-10 years, no later than 2035
Emission Reduction Ambition	<ul style="list-style-type: none"> Starting to reduce emissions in value chain with a clear target 		<ul style="list-style-type: none"> Signatories should demonstrate significant emission reduction in value chain by aligning their near-term targets with recognised standards**, to support international call for halving global emissions by 2030.
Scope Coverage on targets	<ul style="list-style-type: none"> Mandatory Scope 1 and 2; and Optional Scope 3 		<ul style="list-style-type: none"> Mandatory Scope 1 and 2 Recommended 67% of Scope 3 if Scope 3 emissions > 40% of total emissions Optional Scope 3 for SMEs with <500 employees
Obligation	<ul style="list-style-type: none"> Disclosing emission reduction progress annually to BEC 		<ul style="list-style-type: none"> Disclosing emission reduction progress annually to BEC; and Reviewing and updating near-term targets at least every 5 years to get closer to net zero
Delisting	<ul style="list-style-type: none"> Failing to disclose emission reduction progress to BEC for consecutive years; or Failing to develop SMART targets during the requested period 		<ul style="list-style-type: none"> Failing to disclose annual emission reduction progress to BEC for consecutive years; or Failing to develop near-term targets during the requested period
Re-joining	<ul style="list-style-type: none"> 1 year after delisting 		<ul style="list-style-type: none"> 1 year after delisting

* SMART Targets stands for targets that are specific, measurable, attainable, relevant and time bound, as also illustrated in [HKEX's Practical Net-Zero Guide for Business](#) (p.19)

** For example: Near-term targets of Science Based Target initiative; Interim targets of ISO Net Zero Guidelines; Interim target of Hong Kong's Climate Action Plan 2050; UN Emissions Gap Report 2022.

BEC Net-zero Carbon Charter: More about Near-term Targets

Science-aligned Signatory

- To clearly pursue reduction targets following 1.5°C aligned science-based pathway

BEC supports Charter signatories to gradually progress towards more ambitious emission reductions

Action Signatory

- To have a clear reduction target as minimum basis

- 1.5°C aligned science-based pathway requires halving global emissions by 2030, and then achieving net zero before 2050. Individual organisations' near-term targets should demonstrate significant emission reduction.
- Typically, significant emission reduction indicates a **40-50% absolute reduction for Scope 1 and Scope 2 emissions in a 10-year timeframe** compared against a recent base year.
- Scope 3 is more complicated as it includes value chain upstream and downstream emissions. The [SBTi Corporate Net-Zero Standard](#) currently requests near-term Scope 3 targets meeting a well-below 2°C pathway (instead of 1.5°C), i.e. at least **2.5% annual (or 25% in a 10-year timeframe) absolute reduction for Scope 3 emissions**. Companies are allowed to consider appropriate physical / economic intensity targets.
- We recommend our signatories to take reasonable reference to such ambition when setting their near-term targets.

BEC Net-zero Carbon Charter: Becoming Signatories

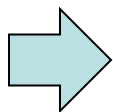
Commitment

Review

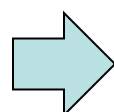
Performance Tracking

Best practices sharing

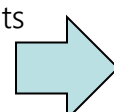
Our company / organisation would like to commit to either categories of **Action Signatory** or **Science-aligned Signatory**



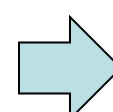
Fill in the application form with basic information and attach the sustainability related content (e.g. targets and action plans etc) as proof of the commitment.



BEC to review the form & documents and inform counterpart for confirmation.



In Q3 of each reporting year, BEC to collect climate-related information from company to track progress on commitment and actions via designated form (or CDP platform for those that are using)



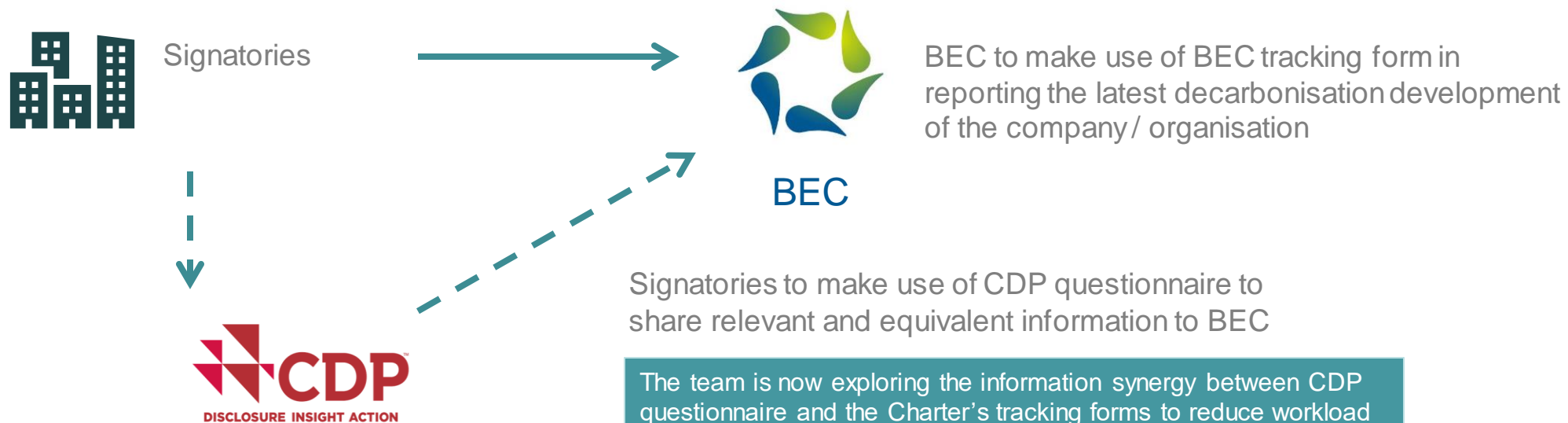
Q4 of each year, BEC to release progress report and share the best practices collected from signatories with wider audience via event-based dissemination.

- The recruitment of the Charter will be open throughout the year, and e-form, <https://forms.office.com/r/SqRVeDfhfA>, is used for interested party to fill in their application accordingly. The e-form allows companies and organisations to submit sustainability related content (e.g. targets and action plans etc.) as supporting documents to reflect their climate ambition.
- To ensure credibility, the reply slip needs to be duly stamped. Electronic copies should be uploaded to BEC as archive.
- BEC will review and confirm the application form from companies and organisations. They are requested to share their sustainability related content (e.g. targets and action plans etc) alongside with the application or within the target setting requested period after joining the charter as a proof of commitment.

BEC Net-zero Carbon Charter: Annual Disclosure

Signatories are requested to respond to the BEC tracking forms annually while joining the Charter; the information will be used for compiling a data centric progress report for each reporting year.

- To utilise BEC's existing collaboration with CDP, below options will be considered in 2023 for facilitating the response from companies and organisations for the decarbonisation journey



You are also invited to join the Carbon Disclosure Programme and express your EoI via:
<https://forms.office.com/r/P40ETSPvzT>

The team is now exploring the information synergy between CDP questionnaire and the Charter's tracking forms to reduce workload of companies and organisations

BEC Net-zero Carbon Charter

Benefits & timeline

BEC Net-zero Carbon Charter: Regular activities

You are invited:



Launch event
June of 2023

To join Charter launch event, for existing and new signatories to obtain the latest updates of the Charter and meet other signatories.



Awarding sessions –
Three times /
year

You are invited:

To join certificate awarding session for signatories. The updates of new awardees will be shared in existing BEC communication channel(s) with proper acknowledgement.



Capacity building programmes
Two times /
year

To participate in capacity building programmes focusing on climate targets, commitments & actions e.g., Carbon Auditing and Scope 3 emission mapping.



Best practices sharing session – One time / year

To attend and learn best practices from Charter signatories, and further accelerate climate actions.

BEC Net-zero Carbon Charter:

Access to support programmes and BEC expertise



Carbon Disclosure
Programme

The [Carbon Disclosure Programme](#), in partnership with CDP and with support from HSBC, has been launched in 2022 to support signatories to participate in climate-related disclosure



Power Up Coalition

In 2021, BEC and Gammon Construction Limited co-launched the [Power Up Coalition](#) to encourage the timely electrification of non-public works in Hong Kong and to promote zero-emission construction sites.



HKIA Carbon Capacity
Building Programme

Commissioned by Airport Authority Hong Kong (AAHK), BEC has developed a comprehensive 3-year [Carbon Capacity Building Programme](#) for Hong Kong International Airport (HKIA)



Global Connect
Initiative

Through international engagement with We Mean Business Coalition, BEC connects local business leaders and their international corporate peers to enhance learning on best practices tackling climate change through the [Global Connect Initiative](#).



BEC's Technical Expertise

- **Environmental Management** team at BEC helps businesses identify and manage their eco-footprint, and provides strategic advice for achieving environmental excellence
- **Green Building** team assists in topics related retrofit and adaptive reuse.
- **BEC Institute of Environmental Education** organises capacity building programmes that aims at building up the competence of wider community for a sustainable future.
- **ESG Strategy** team helps the business community manage risks, embrace opportunities, enhance growth, build trust and create value.

BEC Net-zero Carbon Charter: Important time points of each year

The Charter admits new signatories throughout the year

We need your support on:



Q3 – Progress reporting

- BEC will collect information from signatories and conduct case interview for compile a data centric progress report.

We invite you to join us for:



Q1-Q2 – Capacity Building (1)

- More focus on “why”
- Building up the competence of the signatories to commit to a more ambitious target
- Preparing signatory for more advanced commitments
- Enhancing the capacity of the signatories to meet committed targets.



Q2-Q3 – Capacity Building (2)

- More focus on “how”
- Building up the competence of signatories to achieve science-aligned target
- Assisting signatories to leverage the opportunities from the commitments.

We would like to share with you on:



Q4 – Progress Report

- Progress report will be released at the end of each year for good practice sharing.

Contact Us

Embark on Your Decarbonisation Journey Today

Technical Partner



Supporting Organisations of Low Carbon Charter* (in alphabetical order)



全國工商聯房地產商會香港及國際分會有限公司
China Real Estate Chamber of Commerce Hong Kong and International Chapter Limited



Grant supporters



To join BEC Net-zero Carbon Charter please contact:

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*The team is now confirming with supporting organisations for extending their support on the “Net-zero Carbon Charter”.