



Hong Kong Chapter Forum Series: Sustainability

Held at Club Lusitano, Ice House Street, Central, Hong Kong
On Thursday, January 20th, 2011

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| Theme | How Developers, Project Managers, and Architects are creating and using space more sustainably |
| Moderator | Sophia Mendelsohn, HK Chair Committee Member and Sustainability Leader, Haworth |
| Panelists | <ul style="list-style-type: none"> Glenn Frommer – Head of Sustainability Development, MTR Corporation. Linkedin profile. Ashley Hegland, Director of Sustainability, Edelman. Linkedin profile. Stephen Jones, Regional Managing Principal, Woods Bagot |

- This Forum is the first of a series of “forums” to engage with experts in the real estate industry and will involve various industry sectors, including banking, pharmaceutical, and technology.
- The focus was to discuss the Hong Kong market’s resistance to change and its self-perpetuating cycles
 - The standard investment incentives all financial stakeholders use when financing an investment in a building/space – how and why this model is perpetuated.
 - The assumed lifecycle and timeline of a building’s/space’s profitability– how and why this model is perpetuated.
 - The traditional thinking and assumptions developers and architects are easily locked into when carrying out their individual roles on a project – how this is created and why it is difficult for individual firms/actors to change in isolation.
- Introductory Comments:
 - Ashley: communication is the key to successful integration with business; without stronger communication strategies, it is difficult to change the end user perspective
 - Glenn: has a longer lifecycle perspective given his focus on the MTR; focus is on satisfying future generations of users
 - Stephen: has a mixed-use project focus given his work where advocacy, responsibility, and cost merge into the decision making process

- Question: How to counter short-term return on investment focus which is often contradictory to long-term sustainability?
 - Stephen:
 - Defined short-term as 2 years and long-term as 5-7 years
 - Need to invest now and protect the future as commercial buildings utilize 40% of total energy output (65% in Hong Kong)
 - Glenn:
 - Views lifecycle at 120 years and all factors including water, materials, energy, etc.
 - Agrees that investment in capital now will have widespread implications mostly for the positive (for example, MTR invests \$1B HKD for every km of track)
 - MTR has 99% accuracy with system redundancy and has knitted public transportation with urban planning
 - HK spends 5% of GDP to “move people” but is not the most efficient city to move people
 - Ashley:
 - Focus needs to be on communicating to the supply chain and outside stakeholders
 - Continually to focus on engagement and listening to various objectives as they vary across supply chain

- Question: How do you change your mindset within a time frame?
 - Ashley:
 - Long-term thinking needs to be done – what is the end goal?
 - Short-term solutions and bringing in varied perspectives from stakeholder groups is a positive attribute to gain momentum
 - Example is Walmart where significant percentage of carbon footprint reduction is through the supply chain
 - Walmart brought in various groups (finance, insurance) and broadened the thinking to achieve objectives

- Question: How do you influence without bargaining power?
 - Stephen:
 - Difficult due to a significant range of users, from sophisticated to unsophisticated
 - However, change is inevitable and is coming – legislation will be in support and will drive higher rates of adoption

- Question: How do we answer market demand (e.g. banks will only want to use a certain type and standard of building)?
 - Glenn:
 - Urban renewal is well on its way with various stakeholders already contributing in places such as West Kowloon and Kai Tak as examples
 - Need to bring in end users as early as possible in the process and understand their needs, propose models, and acquire expertise
 - Utilize the government to build in the standards (e.g. district heating/cooling)

- Ashley:
 - Through stakeholder engagement to bring about increased transparency
 - Trust is the key to increased transparency
 - Not sure if this will get through all the barriers, but will provide knowledge of end user goals
- Glenn:
 - Increase project management skillset and develop a microcosm in the environment – communicate these benefits
- Q&A
 - Often times sustainability goals completely are curtailed when discussing cost. How to keep in the game?
 - Goals are not aligned
 - Need to understand value to each stakeholder and cascade the process downward
 - How do we legitimize urban renewal and revitalization?
 - Need an updated mater plan for Hong Kong – life happens when plans are made
 - How do we become more environmentally sound when new fitouts need to be utilized every 3-6 years when new tenants move in?
 - Legislation
 - New financial mechanisms (premiums upfront)

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