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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<th>Theme</th>
<th>How Developers, Project Managers, and Architects are creating and using space more sustainably</th>
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<td>Moderator</td>
<td>Sophia Mendelsohn, HK Chair Committee Member and Sustainability Leader, Haworth</td>
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| Panelists | 1. Glenn Frommer – Head of Sustainability Development, MTR Corporation. [LinkedIn profile](https://www.linkedin.com).  
2. Ashley Hegland, Director of Sustainability, Edelman. [LinkedIn profile](https://www.linkedin.com).  
3. 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 heading/cooling)
o 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

o Glenn:
  ▪ Increase project management skillset and develop a microcosm in the environment – communicate these benefits

• Q&A
  o 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
  o How do we legitimize urban renewal and revitalization?
    ▪ Need an updated master plan for Hong Kong – life happens when plans are made
  o 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)

END