

PRESS RELEASE

Reports Recommend Cross-Agency Body and Improved Rating Systems for the Building Sector to Achieve Net Zero Emissions By 2050

Hong Kong, 8 December 2020 – Establishing a dedicated Cross-Agency Body and improving building rating systems is key to driving effective policy change in the building sector towards net zero carbon emissions by 2050, according to two reports released today.

The recommendations are included in two reports released under a collaboration between HK2050 is Now, led by Civic Exchange, and the Greater Bay Area Green Finance Alliance (GBA-GFA) led by Hong Kong Green Finance Association (HKGFA).

Chief Executive Carrie Lam's recent policy address has set an ambitious target for Hong Kong to achieve carbon neutrality before 2050. Dramatically improving Hong Kong's building energy efficiency is key to achieving carbon neutrality for the city, according to a HK2050 is Now report released in June.

According to the “**Decarbonising Hong Kong Buildings: Policy Recommendations and Next Steps**” report, a dedicated cross-agency body should be formed with members from relevant bureaus and be responsible for coordinating all incentives and regulations necessary for the buildings sector to achieve net zero by 2050. Members should include, but not limited to, the Environment Bureau, the Development Bureau, the Transport and Housing Bureau, and the Financial Services and the Treasury Bureau.

“To achieve the carbon neutrality goal, Hong Kong must develop a concrete and operational plan to transform the city into a zero-emission economy and society. These plans should cover key sectors such as energy, building, and transportation,” said Dr. Ma Jun, Chairman and President of Hong Kong Green Finance Association, “The Green Building Project aims to develop a roadmap for decarbonising the building sector in the region using green finance instruments. In Hong Kong, buildings account for 90% of electricity consumption and 60% of greenhouse gas emission, reducing energy consumption of the building sector is therefore crucial for achieving our carbon neutrality goal.”

“The green buildings industry presents the biggest low-carbon investment opportunity in the region – an additional US\$18 trillion in Asia by 2030,” said Ms. Tracy Wong Harris, Project Lead of the Green Building Project and Deputy Secretary General, Hong Kong Green Finance Association. “Innovative sustainable finance and effective energy efficiency policies are the core enablers which require leadership and collaborations across both public and private sectors.”

To develop a comprehensive building decarbonisation roadmap, other key steps are also necessary to establish a policy priority and policy instruments. The building sector also needs to:

- Improve regulatory tools;
- Incentivize the markets by realigning existing incentives to focus on energy efficiency requirements, introduce carbon trading and mandate corporate climate-related financial disclosure;

- Influence behavioural change by reinforcing the Feed-in Tariff Scheme and implementing carbon tax and tariffs;
- Build capacity through public sector procurement.

“We need a comprehensive policy environment accompanied by effective benchmarking,” said Mr. Evan Auyang, Chairman of Civic Exchange, the independent think tank that commissioned the report. “with the recent green finance trend and the HKSAR’s plan to issue green bonds with a total value of HK\$66 billion in the next five years, the future of green building is promising.”

The second report released today “**Green Building Rating Systems Energy Benchmarking Study**” extends insights into whether existing Green Building Rating Systems are sufficient in pushing deep decarbonization.

This highlights that the energy aspects of performance-based rating systems, such as EDGE and NABER, contribute a significantly higher percentage to the overall certification, compared to scoring-based rating systems. It also summarizes that improving energy efficiency and incorporating renewable energy strategies can help buildings reach net zero. Lastly, most of the rating systems do not validate the actual operational energy performance of new buildings before certification.

“The energy benchmarking report suggests that energy saving requirements at all levels are crucial for the building sector to move towards the net zero. Incentives must be tied to decarbonization and rating systems should be recognized by the international green finance bodies in order to attract more investments,” said Dr. Ma Jun, “We are only at the beginning of a long journey towards carbon neutrality. HKGFA is committed to mobilizing more resources from the financial community in Hong Kong, the Greater Bay Area, and Asia to support green and low carbon transformation of our economy. We look forward to working with all of you to build a green financial system that will work for net zero.”

Based on the findings of these two newly published reports, in 2021, the collaboration will conduct pilot projects to speed up decarbonization in the building industry using innovative green finance, implement a roadmap to engage policy makers and extend out the green building project to the Greater Bay Area.

Full Report and Press Materials available at:

**Decarbonising Hong Kong Buildings:
Policy Recommendations and Next Steps**



**Green Building Rating Systems Energy
Benchmarking Study**



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ABOUT CIVIC EXCHANGE

Civic Exchange is an independent Hong Kong public-policy think tank established in 2000 with a vision to shape a liveable and sustainable Hong Kong. Its mission is to engage society and influence public policy through in-depth research, dialogue, and the development of practical solutions. With research covering four areas — environmental, economic, social, and governance — Civic Exchange has been ranked among the top 50 environmental think tanks in the world by the Lauder Institute at the University of Pennsylvania since 2011.

ABOUT HONG KONG 2050 IS NOW

Hong Kong 2050 is Now is a partnership initiative led by Civic Exchange, World Resources Institute, ADM Capital Foundation and RS Group that seeks a pathway to carbon neutrality for Hong Kong. We aim both to inspire ambition and mobilize collective action to move Hong Kong through transition, along the way setting examples for how the city might mitigate the risks of climate change. To achieve this, we align diverse Hong Kong climate action, from policy to education to media and community engagement, all underpinned by sound evidence-based research. The partnership was formed in response to the 2018 Intergovernmental Panel on Climate Change (IPCC) report that said without urgent, large-scale action, global warming is likely to reach 1.5 degrees Celsius above pre-industrial levels, with potentially significant and dangerous consequences globally. We believe that a decarbonized city not only is a safer city, but also people centric, more liveable, healthier and successful. That is what we want for Hong Kong.

ABOUT THE HONG KONG GREEN FINANCE ASSOCIATION

Founded in September 2018, the Hong Kong Green Finance Association (HKGFA) is a platform that offers channels and opportunities to facilitate the development of green finance and sustainable investments in Hong Kong and beyond. It aims to mobilize public- and private-sector resources and talents in developing green finance policies, to promote business and product innovation within financial institutions. HKGFA's main goal is to position Hong Kong as a leading international green finance hub by providing greater access and opportunities for Hong Kong's financial institutions to participate in green financing transactions locally, in mainland China, and in markets along the Belt & Road Initiative. This is in line with the global trend of implementing the UN sustainable development goals and the Paris Agreement. Currently, the Association has members of over 100 financial institutions, companies, service providers and other key stakeholders.

ABOUT THE GREATER BAY AREA GREEN FINANCE ALLIANCE (GBA-GFA)

The GBA-GFA is a collaboration between the Hong Kong Green Finance Association (HKGFA), the Green Finance Committee of Guangdong Society for Finance and Banking (GDGFC), the Green Finance Committee of Financial Society of Shenzhen Special Economic Zone (SZGFC), and the Macau Association of Banks. The Alliance aims to promote research and incubating green investments that will benefit the GBA by leveraging the vast green investment demand in Guangdong and green finance capacities in Hong Kong and Macau.