

Climate Governance Engagement Workshop

WORKSHOP SUMMARY

Co-organised by:

HKUST

Business Environment Council

Hong Kong Green Building Council

Hong Kong Green Finance Association

Date:

7 May 2026 (Thursday)

Participants:

Built Environment Professionals and Other Generally Interested Parties

CONTENT

	Page
1. Purpose of the Workshop	1
2. Overall Assessment	1
3. Retrofitting Existing Buildings: From Technical Potential to Market Formation	2
4. Key Governance Messages	3
5. Implications for Hong Kong's First Five-Year Plan	6
6. Cross-Cutting Governance Insights	7
7. Relationship to the 5-Pillar Model	8
8. Overall Message	8
Acknowledgements	8

1. Purpose of the Workshop

This workshop used retrofitting existing buildings as a case study to test the Climate Governance Project's framework against a practical implementation challenge. The discussion took place at a timely moment, as Hong Kong prepares its first five-year plan and considers how to turn long-term carbon neutrality goals into nearer-term action.

Participants included built environment professionals, as well as generally interested parties. They were asked to examine why a well-understood problem does not yet translate into retrofit activity at the scale needed.

The workshop focused on reframing retrofit, government's role in driving the market, coordination within the existing system, sequencing of supply and demand, long-term accountability, stakeholder engagement, and what should be included in Hong Kong's first five-year plan.

The workshop's main value was not that it produced a new list of retrofit measures, many of which have been discussed before. Its value was that it showed how the 5-Pillar Model can organise familiar ideas into a *coherent governance agenda*: what must be directed from the top, who must lead, what must be integrated across government, how finance must be brought into implementation, and how transparency and engagement can build confidence among market actors.

2. Overall Assessment

The workshop confirmed that retrofitting existing buildings is not primarily constrained by the absence of knowledge and technology. Participants repeatedly noted that technical solutions and professional capacity already exist, and that finance is available in principle. The core problem is that the market conditions, governance signals and confidence-building mechanisms needed to convert potential into investment are not yet sufficiently aligned.

A clear message emerged: Hong Kong's retrofit challenge is a market creation and coordination challenge. Owners and investors need a clearer policy pathway, performance standards, reliable data, trusted verification, simplified procedures and financing structures that reduce risk. Without these conditions, many owners will wait until equipment fails, until retrofitting becomes mandatory, or until there is a clearer business case.

The workshop also showed why the Climate Governance Project's 5-Pillar Model is useful. Many of the specific suggestions raised, such as energy audits, EUI labelling, disclosure, incentives, public-sector demonstration projects, financing support and eventual mandatory requirements are not new. What is needed is to align them into a governance system.

The 5-Pillar Model helps move the discussion from a list of possible measures to a clearer account of what government leaders and departmental

heads need to do: set direction, assign leadership, integrate cross-bureau and departmental action, connect finance to project pipelines, and use data and engagement to build confidence.

Participants also stressed that retrofitting must be understood differently across building types. Commercial buildings, hotels, retail premises, offices, institutional buildings, public buildings, residential blocks and industrial buildings face different incentives and constraints. Ownership and operating models matter. A building owned and operated by a single entity is very different from a multi-owner residential building, or a commercial property where tenants enjoy energy savings but owners bear capital costs.

The discussion therefore supports a central conclusion for the Climate Governance Project: policy intention alone does not create implementation. Government must shape the system conditions that make retrofit action investable, verifiable and operationally feasible.

3. Retrofitting Existing Buildings: From Technical Potential to Market Formation

Participants agreed that the case for retrofitting existing buildings is already broadly recognised. Hong Kong has an ageing building stock, available technical solutions, and a growing sustainability agenda. Yet, retrofitting remains difficult to scale because the decision to invest depends on a combination of financial, operational,

ownership, regulatory and behavioural factors.

The plenary discussion highlighted the absence of a coordinated pipeline of investable retrofit projects. One example was raised by a built environment professional referencing an impact investor from Europe who was interested in investing in Hong Kong retrofit projects but could not find a sufficiently coordinated pipeline. Projects were too small, fragmented or difficult to assess, and investment-grade guidelines were not yet ready.

This point was reinforced through some of the breakout discussions.

Participants observed that owners may doubt whether a retrofit project will truly decarbonise a building, whether projected energy savings are reliable, and whether the payback will justify the disruption and capital expenditure. Existing energy audits were seen as insufficient for investors who expect international standards. Participants called for more intensive and comprehensive audits, common protocols and trusted measurement and verification so that owners, engineers, lawyers, property valuers, banks and financial institutions can work from the same base using the same language.

In other words, the retrofit market needs market infrastructure. This includes reliable data, recognised baselines, performance labels, common standards, contractual templates, financing tools, risk-sharing mechanisms, demonstration projects and credible policy direction. These

elements need to be aligned if Hong Kong is to move from individual retrofit projects to a scalable market.

4. Key Governance Messages

4.1 Retrofit needs a broader value proposition

Participants did not see retrofit only as carbon reduction. They also saw it as hardware renewal, customer experience, operational improvement, asset enhancement, place-making, resilience, comfort and competitiveness. For some businesses, decarbonisation and energy efficiency may be important side benefits, while the immediate motivation is guest experience, tenant attraction, business continuity or building value.

This matters because investment decisions are rarely made on climate grounds alone. Internal finance departments often need clear return on investment, manageable payback periods and measurable benefits. Participants noted that projects with payback periods under five years are easier to approve. They also observed that intangible benefits, such as customer experience or tenant satisfaction, need to be supported by data if they are to influence investment decisions.

A broader framing can therefore make retrofit more compelling. A narrow energy-only frame may limit investor appetite where paybacks are unclear, particularly for multi-owner residential blocks. A wider frame that includes value uplift, tenant attraction, comfort, resilience and lifecycle benefits can

open up different capital sources and justify a longer-term investment case.

4.2 Hong Kong's building stock requires segmentation, not one-size-fits-all policy

Participants repeatedly emphasised that different buildings face different retrofit conditions. Commercial offices, retail properties, hotels, residential buildings, institutional buildings, industrial premises and public buildings (such as universities, hospitals, heritage buildings etc.) differ in ownership, decision-making authority, operational needs, energy-use patterns and financial capacity.

The distinction between single ownership and multiple ownership is especially important. Retrofit is easier where the owner, operator and user are aligned. It becomes much more difficult where owners pay for capital works, but tenants capture energy savings, or where owners' corporations lack the technical knowledge and financial capacity to assess options.

Participants suggested that policy should therefore be phased and targeted. Energy consumption data could help identify which buildings most need action. EUI and carbon data could help prioritise high-consuming building types or specific performance bands. This would be fairer and more effective than requiring all buildings to act in the same way at the same time.

4.3 Government “driving the market” means creating conditions for private action

Participants interpreted the *Policy Address 2025* phrase “driving the market to accelerate carbon reduction in existing buildings” as requiring more than encouragement or facilitation. Government needs to create credible pressure, reduce uncertainty, demonstrate models and build the infrastructure for private investment.

Participants identified several credible signals: interim targets, building-type specific standards, EUI or carbon labels, public disclosure, phased mandatory requirements, subsidies, tax incentives, carbon-related charges, simplified funding applications, public-sector demonstration projects, and government procurement rules that reward better-performing buildings.

There was a clear view that voluntary action alone is unlikely to be sufficient. Participants did not necessarily argue for immediate broad mandatory requirements. Rather, they suggested a phased pathway with clear sequencing to drive the market that will need data, labelling, disclosure, pilots and incentives; then move toward more binding requirements since voluntary action is insufficient. The timing and design of regulation will matter because the property market and wider economic conditions are sensitive. This is why governance is key.

4.4 Data, baselines and verification are core governance infrastructure

Data was one of the strongest themes in the workshop. Participants stressed that owners need detailed, reliable and accessible energy-use data to understand building performance, identify opportunities, measure savings and build confidence. Some called for 15-minute or daily consumption data. Others suggested that electricity and gas utilities should enable owners and major users to access more granular data under a clear policy framework.

Participants also emphasised baseline uncertainty. Existing buildings differ in occupancy, operating patterns, system age, humidity conditions, tenant behaviour and equipment condition. Without reliable baselines, retrofit savings cannot be assessed properly. Without trusted measurement and verification, banks, insurers, ESCOs and owners cannot judge whether projected savings are real.

International measurement and verification protocols, such as IPMVP or equivalent systems, were seen as useful reference points. Participants also discussed retrofit savings certification, building labels and performance benchmarking. The purpose is not only technical accuracy. It is to make retrofit projects auditable, comparable and financeable.

4.5 Projects need to become investable

Participants made an important distinction between the availability of finance and the investability of projects. Capital may be available in principle, but many retrofit projects remain too small, fragmented, uncertain or administratively burdensome to attract banks and investors.

To address this, retrofit projects need to be structured in ways that financiers can assess with confidence. This requires better energy audits, common protocols, trusted measurement and verification, standardised contracts, clearer savings calculations, and mechanisms to allocate risk.

Participants suggested tools such as retrofit support funds, guarantees for energy performance contracts, green loans, ESCO models, insurance products, subsidies and simplified application procedures.

Public sector leadership can help build the market. Government and public body buildings, universities, hospitals and other large facilities could provide early demonstration projects. These could show how projects are procured, financed, verified and replicated, helping to turn isolated retrofit efforts into an investable pipeline.

4.6 Engagement is part of implementation, not communication

Participants saw stakeholder engagement as a practical implementation requirement. Retrofit projects involve owners, owners' corporations, tenants, property

managers, engineers, contractors, banks, insurers, utilities and government departments. These actors often have different expectations, different time horizons and different incentives.

Engagement challenges are especially acute in multi-owner buildings and landlord-tenant situations. Tenants may not provide data or may not care about energy saving if they do not see a direct benefit. Owners may hesitate if they bear the capital cost but do not capture the savings. Owners' corporations may lack knowledge to assess technical proposals. Property managers may understand the practical issues but lack authority or resources.

Policy should not be held back by the most difficult building segments. Easier cases, such as single-owner buildings, public buildings, institutional buildings and large commercial assets, could move first, while more tailored engagement and support mechanisms are developed for more complex ownership situations.

Participants suggested that guidance, templates and trusted advisory support could reduce risk and accelerate implementation. Engagement should help align incentives, clarify responsibilities, build trust, reduce misinformation, and enable owners and tenants to understand the financial and operational value of retrofit.

4.7 Sequencing matters: demand must be created, then supply will deepen

Participants generally considered Hong Kong to be demand driven. Supply-side capacity exists to some extent: technologies, consultants, contractors and service providers are available. The more fundamental question is why owners would choose to retrofit now.

The suggested sequence was clear:

- First, government sets policy direction and credible expectations;
- Second, data access and baselines allow owners to understand performance;
- Third, measurement and verification build trust;
- Fourth, financing and risk-sharing mechanisms reduce uncertainty;
- Fifth, demand grows; and
- Sixth, supply capacity deepens as the market becomes more predictable.

This sequencing does not mean supply should be ignored. It means demand creation is the first unlock. Once owners see regulatory direction, value creation, data-based evidence and financeable structures, suppliers, consultants, banks and insurers are more likely to scale their own capacity.

5. Implications for Hong Kong's First Five-Year Plan

Participants saw Hong Kong's first five-year plan, together with China's 15th Five-Year Plan, as an opportunity to give retrofitting existing buildings clearer policy status. The plan should not only state the importance of building decarbonisation. It should set out a practical pathway for market formation, showing how policy direction, data, standards, finance and engagement will be sequenced over time.

Several elements stood out:

1. Set interim targets, not only long-term goals: Participants called for five-year interim targets and building-type specific pathways for commercial, residential, office, retail, hotel, institutional and public buildings. Interim targets help owners and investors assess transition risk and plan retrofit timelines.

2. Use EUI and carbon labelling to create transparency: EUI labels, carbon labels and public disclosure can differentiate better-performing buildings, identify poor performers, support benchmarking and influence tenant, investor and government procurement decisions.

3. Government should lead by example through public sector buildings: Government and public bodies can retrofit their own buildings first, demonstrate procurement and contracting models, and provide a pipeline of projects to create early demand for the market.

4. Create finance and risk-sharing

tools: A retrofit support fund, guarantees for performance-based contracts, green loans, targeted subsidies, tax incentives, insurance support and standard templates could reduce early-stage risk and transaction costs.

5. Make data access a policy priority:

Utility data, baselines, energy audits and measurement protocols should be treated as enabling infrastructure for market formation. Data access should begin with large users and major buildings, then expand progressively.

6. Support difficult ownership

segments: Multi-owner residential buildings, older buildings and non-listed companies may need additional guidance, pooling mechanisms, mutual funds, green funds in deeds of mutual covenant or targeted support packages.

7. Move progressively from voluntary to mandatory where needed:

Participants accepted the value of incentives, pilots and voluntary schemes, but many considered that legislation or mandatory elements may eventually be necessary to change behaviour at scale.

The underlying message is that the five-year plan should provide a pathway, not just a list of measures. It should clarify what comes first, who leads, which buildings are prioritised, how performance is measured, how financing is structured, and how voluntary action may evolve into mandatory requirements.

6. Cross-Cutting Governance Insights

The retrofit case generated insights that go beyond buildings. It showed that implementation depends on whether government can turn policy intention into a functioning system of direction, confidence, data, finance and engagement.

1. Market creation requires more than policy aspiration. Direction must be translated into standards, data, incentives, enforcement and investable project structures.

2. Confidence is a governance outcome. Owners and investors need policy stability, reliable calculation methods, verified savings and clear funding procedures.

3. Data is governance infrastructure. It supports prioritisation, transparency, benchmarking, finance, insurance, accountability and trust.

4. Segmentation improves fairness and effectiveness. Different building types and ownership structures need differentiated pathways.

5. Finance must be connected to real projects. Capital can only flow when projects are structured, verified, risk-adjusted and aggregated where needed.

6. Engagement must address incentives and trust. It should align owners, tenants, property managers, financiers, utilities and departments around practical action.

7. Relationship to the 5-Pillar Model

The workshop showed the practical value of the 5-Pillar Model. Participants raised many familiar retrofit issues: data access, EUI labels, energy audits, incentives, regulation, finance, ESCO models, tenant behaviour and fragmented ownership. On their own, these can appear as a long list of disconnected suggestions. The 5-Pillar Model converts them into a governance agenda. It clarifies what needs to be decided by political and administrative leaders, what needs to be coordinated across departments, what needs to be mainstreamed into existing systems, what needs to be made financeable, and what needs to be made transparent and trusted.

The workshop feedback maps closely onto the Climate Governance Project's 5-Pillar Model.

Direction: Government needs to make clear that retrofitting existing buildings is not a marginal environmental measure, but a core part of Hong Kong's carbon neutrality, urban renewal, well-being, asset management and competitiveness agenda.

Leadership & Accountability: The issue requires identifiable leaders and accountable bureaux and departments. Without named leadership, retrofit remains dispersed across energy efficiency, building control, property management, finance, utilities and owners' corporations.

Integration and Mainstreaming: The measures already discussed in Hong Kong need to be integrated into a coherent pathway: data access, energy audits, labelling, funding schemes, procurement rules, public-sector pilots and eventual mandatory requirements.

Finance and Market Creation: Finance should not be treated as an afterthought. Capital will only move when projects are aggregated, verified, risk-adjusted and supported by credible standards, guarantees or templates.

Transparency & Engagement: Data, disclosure, verification and stakeholder engagement are not soft add-ons. They are the trust infrastructure that allows owners, tenants, banks, insurers, ESCOs and government departments to act on a shared basis.

The workshop also shows that sequencing is a practical discipline within the 5-Pillar Model. Direction, leadership, integration, finance and engagement need to be organised in the right order. A credible sequence can turn a fragmented retrofit landscape into a functioning market.

8. Overall Message

The workshop confirmed that retrofitting existing buildings is a strong case study for climate governance because it exposes the gap between technical potential and practical delivery. Hong Kong does not lack retrofit technologies, professional knowledge or individual examples of good practice. Nor is finance absent. The challenge is that

these elements are not yet aligned into a functioning implementation system.

This is why governance matters. Familiar measures such as better audits, EUI labels, disclosure, incentives, public-sector leadership, guarantees, ESCO models, tenant engagement and eventual mandatory requirements will not add up by themselves. They need to be organised through direction, leadership, integration, finance and transparency. Without this alignment, retrofit activity will remain fragmented, voluntary and difficult to scale.

For the Climate Governance Project, this is the central lesson. The 5-Pillar Model helps turn a longstanding retrofit agenda into an implementation framework. It shows what government leaders and departmental heads need to organise if Hong Kong is to move from isolated projects to a scalable retrofit market. In this sense, retrofitting existing buildings is not only a building-sector challenge. It is a test of whether Hong Kong can govern a complex climate transition.

Acknowledgements

The co-organisers would like to thank the following individuals for their help in preparing and running the workshop on 7 May 2026 (in alphabetical order):

- Penny Chan
- Jiajing Chen
- Clement Cheung
- Karen Cheung
- Doris Fong
- Carina Kwok
- Victor Kwong
- Harry Lai
- Cheuk Fung Lam
- Christine Loh
- Caroline Ma
- Tommy Szeto
- Irene Wong
- KS Wong
- Sandy Wu
- Andy Yau
- Yan Yan Yip