Net Zero Commitment Forum - January 2022

The aim of this session was to raise awareness of the industry’s role in achieving the ambitions of the Net Zero Whole Life Carbon Roadmap. Forum members were asked if and how their organisation currently aligned to the guidance and the key areas of focus for the industry to align with the Roadmap’s recommendations. This resulted in discussions around 1) the current status and barriers to achieving the key priorities and 2) key actions which are needed to ensure the Roadmap’s ambitions can be achieved.

The Forum split into groups to discuss the five key priority areas from the Whole Life Carbon Roadmap. The below notes outline the key priorities and summarise the groups’ discussions.

### Operational carbon: existing homes

**Priority 1 - Nation-wide retrofitting of existing homes:** To transform UK housing so it is efficient, warm, and cheaper to heat, whilst phasing out fossil fuel heating.

**Status and barriers:**
- **Energy efficiency** needs to be agreed as the real way forward to address operational carbon from homes.
- Lack of clarity around **fire safety** regulations of insulation.
- Difficulties **justifying** potential additional cost in rental properties.
- Failure from government to agree appropriate technology for supply chain to pick up and drive forward.

**Need to:**
- Switch up the business model and see as a **service**.
- Stop relying on monetary **payback time** and instead focus on the **value add**.

### Operational carbon: existing non-domestic buildings:

**Priority 2 - Energy performance disclosure for non-domestic buildings:** To ensure that real-world performance of assets is visible to the market, and can influence asset valuation, market transactions, and management decisions.

**Priority 3 - Adoption of a design for performance approach:** To shift away from the theoretical “notional building” approach and to focus on how energy intensive buildings will be built in practice, alongside other key net zero enablers such as peak demand limits.

**Status and barriers:**
- **Performance is coming**: clients, tenants and employees are at the forefront of demanding improvements and driving change.
- Big concerns around **split incentives** between landlords and tenants limiting energy efficiency improvements.
- Lack of clarity on who is **responsible** for the energy performance prevents its measurement, monitoring and optimisation. It also makes it harder for those trying to drive improvements to understand the best people to address.
- Improvements in **efficiency** is the only way to go as utility costs stabilise.
- Organisations can find it difficult to engage

**Need to:**
- Mandate **performance disclosure** through policy and legal frameworks from the top down. This would help improve the entire building stock, not just the willing, and enable stakeholders to align on goals more easily.
- Improve the **transparency and consistency** of energy performance disclosure; ensuring you cannot avoid related emissions.
- Prioritise **refurbishment** when tackling energy performance.
- View performance measures as a part of a **holistic sustainability plan** which has the opportunity to also improve **social value** and **health and wellbeing**.
- Acknowledge and better explain the additional **value** of net zero carbon to boost investment and uptake. This will bolster plans to invest in decarbonising portfolios, as it can explain any short-term additional
clients on design for performance.

- Organisations have concerns over the challenge of achieving net zero when, for example, transitioning the portfolio to EPC B is already considered too difficult.

- Improve energy management and optimise new systems through repair works or at their replacement.
- Implement education and engagement for all stakeholders, but in particular tenants need to be engaged collectively (e.g. BBP’s work with occupiers).

### Embodied carbon: all buildings

**Priority 4 - Whole life carbon measurements and agreed limits:** To start with mandatory measurement, followed by the phased introduction of embodied carbon limits for new buildings to reduce demand, alongside changes to planning and VAT to incentivise the re-use of existing buildings.

#### Status and barriers:

- Some organisations feel that they are across whole life carbon measurement and setting targets for their own organisation, and some have been recording embodied carbon for years.
- Organisations find it more challenging when implementing whole life carbon measurement methods into client’s projects, which are more impactful in terms of carbon emissions.
- Lack of data and EPDs makes it difficult to develop benchmarks and therefore implement any agreed limits. The interest is there but the data is lacking. Could this be built off the update to the RICS methodology?
- Investors are keen to get involved in net zero but unclear on what to do; addressing embodied carbon should be presented as the challenge to address.
- Retrofitting should be seen as a priority in terms of whole life carbon due to the limitations on new buildings in terms of targets.

#### Need to:

- **Implement legislation** to ensure the whole industry is acting and not just the leaders of sustainability.
- **Establish consistency:** align industry in a consistent roadmap or scheme to ensure all organisations are considering the same emissions and not avoiding certain types of carbon disclosure (e.g. construction site emissions).
- Mandate materials/product suppliers to disclose more information, including EPDs to facilitate decision making and a market-based mechanism for procuring low carbon materials.
- **Direct investors** to certain KPIs which drive real action. For example: investors could accelerate the maturity of low carbon material supply and to deliver best in class upfront carbon performance by addressing their scope 3 emissions, rather than primarily looking at carbon offsetting.
- **Support innovation** to improve retrofit technologies and make them more cost effective (e.g. MEP, building systems).
- **Develop skillsets** for appraising embodied carbon and understanding cost options for implementation.