

# WorldGBC Europe response to Consultation on the Renewed Sustainable Finance Strategy

## Introduction

WorldGBC Europe represents Green Building Councils (GBCs) in over 20 countries and works with eight Regional Partners and over 4,500 diverse members across the construction and real estate sector. The network's vision is for a sustainable built environment at the heart of Europe's future.

We support the European Commission's vision of a climate neutral Europe by 2050 and welcome the opportunity to respond to the consultation on the renewed sustainable finance strategy. We set out our key points and recommendations below.

## Buildings are critical to the delivery of the Green Deal

In Europe, our sector accounts for approximately 40% of energy consumption and 36% of CO<sub>2</sub> emissions. This is just in the operational phase, carbon emissions are also released during the manufacturing, transportation, construction, and end of life phases of all built assets. These emissions often referred to as 'embodied carbon', contribute to around 11% of all global carbon emissions.

To deliver a Green Deal and realise a climate neutral Europe, both operational and embodied carbon ('whole life carbon') must be considered in an integrated manner. Addressing whole life carbon requires the establishment of strong policies that support transformative action. It also requires a financial system that supports sustainable growth.

Investors, companies, and financial institutions looking to align their financial decisions with environmental and social sustainability criteria need clarity on what can be classified as a sustainable economic activity. As the Commission seeks to develop the sustainable finance strategy, consideration must be given to the type of metrics that should be used to define what makes a building sustainable.

Some key points for consideration are listed below.

## Our response

- WorldGBC reiterates the points made in our [response to the TEG consultation in 2019](#) where we called on for the taxonomy to give a clear signal to the financial sector that sustainable built environment assets must aim for net zero carbon across their whole life cycle to be Paris proof and deliver on the EU Green Deal.
- WorldGBC welcomed the final report on the taxonomy which stated that *"The Sustainable Finance Platform should establish a timeline [...] with the clear objective of converging towards net-zero energy and net-zero carbon targets for new buildings by 2030"* (pg 372 annex). Such targets would support the decarbonisation strategy in the sector with a view to reach 2050 climate neutrality, and they are aligned with the strategies of the World Green Building Council. It is critical that the taxonomy is an evolving standard and there is a commitment to an ongoing governance process to tighten the criteria towards net zero.
- WorldGBC also welcomed the following statement in the final taxonomy report *'The Sustainable Finance Platform should progress this work with the aim of introducing thresholds for embodied carbon by 2025'* (pg 373 annex). In our 2019 report on embodied carbon, we called for all governments to enforce embodied carbon disclosure requirements for buildings

over a certain size. The disclosure of this data represents the first step in setting thresholds and benchmarks.

- WorldGBC call on the Commission to use the Level(s) framework as the basis to integrate these thresholds into the EU's sustainable finance framework.
- WorldGBC reminds the Commission of the network of [stakeholders who called for the Circular Economy Action Plan](#) to send a clear signal that Level(s) plays a central role in shaping future built environment policy that requires target setting on whole life carbon and that this trajectory should be linked to the EU's sustainable finance framework.
- To ensure progress in this work stream, the European Commission must consider the progress in countries such as Finland and France, who are both introducing comprehensive regulatory approaches for buildings, covering both operational and embodied carbon.
- WorldGBC welcomes the formation of the Sustainable Finance Platform and its mandate to further develop the scope of the taxonomy to cover issues such as the circular economy, waste, water, biodiversity and social sustainability. These are key priorities to the realization of a sustainable built environment, [as outlined in our manifesto](#). Europe's GBCs have expertise and are already driving market transformation across these issues both at national and EU Level.

WorldGBC welcomes the Circular Economy's Action Plan commitment to use Level(s) to explore the appropriateness of setting of carbon reduction targets. The forthcoming Strategy for a Sustainable Built Environment must set out a clear pathway for EU buildings policy to move towards requiring target setting on whole life carbon. The evolution of the taxonomy should complement the regulatory steps needed to shape the revision of the Energy Performance of Buildings Directive to cover whole life carbon.

Our network of GBC's across Europe stand ready to work with the European Commission to fully leverage the potential of Level(s) to integrate these thresholds into the sustainable finance and EU regulatory framework.