

What to look out for in Sustainability in 2023

2023 is set to be another year of new policy and progress for sustainability. In this update we share our highlights of these developments across climate change, energy and net zero, ESG and whole life carbon.

In 2022 the growth of our Sustainability team continued apace with four new co-owners joining in support of our expanded range of services including Energy and ESG.

[Click here](#) to learn more about our Sustainability services and how you can get in touch with the team.

Climate change

Climate change will continue to be an increasing issue, transcending the planning and built environment and impacting business operations and people throughout 2023 and beyond.

Development proposals now need to place a greater emphasis on tackling climate change through design, including reducing emissions through both construction and operation, as well as making sure climate resilience is embedded through design.

IEMA Climate Change Mitigation guidance places greater importance on determining the significance when best practice mitigation is put in place. This will require greater focus on embodied carbon and delivering against improved carbon targets.

Our team continue to provide climate change advice and EIA Assessment services for residential, commercial and infrastructure projects.

Energy and net zero

UK Future Homes Standard (FHS) / Future Building Standards 2025 - consultations are due to be released in spring 2023, setting out the Government's proposed pathway.

EU Fit for 55 - the Council of the European Union reached an agreement in October 2022 to revise the [Energy Performance of Buildings Directive](#), requiring existing buildings to be transformed into zero-emission buildings by 2050, and new buildings to be zero-emission buildings from 2030 with public buildings net zero from 2028. We support the retrofitting of assets across the UK and Ireland, projects include the Treehouse Hotel in Manchester and Bourne House in Coventry.

UK's first Net Zero Carbon Buildings Standard for new and existing buildings - championed by leading industry organisations such as BRE, LETI, RIBA, RICS, and UKGBC, the UK Net Zero Carbon Buildings Standard is intended to enable industry to robustly prove their built assets are net zero carbon and in line with our nation's climate targets. ESG Director, [Snigdha Jain and Associate Director, Fiona Lomas-Holt](#) have been appointed to this cross-industry initiative.

Environmental, Social and Governance

The Carbon Risk Real Estate Monitor initiative (CRREM) and Science Based Targets initiative (SBTi) aligned decarbonisation pathways came into effect on 11 January 2023. This provides a globally consistent standard for the operational decarbonisation of real estate holdings which investors and other market participants can rely on. Find out more about this [here](#).

We continue to assist clients in the decarbonisation of their global real estate assets aligned with net zero carbon targets at an organisational level.

Task Force on Climate-related Disclosures (TCFD) - the [UK Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022](#) came into force on 6 April 2022, requiring TCFD-aligned mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs. We supported Peel L&P in marking the end of 2022 with the release of their first voluntary Task Force on [Climate-related Financial Disclosures \(TCFD\) Report](#).



The consultation paper for the **UK Sustainability Disclosure Requirements (SDR) and investment labels** was released in October 2022 and intended to be applicable to all Financial Conduct Authority (FCA) regulated firms. The proposals introduced 'anti-greenwashing' requirements for asset managers as well as three labels for impact, transition and generic sustainability funds, which will be mandatory for ESG funds marketed to retail investors.

On 5 January 2023, the **EU Corporate Sustainability Reporting Directive (CSRD)** entered into force. This new directive modernises and strengthens the rules about the social and environmental information that companies have to report. Almost 50,000 companies are expected to be impacted by CSRD, making up some three quarters of business in the European Economic Area.

Politics

Onshore wind was a recurring political headline in 2022. Onshore wind development in England was effectively banned under David Cameron in 2016. In 2020, Boris Johnson's Government added onshore wind back into the **Contracts for Difference (CfD) eligibility criteria**, however planning restrictions were kept in place. Today, with gas prices at record highs and the UK working to end electricity generation

from unabated gas by 2035, Conservative MP Simon Clarke tabled an amendment to the Levelling Up and Regeneration Bill to lift planning restrictions for onshore wind in areas where communities have voiced support. The amendment was ultimately adopted, and we can expect the Bill to progress to Royal Assent this year.



Whole Life Carbon

We are seeing increasing drivers for Whole Life Carbon (WLC) Assessments across the industry which we expect to continue in 2023 and beyond. Emerging Local Plan policies relating to WLC include **Places for Everyone (Greater Manchester)**, and **City of Edinburgh Local Plan**, both of which could be adopted this year. As required within the **London Plan**, WLC assessments often pair with the principles of Circular Economy, allowing developments to demonstrate a holistic approach to reducing carbon emissions, whether new build or retrofit.

RICS is developing the 2nd edition of the Whole Life Carbon Assessment Professional Statement (PS), and the update will be welcomed across the industry to provide further clarity and alignment.

Spring: **2025 FHS and FBS technical consultation**

Summer: **Phase 2 Renewable Energy Procurement Guidance for Net zero buildings**

Winter: **ESOS**

KEY DATES FOR 2023

January: **CRREM Version 2 release**

April: **Climate Change Committee - Business in a Net Zero UK**

Summer: **UK Net Zero Carbon Buildings Standard**

Summer: **RICS Whole Life Carbon Assessment publication**

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