

Sustainable Markets Initiative

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REPORT OUTLINES GROUNDBREAKING ROADMAP TO ACCELERATE DECARBONISATION OF BUILDINGS BY BRIDGING 'SPLIT INCENTIVE' GAP

New York (ots/PRNewswire) -

- Split incentives occur when the landlords and building developers investing in energy efficiency upgrades do not directly benefit from their investment, though tenants enjoy lower energy costs.
- The report by the SMI's Sustainable Buildings Transition Hub outlines challenges, solutions and best practices for addressing the split incentive gap.
- Strategies are focused on three key areas: Legislation and Policies; Target Setting; and Green Leases.

The Sustainable Markets Initiative announces a groundbreaking new roadmap to accelerate decarbonisation of buildings by bridging the 'split incentive' gap.

Split incentives impact both renewable energy and energy efficiency decisions. They occur when those investing in energy efficiency upgrades - typically building developers or landlords - do not directly benefit from their investment as it is the tenants who enjoy lower energy costs when paying their bills directly to the energy provider. This has the effect of disincentivising landlords and building developers from investing time and money into decarbonisation efforts.

To better unify efforts for sustainable action among these disincentivised groups, the Sustainable Markets Initiative's Sustainable Buildings Transition Hub has released a new report titled: *Narrowing the Split Incentive Gap to Decarbonise the Built Environment*.

The report outlines challenges, solutions and best practices for addressing the split incentive gap, creating a practical roadmap for the public and private sector to accelerate decarbonisation initiatives.

George Oliver, Chairman and CEO of Johnson Controls, and Chair of the Sustainable Markets Initiative Sustainable Buildings Transition Hub, said: "Buildings represent the largest portion of carbon emissions of any sector at nearly 40%, and decarbonising them plays a crucial role in tackling climate change. Effective collaboration is an imperative to overcome roadblocks and deploy solutions to achieve genuine, long-term success. Our report offers key insights to address split incentives - one of the most commonly recognised issues when it comes to accelerating progress in the global real estate sector."

The Hub identified emerging trends and strategies to bridge the split incentive gap in three primary areas:

- **Legislation and Policies:** Putting in place legislation to drive the decarbonisation of buildings, taking examples from the EU, UK, and United States, is an important step in promoting investment in the needed technology.
- **Target Setting:** By standardising sustainability key performance indicators, and having a common definition of net zero, industry can streamline collaboration, better demonstrate financial benefits, and encourage further investment.
- **Green Leases:** Promoting leases that align the interests of landlords and tenants towards achieving energy efficiency goals.

Jennifer Jordan-Saifi, CEO of the Sustainable Markets Initiative, added: "Every challenge can be seen as an opportunity. The SMI's Buildings Transition Hub is actively finding solutions to some of the biggest challenges in the buildings sector and leading by example, including on split incentives. My thanks to the members of the Sustainable Buildings Transition Hub for their pioneering efforts to drive practical results that can be accelerated, replicated and scaled."

To download the report, visit the [Sustainable Markets Initiative's Sustainable Buildings Transition Hub web page](#).

About the Sustainable Markets Initiative

Founded by His Majesty King Charles III in 2020, as Prince of Wales, the Sustainable Markets Initiative has become the world's 'go-to' private sector organization on transition. Launched in 2021, the [Terra Carta](#) serves as the Sustainable Markets Initiative's mandate with a focus on accelerating positive results for Nature, People and Planet through real economy action. Read more: www.sustainable-markets.org

About the SMI's Sustainable Buildings Transition Hub

The Sustainable Buildings Transition Hub is made up of global CEOs from throughout the buildings industry working together to accelerate the delivery of net zero buildings to reduce carbon emissions. Together, the members are united by a common ambition to harness the power of technology and drive partnerships and policy decisions that enable the adoption of sustainable building technology and drive a lower carbon future.

The Task Force has supported this ambition through initiatives, including:

- A [whitepaper](#) released at COP28 to address embodied carbon in the built environment
- A [whitepaper](#) released at COP27 sharing best practices and recommendations for corporations to decarbonize the built environment
- Driving a net zero building commitment among SMI members to have at least one carbon neutral building by 2030, while decarbonizing heat and deploying ultra-low carbon building materials when possible.

- Regular working group meetings to drive action to accelerate the delivery of net zero buildings to reduce carbon emissions.

Sustainable Buildings Task Force members include:

- George Oliver, Chairman & CEO at Johnson Controls **(Chair)**
- Clare Harman Clark Senior Counsel, Taylor Wessing
- Charlotte Cordingley, CEO Clear Futures
- Dave Regnery, Chair and CEO Trane Technologies, SMI Sustainable Buildings Technology Workstream Lead
- Elliot Robertson, CEO, Robertson Group
- Irene Gallou, Partner Foster and Partners
- Steve McGill, Founder and CEO, McGill and Partners
- Troy Rudd, CEO, AECOM
- Michael Stassinopoulos, Executive member of the Board, Viohalco
- Paul Williams, CEO, Derwent London
- Amit Sinha, Mahindra Lifesciences

View original content: <https://www.prnewswire.co.uk/news-releases/report-outlines-groundbreaking-roadmap-to-accelerate-decarboration-of-buildings-by-bridging-split-incentive-gap-302259178.html>

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