



# Built Environment:

## *Development of Green Finance Taxonomy for South Africa*

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# ABOUT GBCSA

Formed in 2007

Independent Non-Profit

South Africa's authority on green building

Current Chair: Africa Regional Network

Support African GBC's and certifications in other countries

Member of the World Green Building Council



WORLD  
GREEN  
BUILDING  
COUNCIL

# COMMITMENT TO NET ZERO

## Advancing Net Zero

A World Green Building Council global project



WORLD GREEN BUILDING COUNCIL

**WorldGBC definition:**  
A net zero carbon building is highly energy efficient with all remaining energy from on-site and/or off-site renewable sources

100% of buildings must operate at net zero carbon

2050

2030

All new buildings must operate at net zero carbon

### Key Principles

#### 1. Measure and disclose carbon

Carbon is the ultimate metric to track, and buildings must achieve an annual operational net zero carbon emissions balance based on metered data



#### 2. Reduce energy demand

Prioritise energy efficiency to ensure that buildings are performing as efficiently as possible, and not wasting energy



#### 3. Generate balance from renewables

Supply remaining demand from renewable energy sources, preferably on-site followed by off-site, or from offsets



#### 4. Improve verification and rigour

Over time, progress to include embodied carbon and other impact areas such as zero water and zero waste



Version 1 | March 2018

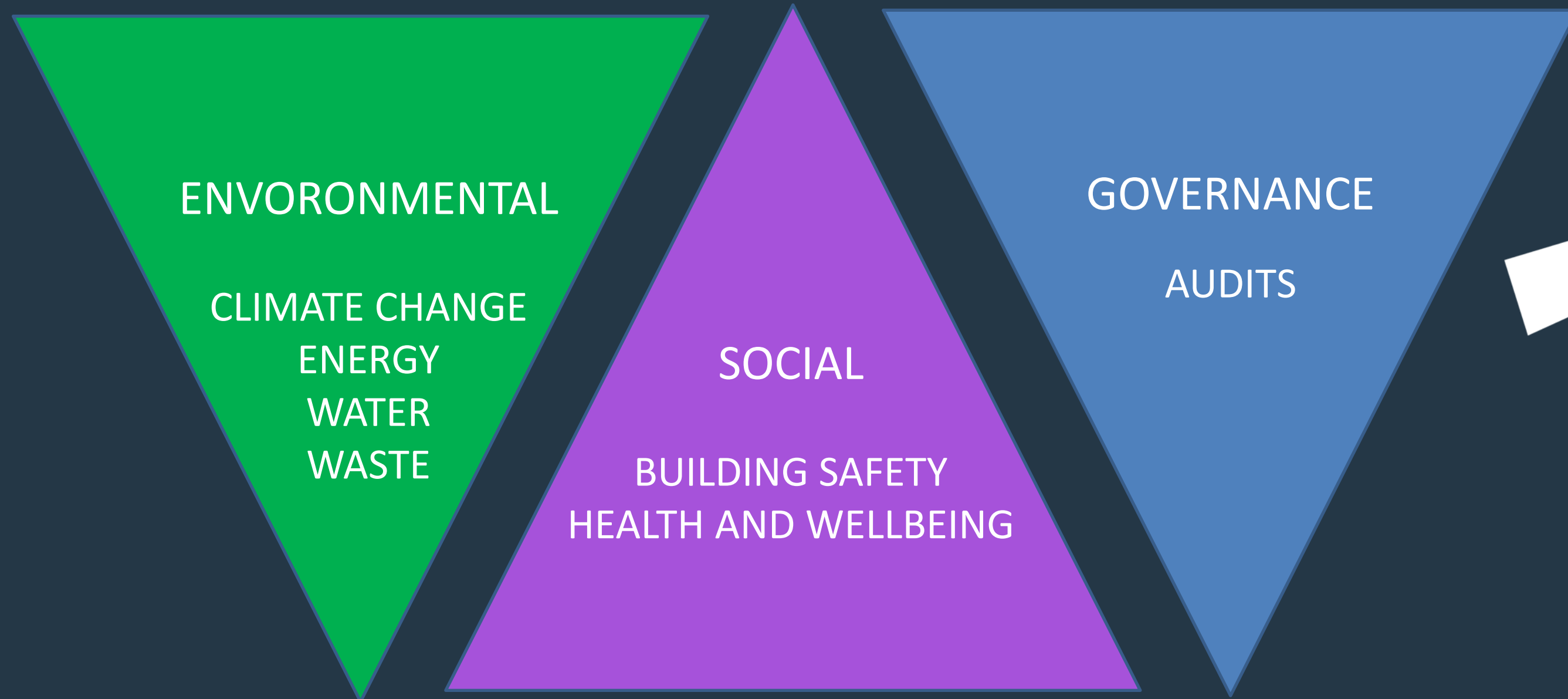
GOVERNMENT ENGAGEMENT

TRAINING & EDUCATION

CORPORATE ENGAGEMENT

CERTIFICATION

# ENVIRONMENTAL, SOCIAL, GOVERNANCE





*What?*

*Common definition to a low Carbon economy*

*Climate aligned assets and projects*

*Green Finance = Key investments to deliver a  
low carbon economy*

# The Green Built Environment:

- **Green buildings**
  - New buildings
  - Existing buildings
  - Retrofit projects
- **Green precincts - beyond individual buildings,**
  - but does not ignore them
  - they make up much of the urban fabric influencing people and planet.
- **Value Chain**
  - Circular economy
  - Transport
  - Construction



# Green Precincts:

A sustainable city can be defined as a city that meets its developmental responsibility (social justice and urban safety) in a sustainable, spatially transformed and resource-efficient way (natural and economic resources, and human capacity) that takes into account the limited biophysical planetary boundaries (environmental thresholds). Living sustainably means grappling with the “perfect storm” associated with the inseparability of water, food, energy and climate change (Oxford Martin University, 2013: 18).



# Manufacturing:

2 aspects for Manufacturers –

## 1. Operational

- Energy and Water Efficiency projects
- Waste Management

## 2. Circular Economy

- Design and Innovation



# How do we recognize Green Buildings:

*(New & Retrofit)*

- The PV panels on the roof?
- Energy efficiency before energy generation
  - Emerging country projects –
    - Renewables = 60%
    - Low carbon buildings = 13%
- How do we “see” energy efficiency?
- Green wash?
- Independent assessment
  - Allow users to identify “green” credibly
  - Peace of mind
  - Decrease risk
- Certification?



# Better Buildings:

Refurbishment of buildings to improve both energy and water efficiency – Green Finance?

Energy efficiency interventions

Water efficient fixtures

Water recovery storage

Renewable energy sources




# Why do businesses certify buildings?

## Higher valued assets

- Lower running costs
- Resource efficient
- Healthier for its occupants
- Reduce resource security risks
- Higher value building (MSCI)
- Attract Green Bonds
- More attractive to potential tenants
- ESG reporting





*Its one thing to have green finance,  
It is another to give the green asset  
a “true” value*

# Green Assets (longer term):

Acknowledge green and certified assets should be inherently more valuable

Green & certified assets outperform non green assets over their life cycle

Higher occupancy over its life

Higher net rentals

Faster lease up periods

Better cap rate on transaction

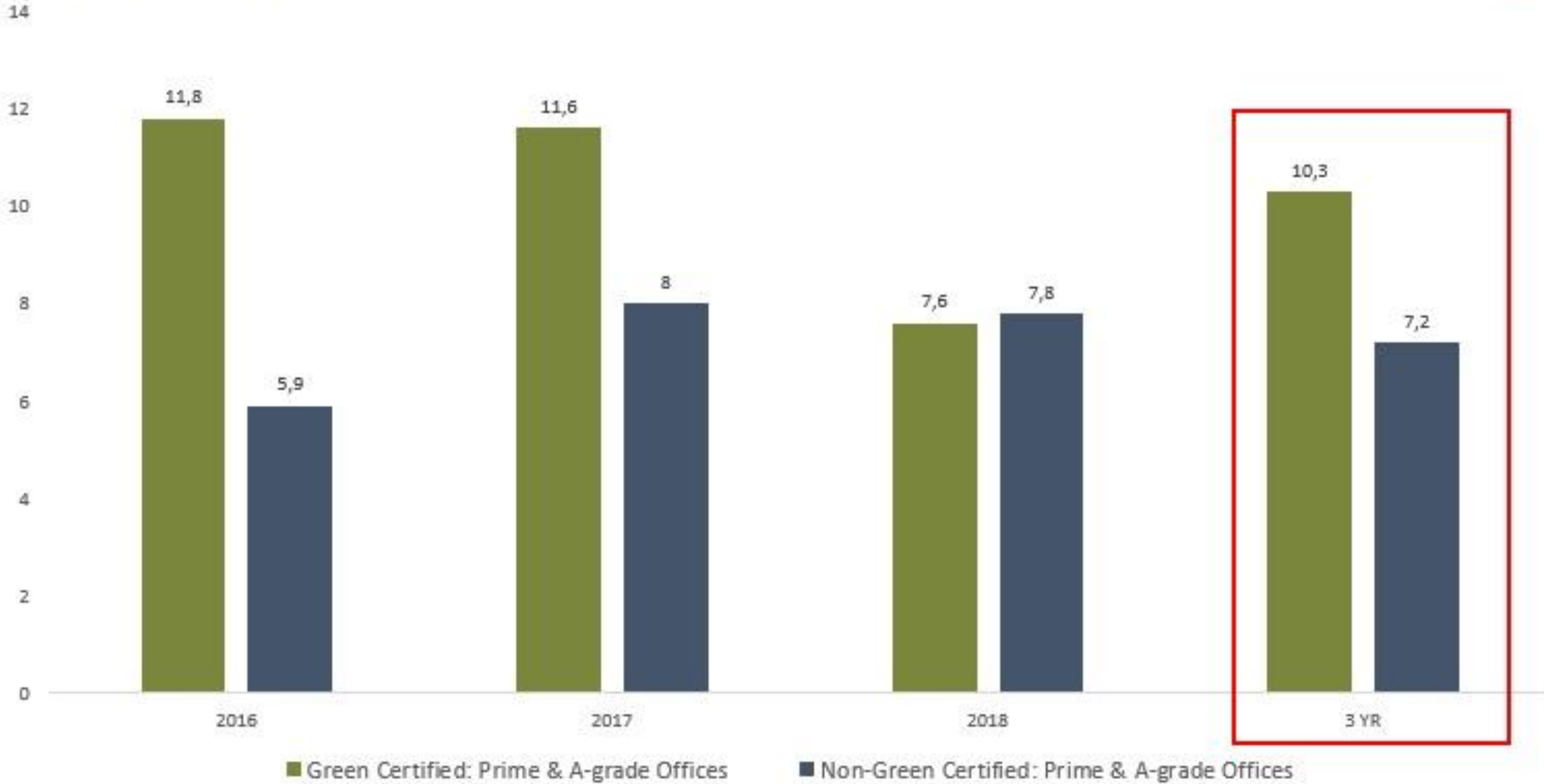
Future proof building

Better valuation = better funding





# Total Returns





***Some thoughts***

*ESG reporting – focus on mitigating  
downside risk rather than upside  
potential!*

*Future proofing – Green transitional  
activity?*



*LEADING THE*  
**GREEN**  
**RECOVERY**

# Green Recovery:

“The current crisis compels humanity to reconsider how we connect, how we interact with one another and the planet, and our impact on our surroundings must be considered more than ever. We are in a phase of recovery – whether we are recovering the economy, ourselves from lockdown or from COVID-19. Since we must recover, why not make it sustainable and develop green solutions, making it a green recovery.”

*A Strategy of simultaneous solutions*



# IEA Sustainable Recovery Plan:

*Targeted policies and investment between 2021 and 2023 could boost global economic growth by an average of 1.1% a year. Its Sustainable Recovery Plan would also save or create around 9 million jobs a year and reduce energy-related greenhouse gas emissions by 4.5 billion tonnes globally.*

# Creation of Green Jobs:

*“Governments have a once-in-a-lifetime opportunity to reboot their economies and bring a wave of new employment opportunities while accelerating the shift to a more resilient and cleaner energy future,” says IEA executive director Dr Fatih Birol*

# Potential Challenges



# Affordable/low cost/social Housing:

Energy efficiency standards have not increased sufficiently

“We can't leave any sector behind”

Quantity vs quality

Financing?



# Action plan linked to Government Policies:

Near Zero & net zero policies

GHG emission reduction targets

Accompanying action plans?

Roll out of action plans?

It's a journey with a destination in mind – can't teleport





QUESTIONS