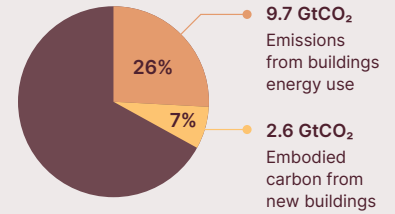




Solution toolkit: Actions for financial institutions

A large part of financial institutions' lending portfolios consists of real estate and mortgages. More action is needed to drive and direct investment in zero-carbon buildings.

Global emissions



Heating



Cooling



Cooking



Lighting and appliances



Embodied carbon

Set ambitious zero-carbon commitments

Set science-based targets to reduce financed emissions from real estate, construction and mortgage portfolios supported by:



- Strategies to increase investment and lending in “green” building sectors and supply chains (e.g., heat pumps, low-carbon steel and cement).
- Commitments to limit finance in high-carbon materials and technologies (e.g., fossil based boilers, high-carbon steel and cement).



Commit to decarbonise their own existing buildings (i.e. scope 1 and 2 emissions) by 2030, and to lease/build low whole-lifecycle carbon new buildings.

Understand the value of zero-carbon buildings



Develop a clear understanding of how to assess the financial value of zero-carbon buildings and the risk of buildings which do not decarbonise (e.g., failing to meet future regulations).



Develop a clear understanding of:

- The criteria used in Energy Performance Certificates (EPCs) and building certifications.
- How to measure and assess the whole-life carbon of new buildings.



Develop clear lending criteria tied to key metrics or certificates for:

- Developers for new construction.
- Mortgages for new and existing buildings.

Improve access to finance for households for zero-carbon buildings



Innovation in financial products to finance retrofits and heat pumps (e.g., mortgage top-ups).



Explore ways to offer favourable interest rates for clean heating and cooking technologies and building retrofits (e.g., collaborating with policymakers and public infrastructure banks to provide first loss guarantees).

Investment priorities for public infrastructure and development banks



Retrofitting social housing.



Pooling local / community investments in heat pumps, insulation and rooftop solar to lower transaction costs.



Passive cooling retrofits and neighbourhood-wide programmes (e.g., white roofs).



Clean cooking technologies and access to clean fuels.



Scaling up new low-carbon steel and cement technologies and creating market demand.