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Policy Liaison Group
Environmental, Social,
and Governance

FROM COMMITMENT TO COMPLIANCE: WHY THE UK NET ZERO CARBON BUILDINGS STANDARD NEEDS REGULATORY BACKING

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Section 1 - Executive Summary

The built environment has moved beyond ambition. The industry is ready to comply. What is now required is a system that enables compliance.

Government itself has recognised the scale of the challenge, identifying that the built environment accounts for around 25% of the UK's total carbon footprint, and national guidance acknowledges that achieving net zero targets will not be easy, and that in practice, multiple sustainability requirements can interact in ways that make simultaneous delivery difficult.

The challenge has therefore never been a lack of ambition, but a lack of education and alignment.

In response, the industry has acted. The sector has committed to net zero, with the introduction of the UK Net Zero Carbon Buildings Standard (UKNZCBS) in March 2026 - developed by industry, for industry - marking a decisive shift from design-stage ambition to measurable, in-use carbon performance.

Historically, net zero claims have been based on modelled performance at completion. The UKNZCBS challenges this approach by embedding verification in use - exposing the gap between predicted and actual outcomes. Stakeholders were clear that without regulatory alignment, voluntary adoption alone is unlikely to drive the scale of change required within the industry. For the first time, the UK built environment has a unified definition of net zero, supported by a cross-sector Standard that brings embodied and operational carbon energy together in a single, verifiable way.

For one of the UK's highest carbon-emitting sectors, a practical pathway to achieving net zero buildings is no longer theoretical, it exists. The next phase of transition therefore rests with government: aligning policy, planning and regulation to enable consistent adoption and unlock delivery at national scale.

Without this alignment, the industry risks continued fragmentation, weak market and valuation signals, and the persistence of "net zero in name only" assets lacking verified in-use performance. More importantly, inconsistent adoption places wider national objectives at risk.

Delivering net zero buildings is not an isolated industry ambition, it is fundamental to achieving the UK's legally binding commitment to reach net zero emissions by 2050.

This white paper draws on a Policy Liaison Group on Environmental, Social and Governance (ESG) roundtable held in Westminster, alongside a series of interviews with key industry representatives and engagement with contributors and organisations supporting the development and implementation of the UKNZCBS. These include representatives from technical bodies who collaborated in the creation of the UKNZCBS, governance board members, industry contributors, asset owners, developers, occupiers, contractors and local authorities.

Together, these insights point to a clear conclusion: the industry has established the standard required to deliver net zero buildings in practice - enabling near-term compliance in a necessary step toward achieving long-term national net zero objectives. The UKNZCBS represents a credible anchor for the next phase of ESG delivery, supported by growing alignment across industry guidance, governance bodies and market participants. The following sections therefore examine the key barriers that remain and where targeted government intervention can unlock delivery at the scale required to meet national net zero ambitions.



Key Headline Insights:

- The UKNZCBS is widely supported as a common definition of net zero carbon aligned buildings, reducing ambiguity and greenwashing risk
- Adoption is currently being led commercially, with many developers at the forefront of voluntary adoption. Regulatory compliance would provide greater certainty for earlier stages within planning, investment and overall project delivery across the sector. The primary barriers are fragmentation, cost and unclear operational accountability - not technology
- Regulatory alignment is the single most consistent enabler of market-wide adoption
- Speculative development models face structural challenges in allocating operational carbon responsibility, including occupier behaviours, building management practices and occupier energy use
- Inconsistent requirements across the supply chain create interpretation risk and limit effective delivery
- Duplication in carbon reporting increases administrative burden and reduces comparability

Priority Recommendations:

1. Embed the UKNZCBS within national regulatory and planning frameworks
2. Mandate operational performance monitoring and verification aligned to the Standard
3. Align financial mechanisms (lending, valuation, insurance) with verified carbon performance
4. Improve consistency across ESG, BREEAM, and carbon accounting frameworks
5. Clarify responsibility for operational carbon within speculative development models
6. Standardise carbon reporting requirements across the supply chain

Section 2 - Context: The Changing Net Zero Landscape

1. The UKNZCBS in Context

After years of industry development, concept testing and an 18-month pilot programme, the UKNZCBS has emerged at a pivotal moment for the built environment, responding to growing demand for clarity, consistency and credible delivery pathways for net zero buildings. Designed to provide a shared reference point across asset owners, developers, occupiers, contractors and local authorities, the Standard reflects increasing industry maturity and readiness to transition from ambition to implementation. Early stakeholder responses following its launch indicate strong market support, alongside a clear consensus that policy alignment will be critical to enabling consistent adoption and long-term impact.

From Targets and Ratings to Performance

The UKNZCBS places greater emphasis on several critical areas that collectively reshape how net zero buildings are defined and delivered:

- **Operational energy performance**, supported by third party verification of in-use energy and emissions.
- **Whole-Life Carbon Assessment (WLCA)**, embedding consideration of both operational and embodied impacts across the asset lifecycle.
- **Introduction of upfront embodied carbon limits** across previously uncatered sectors, enabling assets classes such as industrial and logistics, which were historically left to define their own targets. More sectors can now legitimately engage with net zero, using credible performance limits.
- **A redefined role for carbon offsets**, shifting from fundamental to an optional, in alignment with science-based net zero trajectory. Previously a scheme could not be net zero in upfront embodied terms. Projects must now meet carbon limits irrespective of offsetting, reducing risk of offsetting instead of reducing.

At asset level, a technical challenge remains - balancing embodied carbon reduction with long-term operational efficiency. These trade-offs cannot be resolved consistently through voluntary action alone. They require clear policy signals, aligned incentives, and standardised expectations.

Developers, occupiers, contractors and local authorities need to comply with multiple frameworks, that currently operate in parallel rather than as part of a coordinated system. This creates duplication, increases complexity and weakens delivery. Green building certificates such as BREEAM Version 7 have introduced more rigorous assessment criteria, with an increasing emphasis on how buildings perform in operation rather than how they are intended to perform at design stage. Together, this evolution reinforces a transition toward measurable, real-world outcomes. BREEAM therefore continues to support holistic sustainability certification, while the UKNZCBS provides a clear and consistent definition of net zero carbon performance against which building performance can ultimately be assessed.

Without alignment between these frameworks, and critically, alignment with regulation, industry will continue to navigate overlapping requirements that dilute efficiency and slow progress. Without clear government action to establish regulatory consistency, the gap between net zero commitments and real-world delivery will continue to widen.

Section 3 – Where Delivery Breaks Down

Despite industry alignment around the need for a unified, performance-led standard, stakeholder evidence highlights a consistent pattern: the barriers to delivering net zero buildings are no longer primarily technical. Instead, delivery breaks down at the intersection of operational reality, systemic constraints and fragmented market expectations.

1. The Operational Reality Gap

Buildings are increasingly capable of achieving net zero targets, however, a central challenge facing net zero delivery is the persistent gap between design-stage ambition and in-use performance. Buildings designed to meet net zero targets do not consistently achieve these outcomes once occupied and operational, undermining both carbon reduction outcomes and market confidence.

Historically, net zero claims have relied on modelled performance at completion. The shift introduced by the UKNZCBS toward verified, in-use performance exposes the limitations of this approach, demonstrating that design-stage compliance alone is not a reliable indicator of operational performance. Stakeholder evidence consistently identifies buildings achieving “net zero” at handover yet underperforming in practice.

This gap is closely linked to the challenge of balancing embodied and operational carbon across the asset lifecycle. Where decisions are not fully integrated across planning, design and delivery stages, efforts to reduce upfront emissions can compromise long-term energy performance, resulting in outcomes that optimise one carbon objective at the expense of another.

Accountability also weakens after handover. Responsibility for performance becomes fragmented across developers, tenants, asset managers and occupiers, while landlord–occupier splits, limited access to in-use data and the absence of mandatory monitoring frameworks restrict effective performance management.

The evidence indicates a systemic issue rather than a technical one. Without clear accountability, mandatory performance verification and regulatory alignment, net zero buildings will continue to fall short of intended outcomes in operation.

Policy must establish clear accountability, mandate performance verification, and ensure that operational outcomes are measurable and enforceable.

2. Systematic Barriers

Beyond building operational performance, wider system barriers are preventing net zero ambitions from being delivered consistently in practice. These barriers sit largely outside the direct control of singular projects, limiting the industry’s ability to translate ambition into consistent outcomes.

Grid connection delays remain a critical constraint, preventing completed developments from operating intended low-carbon energy systems and delaying the transition away from fossil fuel reliance. Even where projects are designed for electrification, infrastructure readiness is not keeping pace with delivery timelines.

Planning inconsistency across local authorities introduces further complexity. Developers operating across multiple regions must respond to differing carbon requirements, assessment methodologies and evidence expectations, increasing cost, programme risk and administrative burden across project teams and supply chains. Opportunities to remedy inconsistency are emerging through the draft National Planning Policy Framework and National Decision-Making Policies. Proposed changes including PM13 signal a move toward nationally consistent standards by limiting Local Planning Authorities’ ability to ask for requirements beyond Building Regulations. This provides an opportunity for the UKNZCBS to align policy with consistent net zero national delivery.

These challenges require coordinated policy intervention across infrastructure planning, regulatory alignment and skills development. Without action in these areas, grid constraints will continue to delay low-carbon systems, inconsistent planning requirements will sustain complexity across regions, and skills gaps will limit the effective operation of high-performance buildings.

Together, these barriers demonstrate that net zero delivery is shaped by system conditions rather than technical feasibility. Addressing infrastructure readiness, planning consistency and operational capability is essential to enable reliable, scalable delivery of net zero buildings across the UK, and other energy security climate objectives.



3. ESG Fragmentation and Market Inconsistency

A further barrier to net zero delivery is fragmentation across ESG frameworks, standards and reporting expectations. While the UKNZCBS provides a unifying standard for net zero performance, it operates within a system that remains insufficiently aligned. As highlighted earlier, certification schemes (such as BREEAM) and performance standards are

evolving toward operational outcomes, yet they continue to function in parallel rather than together, within a coordinated, verifiable way.

Multiple frameworks, investor-led ESG metrics and carbon reporting methodologies are often applied simultaneously, creating duplication, conflicting requirements and reduced comparability across assets. The impact is particularly felt across supply chains, where SMEs and contractors face growing administrative burden, competing challenges and inconsistent expectations that limit participation in actual action to deliver net zero.

The consequence is a system that rewards compliance activity, where assets meet multiple reporting requirements, rather than verified net zero performance. Policy alignment is therefore required to reduce duplication and establish a coherent framework that supports consistent compliance and delivery.

Section 4 - Industry Opinion and Recommendations

One clear conclusion from this white paper is that industry broadly agrees on the need for a consistent standard to verify net zero performance - across both upfront emissions and operational performance - while views diverge on how it should be implemented, particularly in relation to regulation, cost and accountability.

Standards Bodies and Professional Institutions

have consistently called for alignment and credibility. RICS emphasised the need for a single approach to carbon measurement, while the UKGBC described the UKNZCBS as a “guiding light” for industry transition - a catalyst for action, recognising that some may need support on the journey. The CIOB also identified gaps in existing contractual frameworks, which rarely address post-occupancy performance or clearly allocate responsibility. Planning representatives reinforced that national regulation, particularly through Building Regulations as the primary mechanism, will be critical to enable consistent delivery.

Developers expressed strong support for operational net zero ambition but highlighted challenges within speculative development models, where operational performance ultimately depends on occupier behaviour and future energy use. As Panattoni noted, “As a speculative developer, the risk is in not knowing our end user... we have a good steer on the embodied element, but the tenant’s fit out and operations are out of our control,” reinforcing that committing to outcomes beyond developer control introduces commercial uncertainty.

Stakeholders identified regulation as a key enabler of consistent adoption, with Panattoni observing that “what would accelerate adoption would be legislation.”

Consultants and Design Teams highlighted the complexity of balancing competing priorities between carbon limits, performance targets and client expectations. Early-stage decision-making was identified as critical, with Ridge and Partners warning that “if carbon targets are unclear, projects can be set on the wrong path very quickly.”

BWB Consulting emphasised that voluntary action alone is unlikely to deliver change at scale: “There won’t be significant change unless it is mandatory, the same as Building Regulations.”

Asset Owners and Investment Funds recognised the UKNZCBS as a mechanism to improve consistency and reduce greenwashing risk. Royal London Asset Management highlighted its value in providing a science-based trajectory, while acknowledging that market signals and valuation mechanisms have yet to fully recognise operational carbon performance. Stakeholders noted that adoption remains commercially driven, with legislation viewed as the key accelerant for market-wide uptake, establishing a consistent industry baseline while still allowing leaders to differentiate through enhanced performance and innovation.

SMEs and the Supply Chain emphasised feasibility, cost and capacity constraints. As noted by Wordsworth Excavations, the same data is often requested in multiple formats, adding cost and reducing efficiency, reinforcing calls for clearer requirements, standardised templates and improved supply chain education.

Winvic Construction highlighted that progress is being made, noting that “education across the supply chain has improved... but until there’s policy in place, gaps in understanding will remain,” underlining the importance of policy certainty to enable consistent delivery at scale.

Across all stakeholder groups, a clear conclusion emerges: the Standard provides a credible foundation, but its success depends on coordinated policy alignment, regulatory clarity and consistent market signals.



Recommendations

Government and Policymakers

Establish the UKNZCBS as a national reference point for net zero assets by integrating it within planning policy and building regulations. Transitioning from voluntary adoption to a recognised benchmark would reduce regional inconsistency and provide market certainty.

The Standard represents a significant step forward in performance accountability and carbon data disclosure, particularly for building sectors where national targets have historically not existed. Adoption of the UKNZCBS as a national policy requirement would help address an existing legislative gap, by enabling the introduction of upfront embodied carbon reporting and targets for the first time, an area that remains largely unregulated despite representing a significant proportion of UK built environment emissions.

The emergence of the UKNZCBS, with its rigorous methodology and defined upfront embodied carbon limits, presents Government with a policy ready opportunity to translate industry led practice into consistent national regulation, accelerating progress without requiring the development of entirely new standards.

Policy adoption should recognise that the Standard is intended for buildings pursuing verified net zero status, rather than as a universal requirement applied to all developments. This commitment must be established at planning stage, as meeting the Standard's thresholds fundamentally shapes design, procurement and project viability. Not all assets will be capable of achieving these requirements in the near term due to structural constraints, funding limitations or commercial viability considerations, including fiduciary duties placed on asset owners and investors.

A clear, phased transition pathway is therefore essential. Policy should progressively encourage uptake while prioritising verified operational performance through post-occupancy evaluation, standardised carbon measurement and structured in-use data collection.

Alignment across planning policy, building regulations and infrastructure delivery, particularly addressing grid capacity constraints, will be critical to enable buildings to operate as designed, while allowing market drivers such as investor sentiment, financing mechanisms, supply chain capability and cost normalisation to mature alongside regulatory ambition.

Industry

Embed UKNZCBS principles across the full asset lifecycle, shifting focus from design intent to measurable outcomes in operation. Carbon performance should be treated as a core asset management function, supported by consistent data infrastructure. Early and meaningful supply chain engagement — alongside standardised reporting requirements and targeted education — will improve delivery consistency and reduce implementation risk.

Clients and Investors

Prioritise assets aligned with credible operational performance pathways and integrate carbon performance into valuation, lending and investment decisions. Recognising performance risk will strengthen the link between sustainability, resilience and long-term asset value.

Conclusion

The UKNZCBS represents a shift from ambition to accountability, providing a credible framework for measurable net zero performance. Its success now depends on coordinated action across policy, industry practice and investment behaviour.

The next phase is clear: move beyond modelled intent and establish verified operational performance as the baseline expectation for the UK built environment.



Get in touch

For further information on this whitepaper and a digital copy, or to speak to Winvic, please scan the QR code or email sustainability@winvic.co.uk.



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