

Lendlease calls on industry to tackle built environment's biggest carbon challenge

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New protocol for Scope 3 emissions seeks to spark global collaboration, to accelerate the pace and scale of decarbonisation across the real estate sector.

Global real estate company Lendlease (ASX:LLC) has thrown down the gauntlet at [Climate Week NYC](#) – calling on industry peers to expand their decarbonisation efforts by addressing the largest source of the sector's carbon emissions – value chain or Scope 3 emissions.

Scope 3 emissions are indirect emissions that occur in an organisation's value chain and often make up the majority of an organisation's carbon footprint. They are especially challenging to address in the real estate sector due to limited guidance on Scope 3 reporting boundaries; Scope 3 emissions data being difficult to track and measure; and the sector's heavy reliance on carbon intensive materials such as steel, cement, aluminium and glass.

The built environment contributes approximately 40 per cent of global carbon emissions. At Lendlease, approximately 90 per cent of total carbon emissions are Scope 3 emissions – from upstream activities, such as the manufacturing of building materials and downstream activities, such as emissions from the use of electricity and natural gas by building tenants.

To help accelerate the pace and scale of decarbonisation and contribute to the conversation on establishing consistent and comparable Scope 3 reporting boundaries across the real estate sector, Lendlease has launched the [Lendlease Scope 3 Emissions Protocol v.1](#) during discussions at Climate Week NYC. The Protocol outlines Lendlease's current view on Scope 3 emissions reporting boundaries and is designed to be a useful model for others in real estate investments, development and construction.

With the launch of the Protocol, Lendlease is calling for others in the industry – including developers, builders and construction material manufacturers – to turn their focus to addressing Scope 3 emissions. Lendlease is also calling for an industry-wide data-sharing platform to enable the secure exchange of digitised, verified Scope 3 emissions data.

Disclosure of material Scope 3 emissions is being proposed by regulatory agencies such as the Securities and Exchange Commission (SEC) in the U.S. and by sustainability reporting standards such as the International Sustainability Standards Board (ISSB), making better Scope 3 measurement and reporting an imperative.

In Europe we've begun to make progress to reduce embodied carbon through innovative design approaches and selecting lower carbon building materials. Our attention now focuses on cutting these emissions, which we can only achieve by working together in partnership with suppliers, manufacturers, industry groups, and the public sector.

Steelmaking is currently one of the biggest emitters of CO2 globally, accounting for around seven per cent of global annual emissions. As a founding member and active participant in both ResponsibleSteel and SteelZero, we are helping to drive industry supply and demand for more sustainable steel, alongside other leading organisations.

Evidence to support the use of bio-based materials and engineered timber in construction is advancing, but there are still perceived barriers preventing large-scale adoption. As a founding member of Built by Nature, a network and grant-making organisation with a mission to accelerate the timber building transformation in Europe, Lendlease is helping to drive industry uptake of engineered timber as a low-carbon alternative to traditional building materials.

Carbon emissions from the energy used by our commercial, residential and retail tenants also form part of our downstream Scope 3 emissions. Where tenants are responsible for purchasing their own utilities, we are working to gain an accurate account of the total energy consumed by our buildings.

To learn more about the Protocol, head to www.lendlease.com.

Quote attributable to Cate Harris, Group Head of Sustainability & Lendlease Foundation:

“The Protocol is a seminal piece of work on our pathway towards our target of Absolute Zero – with no offsets – by 2040. To know where to focus our decarbonisation, we need to first know how we are accounting for our Scope 3 emissions – what is material and therefore, what is in and out of scope.

“We want the Protocol to spark conversation and engagement across our sector, to help drive to a consensus on how to account for and report on Scope 3 emissions. If we can achieve this, then we can collaborate as an industry to solve the two big systemic challenges: the decarbonisation of harder to abate materials, and the digitisation and sharing of Scope 3 emissions data. The Protocol is intended as an important first step towards that outcome.”

Quote attributable to Jeremy Hutchinson, Group Head of Supply Chain, Lendlease:

“We want to support and drive emission reductions up and down our value chain to work towards our Absolute Zero by 2040 target. We do not underestimate the challenges in decarbonising harder to abate materials and we continue to work with our supply chain partners who have aligned aspirations on emission reduction targets, supporting their investment and innovation in decarbonisation.”

Quote attributable to Simon McWhirter, Deputy Chief Executive, UK Green Building Council:

“Accurately measuring and reporting on emissions is critical to ensuring meaningful and credible progress is being made towards our net zero carbon goals. We applaud Lendlease for setting out such a rigorous protocol for capturing and identifying the boundary of their Scope 3 emissions and we champion their ambition to break down the silos which exist within our industry’s value chain. When it comes to mitigating Scope 3 emissions, collaboration with those outside of your business is vital and we urge others in industry to join Lendlease in demonstrating such a transparent approach.”

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About Lendlease

Lendlease (www.lendlease.com) is a globally integrated real estate group with operations in Australia, Asia, Europe and the United States. We create places where communities thrive. We are headquartered in Sydney, Australia and listed on the Australian Securities Exchange (ASX:LLC). Our core capabilities are reflected in our operating segments of Investments, Development and Construction. The combination of these three segments provides us with a sustainable competitive advantage in delivering innovative integrated solutions for our customers.