



SFMI
The Sustainable FM Index

Scope 3 Framework for Facilities Management (FM)

Summary & Business Case



Contents

1.0 Introduction	4
1.1 Purpose of the document	4
1.2 Why the framework is necessary	4
2.0 Problems targeted by the Framework	7
2.1 Current challenges that require this approach	8
3.0 Objectives of The Scope 3 Framework for Facilities Management	9
4.0 What the Framework delivers.....	10
5.0 Overview of the approaches within the framework	11
6.0 Next Steps	13

Foreword from the IWFM



Sophie Hooper
Head of Policy & Research

The Institute of Workplace and Facilities Management's core challenge is to determine what good looks like for FM practitioners and equip them with the competence and tools needed to tackle forthcoming challenges. There will be little argument that climate change and net zero may be the greatest challenge for our profession, especially when 27% of annual global operational emissions fall within our likely control. How can we possibly shift the dial towards net zero as a global community, when FMs don't shift the emissions falling within their control?

As ever in FM, if you can't measure it, then you can't manage it, never mind reduce it. This is why we took the opportunity to support the development of the Scope 3 measuring and reporting standard by the SFMI and its partners. In effect, we had three good reasons for supporting this framework standard.

Firstly, as a tool, it allows organisations to progress to net zero by reducing their emissions. A good enough reason, why need more justification? Well, secondly, it being a sector benchmark developed by a broad coalition, it sets the standard for what good looks like in our sector, which will help create a level playing field while making it more difficult for organisations to make unfounded claims in this area. Thirdly, by collecting the data, against one standard, across the entire sector, FM will be able to demonstrate the impact it makes as a significant partner in a building's whole-lifecycle, giving the sector a voice in an area where it is often still trying to claim its rightful place, which is the whole lifecycle discussion.

As the guidance states, if a building's purpose is to draw people to it, then – inevitably – the activities that take place are also part of the building's impact: its Scope 3 emissions. As FMs manage those activities and the services it requires, playing their unique role in bringing together the needs of the landlord, end-user and supply chain, FMs also need tools to measure the impact of their services that contribute to building emissions- their Scope 3 emissions. And then reduce them, towards net zero. FM businesses now have a powerful tool to enhance sustainability, benefiting planet and professionals.

1.0 Introduction

1.1 Purpose of the document

This document provides practitioners and managers of facilities management an introduction to the Scope 3 measurement approaches that are detailed in the *SFMI's – Scope 3 Framework for Facilities Management, Measuring and Reporting Guidance*. It also provides the business case to help the business to utilise it in the best way possible.

Background of the SFMI

Since 2012, The Sustainable Facilities Management Index (SFMI) has been driving FM providers across the UK to implement material environmental, social and governance topics into their operations and the services that they deliver to clients. The SFMI delivers annual sustainability research to upskill the industry on leading issues, including an annually updated sustainability framework and assessment that gives the FM industry a pathway to leadership. And the SFMI delivers strategic services that can combat climate change, protect the environment, deliver social mobility and keep people safe at work. This ensures that FM stays ahead of changing regulation and can deliver against the shifting needs of corporate and public sector clients.

The SFMI believes that while FM industry's operational impact is low in comparison to other industries, it is perfectly positioned to drive positive impact within its clients.

1.2 Why the framework is necessary

Two trends gave rise to the development of the Scope 3 Framework for Facilities Management:

Corporate Net Zero

In 2020, a trend began with FM providers communicating long term net zero targets. While this sounds encouraging, analysis showed a broad range of targets being set and Scope 3 emissions boundaries were differing dramatically.

Some companies were opting not to include Scope 3 emissions or include only a partial representation of them. This was taking place while many other businesses (that would be deemed customers of these FM providers) were setting Science-based emissions targets (SBTs). This meant that these large corporates would be ramping up their engagement with suppliers over the course of the decade. The SFMI identified that an alignment gap was forming between the FM providers' corporate greenhouse inventory and their customers' net zero ambitions.

This raises a pivotal question: if FM providers fail to encompass the entirety of emissions, how can they effectively steer their customers towards achieving a zero-carbon impact?

Whole-life building carbon emissions

During this same period, significant efforts have been dedicated to enhancing the assessment of a building's life cycle by incorporating embodied carbon considerations during both construction and usage phases. According to the original EN15978 standard, FM played a minor role in the emissions that stemmed from a building because the usage phase was focussed primarily on measuring the building's operational impact through 2 factors: operational energy and water use according to EN15978 standards.

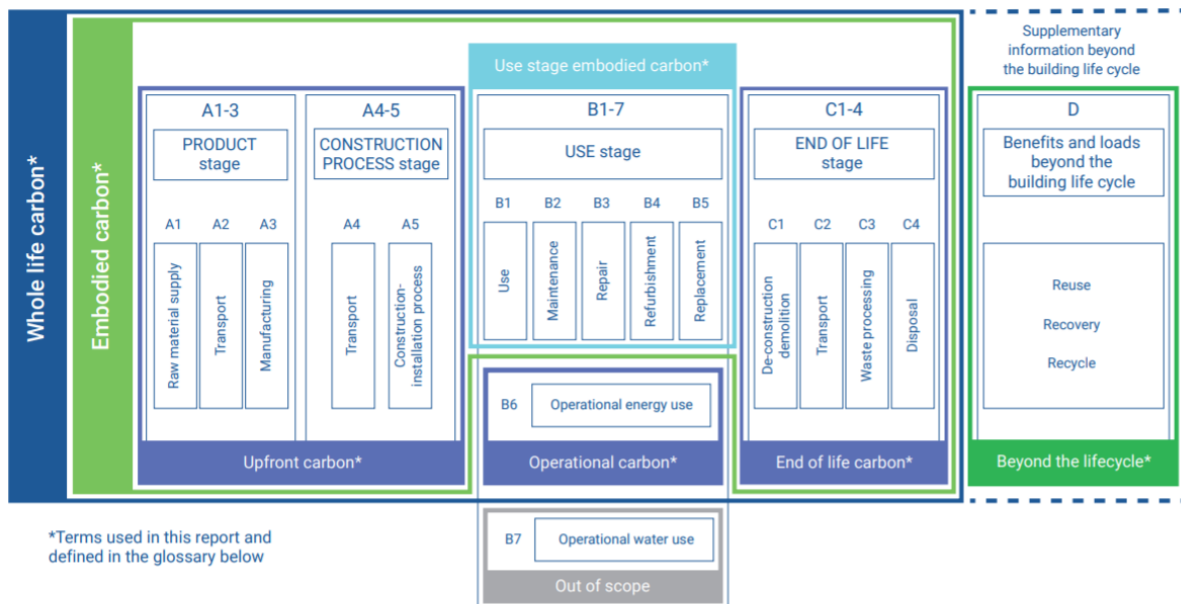


Figure 1: Terminology used in this report cross-referenced to terms and lifecycle stages defined in EN 15978

However, a building's carbon footprint is more than just its embodied material carbon and operational energy use. If a building's purpose is to draw people to it, then the activities that take place are also part of the buildings impact: its Scope 3 emissions. Because FM is managing the activities within buildings and the services that occur within the building, the SFMI and its partners have built an approach that allows FM to measure the impact of their services that contribute to building emissions - their wider Scope 3 emissions.



This data is vital for a company's carbon inventory, but FM has not been accurately collecting the data to understand the impact and hence the value of the opportunity.

Through engagement with the SFMI, the RICS Professional Standard for Whole Life Carbon Assessment built a wider role for measuring operational carbon emissions. This additional remit is called *Module B8 – User utilisation*. It captures emissions that are attributed to the provision of services to the building, typically associated with facilities management contracts. For example, the food consumed within the building, how people get to the building for it to function as intended, what goods and materials are utilised within the building for it to play the role it was built for.

2.0 Problems targeted by the Framework

This framework has been developed to solve the following problems:

<p>Lack of knowledge of indirect carbon emissions</p>	<p>Indirect carbon emissions are not well understood in the FM industry. This has been hindering the consistent measurement and comparison of carbon footprints.</p> <p><i>The Scope 3 Framework for Facilities Management</i> and supporting content provides a step by step guide to measuring emissions specifically for FM providers, and is fully aligned to the internationally recognised GHG Protocol.</p>
<p>Building Trust and expertise in FM for decarbonisation</p>	<p>For the FM industry to lead on the zero-carbon delivery for its clients and enable its own climate transition, it must build trust in how it can manage its own zero carbon pathway. This starts with accurate carbon accounting, standardised approaches and improved data quality to show the business case for the impact that it can deliver.</p> <p><i>The Scope 3 Framework for Facilities Management; Measuring and reporting guidance</i> provides the first framework which can help the industry work to a standardised approach to emissions measurement. Corporate FM providers can measure their corporate emissions from the top down. Or they can use the framework to measure emissions allocated to strategic individual contracts, from the bottom-up.</p>
<p>FM's limited role in Whole-life Building carbon</p>	<p>Over the lifetime of a commercial building, what is the significance of the carbon expended by the use of the property which is associated with the FM team? For example, travel to and from the property for it to function, food consumed on-site, transport and distribution of goods that are used within the building. Over the lifetime of the building, are these cumulative emissions significant in comparison to the embodied carbon from construction and maintenance? These are unanswered questions that have led to FM playing a limited role in whole-life building carbon.</p> <p><i>The Scope 3 Framework for Facilities Management</i> is aligned to the RICS Whole Life Carbon Assessment Standard (version 2) and allows FM's to measure their impact and understand their impact on a building through module B8.</p>

2.1 Current challenges that require this approach

FM's will face challenges when utilising this approach. These will include:

Alignment of previous net zero targets with the framework

Businesses seek competitive advantage. This has led to a flurry of FM providers setting net zero targets, some with reduced scope of emissions that allow for the achievement of net zero to be easier. *The Scope 3 Framework for Facilities Management* is designed to push FM further so that they can position themselves as leaders in decarbonisation which may require adjustment to the scope of net-zero targets for some businesses.

Rapid upskilling of personnel

Personnel across a FM delivery function will need upskilling on carbon literacy, data collection and why it is needed for this approach to yield benefits. This is likely to be needed across a range of teams such as procurement, FM delivery, and management. This upskilling will be valuable for the business in positioning itself as a decarbonisation leader and achieving net-zero within the required timeframe.

Data collection and coverage within supply chains

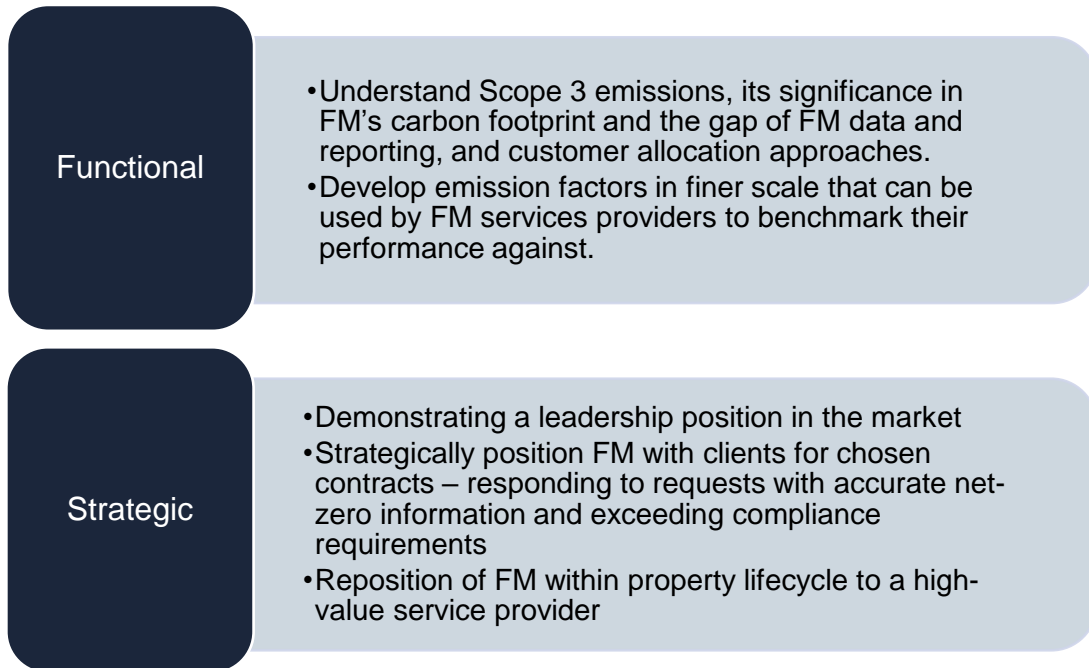
A large proportion of emissions will culminate from purchased goods and services. However, collecting data from purchased goods from specific contracts and how those goods are used are likely to be challenging for procurement functions. This will leave data gaps and inaccuracies, but finding solutions to these challenges will ultimately lead to efficiencies and improved processes.

Data quality

Whilst collecting data, there will no doubt be gaps that form in the data. Methods will be needed to estimate and fill these gaps, whilst processes will be needed to improve the data quality for future years. Businesses will also improve their engagement with the supply chain which will bring about reduced risk and improved relationships with suppliers.

3.0 Objectives of The Scope 3 Framework for Facilities Management

The *Scope 3 Framework for Facilities Management* aims to deliver strategic and functional improvements to the FM industry:



What is gained by taking part in this programme?

For the FM providers, by implementing the SFMI's Scope 3 Framework's proposed approaches, FM teams can:

- ✓ Measure their carbon Scope 1,2 and 3 baseline in a unified manner to the FM industry, allowing for comparison and transparency which builds trust towards the industry.
- ✓ Use the results to set robust net-zero targets that are based on the actual impacts of the business.
- ✓ Improve their internal data systems that improves data collection and quality.
- ✓ Allocate emissions to individual customers based on their responsibilities and influence. This allows FM to measure and communicate their carbon impact based on the services delivered.

4.0 What the Framework delivers

The *Scope 3 Framework for Facilities Management* provides:

- **A corporate Scope 1,2 & 3 GHG emissions measurement approach** – aimed at FM providers and their corporate GHG emissions – called the **‘Top-Down’ corporate emissions inventory**.
- **A GHG emissions allocation method** – an engagement tool resembling a risk assessment that focuses on the roles and responsibilities of the FM to identify activities that they have control over to make reductions – aimed at FM providers to work with clients at the contract level, and with in-house FM teams to work with their corporate business. This is called the **Bottom – Up customer emissions allocation method**.
- **A guide to measure FM’s contribution to whole-life carbon within building assets** in line with module B8 – called the **Whole Life Carbon Assessment Standard (version 2)**.



Method of measurement	Key features	Corporate FM provider	Workplace team outsourcing FM services	In-House FM delivery team
Top-Down Corporate reporting method	Allows for accurate accounting of Scope 1 & 2 emissions. Scope 3 emissions become less accurate as estimated approaches are used to build a complete inventory.	✓ Measure corporate Scope 1,2 & relevant Scope 3 emissions.	✗ Not applicable	✗ Not applicable
Bottom-up method (Customer allocation)	Identifies strategic areas of impacts that the services are based on, and breaks down the services for more granular level understanding of emissions.	✓ Used to determine customer-based emissions that the FM is responsible for	✓ Used to identify company emissions that an outsourced FM provider is responsible for.	✓ Used to identify company emissions that the in-house FM team is responsible for.
B8 Module guidance	Taking emissions from the bottom-up method, this can then be reported as part of a wider building footprint in line with whole-life building.	✓ The FM provider or property manager can use this module to determine building specific emissions	✓ The workplace team can use this module to contribute to determine building specific emissions and engage with FM teams	✓ The FM team can use this module to contribute to determine building specific emissions

5.0 Overview of the approaches within the framework

Top-Down; Corporate reporting method

Complete Corporate inventory aligned with GHG Protocol

For corporate FM providers calculating and setting their net zero and/ or science-based targets. They are encouraged to use the Top-down Corporate reporting method to set the scope for their emissions inventory. It is aligned to the GHG Protocol and is focussed on identifying the relevant/ material Scope 3 categories to the business. Categories differ somewhat based on the wide range of FM services that are delivered by specialist providers which come with a wide array of capital goods and goods and services.

Build data quality for accuracy in setting targets

The approach (as per the GHG Protocol) encourages data quality improvements based on a range of factors, but provides estimation techniques in lieu of good data quality.

Increases comparability of net zero targets

With corporate FM providers using the same approach in measuring emissions, this increases the comparability of FM providers, helping providers establish leadership positions.

Wider scope of emissions enhances FM's reputation to manage emissions

Using this approach will provide confidence to the customers of FM providers. It is encouraging them to expand their ability to measure and manage which will position the FM as a reliable partner in managing a course to zero carbon.

FM Providers are encouraged to measure their emissions in this technique and align their net zero or science-based target baseline using this method to allow for accurate representation of emissions.

Bottom-Up; Customer allocation method

Engage customers and the business in FM's responsibility to manage zero carbon

Through its initial use, the Bottom-Up method allows for customer engagement, especially aimed at strategic customers that have emissions-based targets themselves. It allows for the FM provider to first allocate emissions to the customer, but then to actively portray how these emissions will be reduced over the course of the contract, thus establishing a beneficial partnership that can grow in responsibility for the FM provider.

Similarly, in-house FM providers can use this approach to identify where emissions within their business are that they are responsible for, and thus allow them to integrate into their business carbon zero plan. This has the added effect of the team building their knowledge in carbon management and communicating their ability to the business for the shift to a zero-carbon business.

Identify opportunities for carbon reductions

By isolating elements of services and their carbon impacts, FM teams can identify how they can reduce these and communicate effectively to their customers / business how they will be reduced and when.

Alignment with module B8 - Whole Life Carbon Assessment Standard

The framework provides guidance for how to take the results of the afore-mentioned "Bottom-up" approach and apply it (along with a wider inventory of whole-life carbon emissions) to the B8 component of the RICS Whole Life Carbon Assessment for the Built Environment (2nd edition), which delivers an emissions inventory of a building over its lifetime.

Designing buildings to reduce whole-life carbon emissions

Armed with a full understanding of how carbon emissions occur within a building over its lifetime, property managers, owners and designers can design and manage buildings more effectively that reduce their emissions over its life-time thereby contributing to net-zero ambitions of the built environment.

6.0 Next Steps

Stakeholders, whether they're FM teams, outsourced providers or property managers and owners, are encouraged to measure emissions in line with *the Scope 3 Framework for Facilities Management*.

You can download the Scope 3 Framework [here](#).

The Scope 3 Framework for Facilities Management continues to develop. In January 2024 we will have begun stage 3, which is to take this framework and expand the use of the Bottom-Up method to a large sample of FM contracts. This will help us to build a set of FM service-specific carbon emissions factors that can be used by the industry to benchmark their carbon performance.

We will also be building an online tool for the industry which will continue to expand the industry's alignment with the framework and encourage FM to engage with the businesses that they are immersed within.

Please contact the SFMI team if you'd like to get involved in Stage 3 from January 2024. Alternatively, you can register your interest [here](#).



SFMI

The Sustainable FM Index

The purpose of the SFMI is to drive ESG leadership within the FM industry by delivering sustainable services that provide a positive benefit across the value chain.

Find out more www.acclaro-advisory.com/SFMI

Email: sfmi@acclaro-advisory.com

Tel: +44 (0)118 3273 519

ACCLARO
ADVISORY