

Widening The Scope

How building owners and managers can reduce supply chain emissions



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SITUATED IN NORTH TORONTO, ONTARIO'S FORENSIC SERVICES AND CORONER'S COMPLEX (FSCC) IS A SHINING EXAMPLE OF WHAT IT MEANS TO BE A GREEN BUILDING.



↑ Ontario's Forensic Services and Coroner's Complex



The building, which was completed in 2013 and has both LEED and BOMA BEST® certifications, houses the Office of the Chief Coroner and the Ontario Forensic Pathology Service, the Office of the Fire Marshal, Emergency Management Ontario, and the Centre of Forensic Sciences. Featuring honeybee hives and Indigenous gardens on its rooftop, plantfilled "living" walls in the main lobby and throughout the building and an abundance of natural light, it's one of the more sustainable buildings in the province.

The FSCC's commitment to sustainability goes far beyond what's visible. It's also asking its suppliers to reduce their emissions and has committed to working with suppliers that already have emissions reduction targets in place. "We have made it a priority to ensure



An organization's total emissions that come from its supply chain

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all consumables and facility chemicals used are green by asking our suppliers to develop an ESG and green policy," says James Quinn, the FSCC's Facility General Manager, who is employed by Dexterra Group, a Mississauga-based company that provides facilities management and operations support to a wide variety of private and public buildings across North America.

As an increasing number of organizations commit to net-zero emissions targets, it has become abundantly clear that there's much more to a company's greenhouse gas (GHG) emissions than many people realize. The most challenging source to quantify? Scope 3 emissions, which encompass any emissions a company is indirectly responsible for across its value chain. For commercial real estate, this includes everything from the supplies needed for a building to function, such as paper products and office furniture, to the waste produced by the building and its occupants.



Currently, supply chains account for approximately 70 percent of any organization's total emissions, according to a World Economic Forum report. "When you have a supply chain that is sourcing from a diverse set of suppliers, either by size, geographic location or by product type, that's going to increase the complexity of your scope 3 emissions," explains Manasi Koushik, the company's Vice President of Sustainability, Quality & Community.

Victoria Papp, Senior Director of Strategy and Innovation at BOMA Canada, adds that any company that wishes to achieve net zero must address – and measure – scope 3 emissions. "You can't manage what you don't measure," she notes. "If you're not measuring and monitoring your emissions, you're never going to understand how far back or how close your building is to achieving net zero."

So far, Canada has fallen behind other countries in its scope 3 disclosure requirements, but that could change in 2024. The Canadian Securities Administrators is requiring more comprehensive ESG data collection and reporting from certain financial institutions, while major government suppliers must now disclose their GHG emissions and set reduction targets.

DEFINING AND CALCULATING SCOPE 3 EMISSIONS

Those who want to reduce their scope 3 emissions must examine every vendor or supplier they work with. That's everyone from the manufacturers who build "If you're not measuring and monitoring your emissions, you're never going to understand how far back or how close your building is to achieving net zero."

Victoria Papp Senior Director of Strategy and Innovation, BOMA BEST®

the furniture to the cleaning company, electricians, food and beverage suppliers, HVAC components providers and more.

Here's where it can get complicated: Each material used to build an office chair – the plastic, the fabric, the metal screws – likely comes from another vendor, and those vendors' emissions are part of your scope 3. So, too, are the emissions from transporting those components to the final manufacturer and then to the chair's final destination.

When you examine each vendor through that same lens, it's hard to know where to stop calculating. "You see a true domino effect," notes Koushik. "That's why it's really important for organizations to try to control the boundary of the scope 3 that you're actually going to report on because you could go down a rabbit hole very, very quickly."

Following the Greenhouse Gas Protocol, which is a global standardized framework for countries and businesses to calculate and report scope 1 (originating from a company's buildings and vehicles), 2 (originating from energy purchased by the company) and 3 emissions, there are eight categories that apply to commercial real estate supply chains:





Koushik notes that when they began their sustainability journey, they started by doing what's known as a materiality assessment. This is a formal exercise to identify topics in sustainability and ESG reporting that are important to an organization and its stakeholders, such as Indigenous relations, energy efficiencies and lifecycle assessments. It's also worth noting that stakeholders are not just shareholders, but also an organization's employees, clients, supply chain and community partners. By doing the materiality assessment, they were able to refine the areas under environment, social and governance that

are key for the organization to monitor, measure and manage to reduce their footprint and increase the sustainability of their business. This included sustainable supply chain practices, the heart of which lies in managing scope 3 emissions.

"The whole purpose of calculating your scope 3 emissions is so that you can have an understanding of what those emissions are," Koushik adds. "Once you have that understanding, you can then put initiatives in place to reduce those significantly.

TAKING STEPS TO REDUCE SUPPLY CHAIN EMISSIONS

At FSCC, Quinn engages local companies as much as possible to perform services for the building, selecting sub-contractors within a certain radius of the facility to reduce their travel time. In addition, they choose suppliers that have recycling programs in place for the components they sell, whether those are replacement parts, packaging, filters or other materials.

Not all building owners and managers have the luxury of making the same supplier choices. Still, it's essential for management companies to develop a sustainable supply chain policy, which could include hiring a percentage of suppliers with an emissions-reduction program in place. Once a requirement is written into a company's policy, it becomes a stipulation that must be addressed with each supplier.

Koushik also suggests using your purchasing power to effect change.



Global carbon emissions that are a result of building operations

Architecture 2030

For instance, an organization that prioritizes sustainable procurement during its materiality assessment may discover they have a supplier that uses throwaway materials. "You can put the onus on that producer and say, 'This is our philosophy. This is our policy for waste materials. We will not accept single-use plastics or throw-away materials. If you bring that to our location, you will take it back,' which is then embedded in your contract agreement with the supplier," she explains.

While a vendor could say it's not worth their time to make changes and walk away, it's equally possible your request could spark innovation that leads to lowering that vendor's emissions.

TAKE ADVANTAGE OF RESOURCES

Wherever your organization is on its journey to reducing carbon



emissions, there are organizations and resources – both online and off – that can help. "If I were to leave building owners and managers with a few pieces of advice it would be to get involved with the industry, because knowledge sharing is a huge thing," notes Papp, pointing to associations like BOMA as a source of information about pathways to net-zero emissions.

Her other piece of advice is to look at various certifications and emissions standards for guidance on where to start reducing your building's emissions. "There are a lot of resources out there – webinars, guides, templates, checklists – that building owners and managers may not be aware of that are freely available," she explains.

If your supply chain needs to be cleaned up, consider connecting with Supply Change, which is part of the Canadian Council for Aboriginal Business, or the Sustainable Supply Chain Alliance. Both programs can help with sourcing suppliers committed to lowering their carbon emissions.

For its part, Ontario's FSCC has continued to refine its supply chain, with guidance from an environmental consulting agency. Koushik notes that although not every building will have the same success as FSCC, it's still important to measure and reduce supply chain emissions where possible. "It's an exercise in business integrity," she adds. "It's about businesses becoming more aware of what impacts their activities have and understanding that we're all connected, that everything is connected." ■

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