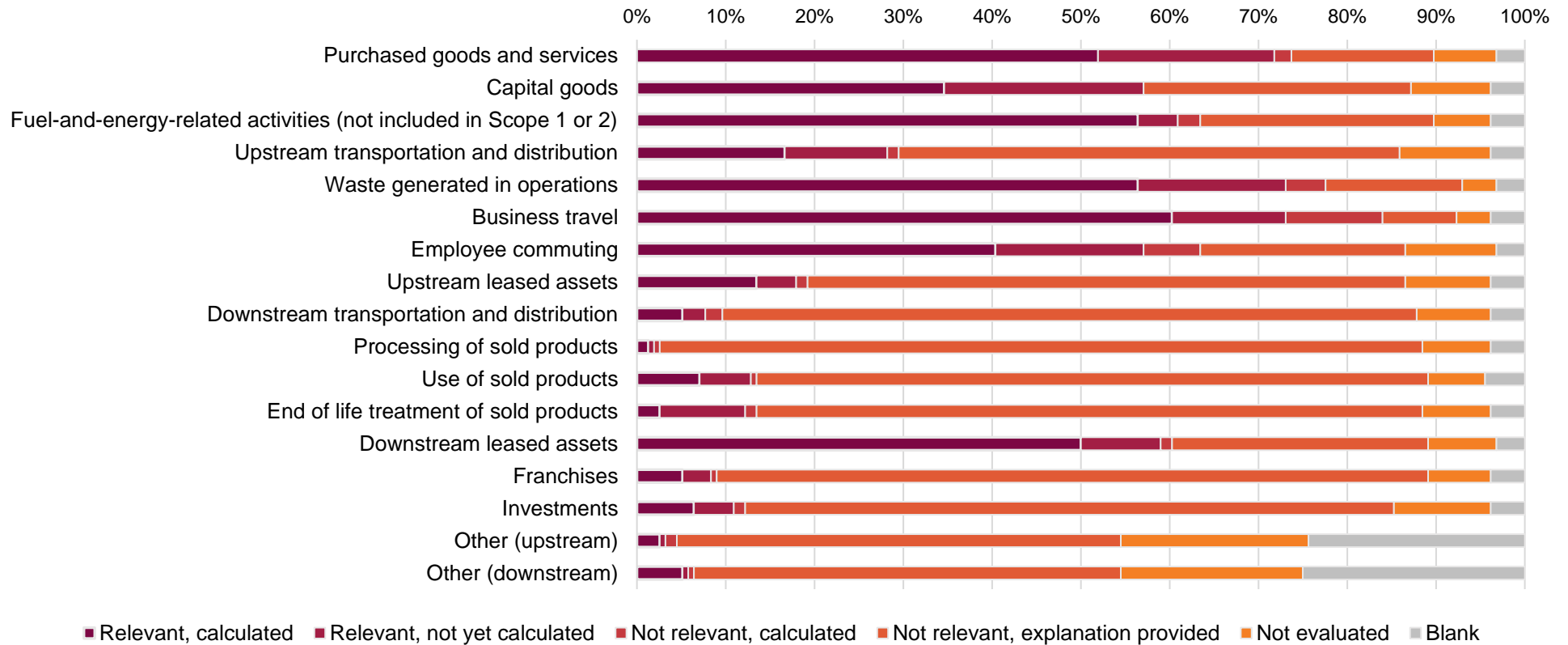


## RE: Real Estate

Relevant Scope 3 categories (listed in order of % share of total Scope 3*)	Explanation of relevance & insights from CDP data
<p><b>Building developers:</b></p> <ul style="list-style-type: none"> <li>▼ Category 2: Capital Goods</li> <li>▼ Category 3: Fuel and energy-related activities</li> <li>▼ Category 11: Use of sold products</li> <li>▼ Category 4: Upstream transportation and distribution</li> <li>▼ Category 12: End of life treatment of sold products</li> </ul> <p><b>Building owners:</b></p> <ul style="list-style-type: none"> <li>▼ Category 2: Capital Goods</li> <li>▼ Category 13: Downstream leased assets</li> <li>▼ Category 1: Purchased goods and services</li> <li>▼ Category 3: Fuel and energy-related activities</li> </ul> <p><b>REITs (that do not own real estate):</b></p> <ul style="list-style-type: none"> <li>▼ Category 15: Investments</li> </ul> <p><i>*Relevant Scope 3 categories for each activity are listed in order of percentage share of total Scope 3 emissions for the Real Estate sector as a whole (not for the specific activity).</i></p>	<p>Scope 3 emissions on average contribute over 85% of a commercial Real Estate company's entire footprint (<a href="#">UK GBC, 2019:8</a>).</p> <p><b>Building developers</b> should primarily measure and report <b>Scope 3 category 2 “Capital Goods”</b> to account for the embodied emissions of new buildings (e.g., construction materials such as steel and concrete) and <b>Scope 3 category 11 “Use of sold products”</b> to account for the expected operational emissions from any buildings sold. <b>Scope 3 category 12, “End of life treatment of sold products”</b>, is also relevant for <b>building developers</b> to account for end of life emissions for any buildings sold (<a href="#">UK GBC, 2019:16-19</a>). Category 2 was the most significant Scope 3 category reported by the 156 Real Estate companies responding to the 2021 CDP climate change questionnaire on behalf of investors. Despite only being reported as “Relevant, calculated” by 35% of companies, category 2 comprised 52% of total Scope 3 emissions and 49% of total Scope 1+2+3 emissions reported by the sector. Categories 11 and 12, however, were rarely found relevant or calculated by the sector and therefore comprised a small proportion of total emissions reported.</p> <p>Other Scope 3 categories that may be relevant to <b>building developers</b> are <b>Scope 3 category 3 “Fuel and energy-related activities”</b> to account for well-to-tank and transmission and distribution losses from fuels and electricity purchased, and <b>Scope 3 category 4 “Upstream transportation and distribution”</b> to account for emissions from logistics for developments (<a href="#">UK GBC, 2019:16</a>). Category 3 was reported as relevant by over half of Real Estate companies responding to CDP in 2021, but neither category 3 nor 4 comprised a significant proportion of emissions for the sector.</p> <p><b>Building owners</b> should consider <b>Scope 3 category 13, “Downstream leased assets”</b> relevant to account for the emissions from the assets leased to other organizations (e.g. energy use in leased spaces) (<a href="#">UK GBC, 2019:19</a>). <b>Scope 3 category 1 “Purchased goods and services”</b>, may also be relevant to account for facilities management and contractors. <b>Category 2 “Capital Goods”</b> and <b>category 3 “Fuel-and-energy-related activities”</b> may also be relevant to <b>building owners</b> (<a href="#">UK GBC, 2019:16</a>). Category 13 was reported as “Relevant, calculated” by half of the Real Estate companies responding to CDP on behalf of investors and was the second most significant category in terms of size – comprising 27% of total Scope 3 emissions and 25% of total Scope 1+2+3 emissions reported by the sector. Category 1 was reported as “Relevant, calculated” by 52% of companies and accounted for 10.5% of total Scope 3 emissions and 9.8% of total Scope 1+2+3 emissions reported by the sector.</p>

**Real Estate Investment Trusts (REITs)** should generally consider the same Scope 3 categories as building owners relevant. However, REITs that do not own real estate directly, but only finance it, should consider Scope 3 category 15 “Investments” relevant. Category 15 was reported as “Relevant, calculated” by just 6% of Real Estate companies responding to CDP on behalf of investors in 2021, and comprised less than 1% of both total Scope 3 emissions and total Scope 1+2+3 emissions reported by the sector.

### Reported Relevance of Scope 3 Categories - Real Estate Sector (156 Companies)



### Scope 3 Categories as % Total Scope 1+2+3 Emissions - Real Estate Sector

