

## THE IMPACT INTERVIEW

# 'Our role is to increase the value of low-carbon assets in Europe'

The lack of a unified method to measure and compare the carbon footprints of buildings across Europe threatens net-zero deadlines. *Impact* talks to the director of an initiative aiming to change this.

By Nicol Dynes

To achieve carbon neutrality by 2050, all European countries need to reduce the carbon footprint of new, retrofitted and in-use buildings. Calculating carbon emissions at each stage of a building's life cycle – construction, operations and end of life – is necessary to quantify the actual carbon footprint of real estate. Yet, to date, a unified European method to understand and compare building carbon footprints has been lacking.

The Low Carbon Building Initiative (LCBI), a non-profit initiative launched in 2022, aims to create the first pan-European low-carbon label that measures the carbon footprint of real estate based on a lifecycle analysis.

Here, *Impact* finds out more about the progress made and plans for the future from Cécile Dap, director of the LCBI.

**The LCBI has launched the first pan-European methodology for whole lifecycle carbon measurement of buildings, aiming to reduce the CO2 emissions of European real estate by half. How did the pilot project go and what were the main challenges?**

The pilot project was the most challenging part. We had the support of our sponsor companies, which took time out of their

projects to devote six months to us. They tested the methodology, collected qualitative feedback plus data from many different countries, which was not easy.

The pilot phase was crucial and allowed us to define thresholds and launch the methodology, which was adapted to different countries and use cases. Measuring carbon footprints is not done the same way in all countries: some know how to find the data, while in other countries it has never been done before. France is among the most advanced, thanks to its existing regulation.

**The LCBI's aim is to scale its common carbon accounting methodology across Europe. Which other countries are you targeting next?**

There are eight countries involved now: Belgium, France, Germany, Italy, Luxembourg, the Netherlands, UK and Spain. In terms of scaling, to be aligned with the way we do things we need at least one pilot project in every country, so the timing will depend on the projects we identify. Within the next two years we plan to have Portugal on board, as well as Eastern European and Baltic countries.

We also work with the market: Portugal was not chosen by chance, but because

we received a request from Portuguese developers who are keen to use this certification scheme, which is a good sign that the word is spreading.

**The EU Taxonomy has been an example for the rest of the world. Are you also aiming to set an example that will be followed beyond Europe?**

We want to accelerate the decarbonisation of real estate by any means necessary, and we intend to set a global benchmark. While our first goal is spreading awareness across Europe, we recognise that true decarbonisation will require us to drive change beyond Europe.

We are already talking to international partners, but it cannot be a short-term goal: spreading to Europe is already a challenge. The French market, for example, is more mature due to longstanding carbon accounting regulations. As stricter regulations emerge, our global role becomes clear: to elevate the value of low-carbon assets. Success in Europe will inevitably pave the way for global adoption. This is the positive impact we want to achieve.

**What is next on your to-do list?**

To support the decarbonisation of real estate, we want to develop the day-to-

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Cécile Dap, Low Carbon Building Initiative





day use of the current standard we have developed, and expand it to other countries, as mentioned. Also, the current certification scheme only deals with new buildings, so we need to extend it to other asset types.

Extending it to logistics is already on the cards. We are developing a timeline and finding partners and it will be announced and launched soon. Logistics was chosen because it is such a growing sector, with few standards in terms of decarbonisation. It is essential to educate this part of the real estate market to adopt low carbon practices as soon as possible.

Another project is to adapt the scheme to retrofit. It is crucial to support and encourage the renovation of buildings, but it has to be done in the best possible manner in terms of carbon footprint. Later this year we will identify partners.

Finally, we will also regularly update the current methodology to incorporate changes as it evolves.

**Starting with France, the private sector has taken a lead in creating a unified approach and a harmonised methodology. Are you dealing with other associations similar to the BBCA (Association pour le développement du bâtiment Bas Carbone) in other countries?**

There are other national entities that are working on setting benchmarks. Most are working at the national level. The UK, for example, is doing great work on the Net Zero Building Standard. But it is slightly different because they are focusing on the local market and do not have a goal of harmonisation at global level as we do.

But we are always happy to talk to other non-profit organisations in this space to be aligned and to exchange ideas and best practice. For example, we are really inspired by the CRREM (Carbon Risk Real Estate Monitor), and have aligned operational targets on their pathways.

**What role can the public sector take and how can the two cooperate?**

The public sector has a big role to play in implementing regulations for real estate and also in using green public procurement to leverage the purchasing power of the public sector to incentivise the



use of low-carbon assets. The recast Energy Performance of Buildings Directive makes real progress in low-carbon building, by making carbon accounting mandatory for new buildings, starting in 2028. Some progress has been made, but ideally all types of assets should be taken into account, and not just new buildings, but also retrofits.

I believe it is very powerful to have cooperation between the public sector and non-profit organisations like us. Voluntary certification schemes have the capacity to exceed legislative requirements and set more ambitious standards. Regarding retrofits, for example, we can tackle issues that have not yet been addressed by regulations. This approach provides valuable feedback for the public sector to lay the groundwork for future regulations.

**What would you regard as your biggest achievement so far?**

Coming up with the methodology, definitely. It was the result of more than two years' intensive and collaborative work involving many different countries and institutions. More recently, we have received a significant recognition in a report endorsed by many financial players, including BlackRock, which identified our approach as the only European standard truly aligned with decarbonisation

objectives. This recognition not only validates our technical expertise, but acknowledges our alignment with financial sector needs.

**When will you start distributing labels and low-carbon building certificates?**

Some buildings are in the process of being certified and these will be announced at the Sibca Low Carbon Real Estate show in Paris in October. There will be many more to follow as we develop the scheme. Bureau Veritas, a French company that specialises in testing, inspection and certification, is the first auditor for the LCBI certification scheme. The certification process comprises two stages: a provisional certificate is issued during the design phase, and the final certification is awarded once construction is complete.

**Your methodology includes specific carbon emissions targets and is aligned with CRREM pathways and EU Taxonomy. Do you expect your certification to be recognised by all organisations in all countries?**

We already cooperate with CRREM and they recognise the value of our work. In time, as more buildings become certified, we expect to gain formal recognition of our technical credibility on a broader scale. Our

methodology and our work has already been recognised by experts within the EU.

We have been invited to participate in the EU Expert Group on EPBD regulations. There are several working groups involved in the implementation of EPBD, and we will participate in the lifecycle assessment group. We are pleased to have received this level of recognition for our work already.

**How do you take carbon or energy efficiency performance into account in valuations?**

The goal of the methodology is to look at the carbon footprint: if an asset goes above the different thresholds then it's not carbon efficient. But there are two parts to this: embodied carbon, and operational carbon. You could have a low embodied carbon footprint but a high operational carbon footprint, if your building is not energy efficient or your grid is highly carbonised. So both carbon footprint and energy use must be taken into account.

The retrofit certification scheme is another topic that needs to be considered. Until now the focus has been on new buildings' carbon footprint, but we want to renovate to achieve energy-efficient buildings. The biggest role of a certification scheme is to highlight these buildings. But for the market to move to higher valuations we need everyone to use the same tools and have the same benchmark, including financial players. That's why the report I mentioned has been so important in setting the tone.

We also need transparency in the use of data. I don't know how long it will take, but if big financial players are already on board it's a good start. Then the end-users need to be more aware of the issue and demand low-carbon assets. Communication is key in integrating these issues into valuations. But we are being asked to work on retrofit and other asset classes so market players can see it is a hot topic. This makes me optimistic that we are moving in the right direction.

**There has been a distinct shift to repurposing, upgrading and retrofitting rather than demolishing and rebuilding. What are the specific challenges and how can they be overcome?**

The big challenge is to differentiate the different types of retrofit. Some are just to make a building energy-efficient, others are more comprehensive. It is crucial to compare the carbon footprint of these different approaches. Another challenge is to consider the carbon emissions generated during the renovation process itself. The biggest challenge for us is to succeed in educating the market about all these complex aspects.

**How does technology, and artificial intelligence in particular, help you achieve your goals?**

We have not used artificial intelligence so much, but technology companies and startups help us accelerate the integration of our principles such as the lifecycle assessment. For example, One Click LCA – a tool automating carbon footprint calculation for real estate – is integrating a LCBI module, which will facilitate calculation of our scheme.

Availability of data is crucial in carbon accounting – if there is not enough data or some is missing then nothing is comparable. It is a battle to have trusted data in different sectors. As we certify more buildings we are planning to create a data observatory, consolidating all this information in one place and obviously technology plays a crucial role in this. We will aggregate our data, verify it and then make it available to all. I think this will be a significant step forward.

**The EU has been a global leader in ESG compliance with its regulation-driven agenda. Following the recent elections that have seen a rise in climate-sceptic parliamentarians, are you worried about a slowing down of the green agenda?**

A slowdown in the green agenda is possible, but so many regulations are already in place that we cannot go back on them. What is important now is to ensure the regulations are followed and implemented well. We are happy to participate in the EU working group for that reason. There may be a slowdown in new regulations, but it makes the role of non-profit organisations like ours even more important: our role is to remind EU parliamentarians that these issues are crucial. ■

**About the LCBI**

The Low Carbon Building Initiative's (LCBI) initial focus is on newbuild real estate, including offices, residential, and hotels. Its broader objective is to encompass all real estate categories, targeting newbuild, retrofit and in-use buildings.

Founding members are based in different countries throughout Europe: BPI in Luxembourg, Belgium and Poland; NSI in the Netherlands; WO2 and ICAMAP in France. And Generali Real Estate, BNP Paribas Real Estate, Covivio and Ivanhoé Cambridge all have a European approach.

To date, a unified European method to understand and compare building carbon footprints has been lacking. The LCBI has developed a unique methodology to measure buildings' carbon footprints across their entire lifecycle, as the basis of a certification scheme for low-carbon buildings. It is the first pan-European low-carbon certification scheme measuring and rating the carbon footprint of real estate based on a lifecycle analysis.

This unified European methodology simplifies the quantification and comparison of buildings' carbon footprints and is compatible with existing European standards and tools. The private sector is leading the way towards a more effective methodology by combining each institution's technical expertise to create a unified approach.

Considering the entire lifecycle, the LCBI certification scheme assesses building's performance on three indicators: embodied carbon, operational carbon and biogenic carbon stored (use of bio-based materials in the building).

To define the three levels of the label (Standard, Performance, Excellent), each indicator is rated on the completeness of the lifecycle analysis and the achievement of carbon emission thresholds. This matrix rating offers transparency and allows the comparison of buildings' carbon footprints.