Morgan Lovell

Scope 3 emissions report 2023

Did we do something good? Maybe...

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If you read our first Scope 3 emissions report last year – and we hope you did – you might call this our difficult second album.

Last year, we had no benchmark or expectations. We simply set ourselves the task (though there was nothing 'simple' about it) of going through the greenhouse gas protocol, point by point, to reach a total carbon number.

While we knew at the outset that Scope 3 would dominate our carbon emissions, we didn't know the overwhelming scale of the beast.

Now we know. And, this year, we have the exciting/scary (delete as appropriate) comparison to make between our 2022 and 2023 numbers – both as a whole and in each reporting category.

Why are we doing it again?

We've learnt a lot in the past couple of years. But we're still learning, still pushing, still trying to educate – both ourselves and others – in the way of Scope 3.

We can't stop talking about this. It's too important. So here we are again, publishing our numbers for what is a vast and complex, often variable, sometimes intangible, area of emissions.

As with last year, this report is not an exact science. More, it's our attempt to put ourselves out there in the hope that others will do the same. No judgement, no reproach.

Our intent is not to nitpick, point fingers or cry in despair. It's to help improve both our working practices and our reporting processes, along with those of our partners right down the supply chain, from extraction and manufacturing to transport and waste.

How are we doing it?

Some ways of measuring and sourcing raw data have changed in the last 12 months – all steps to improve accuracy. But, for the most part, our methods and calculations remain the same as before. The most pertinent difference is that, this year, we've had it all third party verified against ISO 14064:3.

Where our carbon numbers have gone up since 2022, our immediate instinct might be to blame it on our methodology. Or, more so, put it down to the data we had available that year – too small a sample size or too atypical a sample make up. We could then reassure ourselves that it's not that our carbon has gone up but that our numbers are more robust.

Where numbers have gone down, our instinct is to give ourselves a great big pat on the back. Our various initiatives to drive carbon out – of both our own operations and those of our supply chain – must be working, right? Right?

This is obviously flawed. But it's the lived experience of anyone working on carbon reporting. Probably in any sector, but we think particularly in construction. There are so many sources of error – limited samples, inconsistent measurements, EPDs with their own inherent set of error bars...the list goes on. And yet, what's the point of the exercise if we explain away all those results that we don't like? Or neglect to interrogate those results that look too good to be true?

So, we offer this report to the sector – in full transparency and all too aware of its limitations (despite a huge amount of effort to make it solid) – with the hope that it will:

- Help us, and others, to better understand carbon impact in the fit out sector
- Help to create an environment where others feel confident to share their carbon data
- Help to hold us publicly accountable for our various carbon commitments

We don't fear accountability. We fear a sector that doesn't pick up the mantle to do its bit in this climate crisis. And until more organisations start measuring and reporting carbon, particularly their Scope 3 emissions, there'll be a lack of awareness of the scale and span of the carbon problem. And how to fix it.

In the rest of this document, we describe how our carbon numbers have changed from 2022 to 2023. We try to give an honest commentary on where and why we think the progress/regress is real – and where and why the progress/regress is down to flawed data or process.

We also highlight examples of the efforts that people at Morgan Lovell are making to bring down our carbon emissions and ensure we meet our reduction targets.

There's some great work happening now. So, to those in the sector already rowing hard against the current that is climate change, we salute you.

To those not yet on board, it's time to pick up an oar.

Dr Joe Croft
Head of Environmental and Sustainability

In measuring, collating and calculating our carbon emissions for 2023, we undertook third party verification. This meant working with a carbon inventory auditor, who reviewed and assessed our numbers and methodologies, and suggested where we could improve our methods.

In the following table, we declare our emissions for 2022 as stated in last year's report. In certain categories, we also declare them as recalculated where our methodology has changed. This should show a clear – and hopefully true – comparison between our 2022 and 2023 emissions.

Scope 1 emissions	2022 carbon emissions (as first reported)	2022 carbon emissions (recalculated where required)	2023 carbon emissions	Actual change from 2022 recalculation to 2023
Why the actual change: We didn't top up any of our own AC systems in 2023, and so haven't recorded any fugitive emissions. But this means the number will go back up in years when we have additional refrigerants.	0.86 tCO_2e	0.96 tCO_2e	**0 tCO_2e**	↓ **-100%**

Scope 2 emissions	2022 carbon emissions (as first reported)	2022 carbon emissions (recalculated where required)	2023 carbon emissions	Actual change from 2022 recalculation to 2023
Why the methodology change: The calculation for 2022 originally used the turnover for all projects handed over in the reporting year, the new methodology now uses the company turnover for that year **Why the actual change:** We did higher value works in 2023 compared to 2022, and this calculation is based on turnover, and so the emissions have risen this year.	159 tCO_2e	97.52 tCO_2e	**128 tCO_2e**	↑ **+31.2%**

Scope 3 emissions	2022 carbon emissions (as first reported)	2022 carbon emissions (recalculated where required)	2023 carbon emissions	Actual change from 2022 recalculation to 2023
Why the methodology change: We've recalculated our Scope 3 emissions for 2022 using our 2023 methodology. **Why the actual change:** We've seen a considerable decrease in emissions associated with our purchased goods and services. See below.	63,823 tCO_2e	66,531 tCO_2e	**47,795 tCO_2e**	↓ **-28.2%**

Purchased goods and services	2022 carbon emissions (as first reported)	2022 carbon emissions (recalculated where required)	2023 carbon emissions	Actual change from 2022 recalculation to 2023
Why the methodology change: This calculation for 2022 was originally using the turnover for all projects handed over in the reporting year, the new methodology now uses the company turnover for that year. **Why the actual change:** Our carbon number for this category has dropped significantly. We like to think this is thanks to our efforts to specify and install lower embodied carbon products. For example, on a project for our Southern division, we reused the existing raised access flooring and metal plank ceilings, saving more than 50 tonnes of embodied carbon. Another reason for the lower number will be that the calculation is based on value of projects. In 2023, we delivered a higher value of projects than we did in 2022. Also, it could be that the LCAs on which our 2023 calculation is based were biased towards lower embodied carbon projects. For 2024, we aim to have a more representative picture of our projects to see if this drop is real or exaggerated.	26,948 tCO_2e	12,504 tCO_2e	**8,610 tCO_2e**	↓ **-31.1%**

Fuel and energy related activities not included in Scopes 1 and 2	2022 carbon emissions (as first reported)	2022 carbon emissions (recalculated where required)	2023 carbon emissions	Actual change from 2022 recalculation to 2023
Why the methodology change: This calculation is based on the calculation for Scope 2 emissions, the change in that methodology has led to the change in these reported emissions. **Why the actual change:** These carbon numbers are based on our Scope 1 and 2 emissions, and so fluctuate with those emissions.	41 tCO_2e	25.41 tCO_2e	**42 tCO_2e**	↑ **65.3%**

Upstream transportation and distribution	2022 carbon emissions (as first reported)	2022 carbon emissions (recalculated where required)	2023 carbon emissions	Actual change from 2022 recalculation to 2023
Why the methodology change: In 2022, we received data from some transport suppliers only after we'd published our report. We redid our calculations using the new data, and these came up with a higher carbon number. **Why the actual change:** In 2023, we received data from many more transport suppliers than in 2022 (55% of our spend with tier 1 suppliers in 2023 compared to 31% in 2022). We believe that, although this carbon number has increased, it's more representative of the emissions for which we'd be responsible in this category. Some of our suppliers are starting to use low carbon vehicles, which is reducing our transport related emissions.	250 tCO_2e	252 tCO_2e	**819 tCO_2e**	↑ **+225.0%**

Waste generated in operations	2022 carbon emissions (as first reported)	2022 carbon emissions (recalculated where required)	2023 carbon emissions	Actual change from 2022 recalculation to 2023
Why the methodology change: In 2022, we looked only at our emissions associated with fit out waste. After discussions with our auditor, we agreed that, based on our operational control company boundary, we should include strip out waste too. **Why the actual change:** In 2023, we handled far more strip out works than in 2022. This meant an increase in our waste emissions.	22 tCO_2e	35 tCO_2e	**61 tCO_2e**	↑ **+74.3%**

Business travel	2022 carbon emissions (as first reported)	2022 carbon emissions (recalculated where required)	2023 carbon emissions	Actual change from 2022 to 2023
	109 tCO_2e	n/a	**106 tCO_2e**	↓ **-2.8%**

Employee commuting	2022 carbon emissions (as first reported)	2022 carbon emissions (recalculated where required)	2023 carbon emissions	Actual change from 2022 to 2023
Why the methodology change in 2023: For 2023, our employee survey included multiple modes of commuter transport (e.g. drive to the station, then take a train). This has resulted in a much higher carbon number than in 2022, as we're now accounting for many more private car journeys (like those to the station). It's not that our emissions have gone up, but we've captured them more fully.	218 tCO_2e	n/a	**262 tCO_2e**	↑ **+20.2%**

Use of sold products	2022 carbon emissions (as first reported)	2022 carbon emissions (recalculated where required)	2023 carbon emissions	Actual change from 2022 recalculation to 2023
Why the methodology change: We changed the EUI benchmark that we used to calculate these emissions. We moved from a CIBSE benchmark to a UKGBC one that we felt was more reflective of our fit out works. **Why the actual change:** This carbon number is based on the m^2 of project floor area we deliver in a reporting year. In 2022, our Southern division delivered a particularly large job, while 2023 was a more typical year. This will explain the drop in emissions from 2022 to 2023.	34,067 tCO_2e	51,015 tCO_2e	**36,036 tCO_2e**	↓ **-29.4%**

End of life treatment of sold products	2022 carbon emissions (as first reported)	2022 carbon emissions (recalculated where required)	2023 carbon emissions	Actual change from 2022 recalculation to 2023
Why the methodology change: In 2022, our carbon number omitted end of life emissions of services equipment. We've now added these for 2022 and 2023 – all calculated using our LCA tool, CarboniCa.	2,168 tCO_2e	2,372 tCO_2e	**1,856 tCO_2e**	↓ **-21.7%**

What does this all mean?

1. **Scope 3, Scope 3, Scope 3**
   In fit out, this accounts for nearly all (99.8%) of emissions. So, this is where we'll place nearly all of our focus.

2. **Products, products, products**
   We know that 60% of emissions come from the embodied carbon of the materials we use and the products we install. We need to make big reductions here, and we hope that our Upfront Carbon Report, published earlier this year, made some headway. In particular, parts 1 and 2 highlight those items that have the biggest carbon impact so we can make more informed choices going forward.

3. **Reuse, reuse, reuse**
   We won't reach net zero by choosing lower carbon products alone. The biggest gains will almost always be achieved by reuse. As a sector, we're making strides in this area, but still not enough. We need to support business models and procurement routes that will both enable and encourage greater product reuse. We suspect the most common barrier is time rather than cost.

What are we going to do next?

We’re going to educate more people

While our designers now do carbon literacy training to help inform their design decisions, we’re also starting to upskill our broader circle of teams. We need our preconstruction colleagues and key supply chain partners to have the same carbon understanding – to ensure that good design work doesn’t get lost in the procurement phase.

We’re going to share ownership

As long as the carbon issue is ‘owned’ solely by the environmental team, there’s only so much we can do. It’s simply not enough people, not enough accountability. We need to foster a culture, and an incentive structure, where every project, every team, every person is motivated to lower carbon impact.

We’re going to seek out lower carbon products

We need to be proactive about this – and open to change our ways when the opportunity is there.

We’re going to reuse, repurpose, and reuse some more

We have some promising reuse schemes afoot, but we acknowledge that the current makeup of the fit out sector poses certain barriers in this area. Often speed is the primary issue (of design, procurement and delivery). At present, to deliver significant reuse on projects, we need more time in design and procurement stages. We are seeing some manufacturers bringing a reuse offering in to market but we need many more to follow suit.

We’re going to use better tech

We’ve invested in software that will help us capture carbon data and calculate the carbon impact of the decisions we make. We hope to launch this system in Q2 2025 so that more of our teams can use it day to day and more quickly understand the carbon impact to inform the decisions being taken particularly in design.

Morgan Lovell

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