

Intervention #12

Whole value chain coordination

Intervention point

The built environment industry needs to coordinate stakeholders across the value chain to form a coalition that is capable of aligning and speeding up action on decarbonisation to ensure a faster green transformation.

Current situation

Under the Paris Agreement, the legally binding international treaty on climate change agreed at COP21 in 2015, nation states were the main point of focus to coordinate reduction of greenhouse gas emissions. Nationally determined contributions (NDCs) are at the heart of the Paris Agreement, which articulate the efforts individual countries need to make to reach their targets.¹

However, there have been doubts whether the sum of the realised NDCs is enough to meet the Paris Agreements Goals,² and there has been a persistent implementation gap between many countries' strategies and their respective NDC.³

In a globalised world, business does not stop at the border (neither do emissions) and to support nation states' efforts in driving down emissions, a number of initiatives run by private sector companies and non-profit organisations have been launched in the years following COP21 in 2015. These focus specifically on coordinating industry verticals, which through their transnational supply chains are well positioned as focal points for decarbonisation efforts – when they collaborate effectively.

To connect the work of governments with the voluntary and collaborative coordinating actions of non-state actors, two [High Level Champions](#) – currently Dr Mahmoud Mohieldin and Her Excellency Ms Razan Al Mubarak – were appointed

to lead the UNFCCC's [Race To Zero](#), a UN-backed global campaign designed to rally leadership and support from businesses, cities, regions and investors for a zero carbon recovery. Race to Zero is the largest coalition of credible net zero targets.

The approach of Road to Zero follows the wider rationale that, although large-scale transformation efforts require public sector initiatives and ambitious policy targets, the acceleration needed to reach the highly ambitious targets must be supported by industry coordination. Without coordination efforts, any roadmaps, plans and strategies that deliver transformation are highly unlikely to gather momentum and become successful.

Sector coordination initiatives for decarbonisation are not a new idea. For example, the [We Mean Business Coalition](#) has done excellent work to harness business leadership and collaboration to drive policy and has been involved in accelerating climate ambition in multiple sectors, such as concrete, steel or trucking. The built environment system, however, is not yet prominently covered by any action-orientated whole value chain coordination programme.

A whole value chain coalition for the built environment is necessary to leverage tools and products, including transition roadmaps, purchasing power agreements, and advocacy. Without coordination, the presence of many competing

players is likely to inhibit sustainable change rather than facilitate it. Without the use of coalitions, green transformation within the given timeframe is less likely.

There are a number of initiatives, coalitions and organisations which include built environment decarbonisation targets. However, in such a complex sector, their agendas do not always align. Coordination across whole supply chains, especially in fragmented systems such as the built environment, is a complex and enormous undertaking. For example, contradicting strategic signals that emerge from a lack of representation from inception can stifle well-intentioned efforts, rather than enhance much-needed coordination.

Compared to other, more centralised high-emission sectors, whole value chain engagement has proved difficult within the built environment system because:

- Coordination of the built environment system is complex due to value chain fragmentation, from materials to construction, design, planning, finance, development, advisory services, investment management and property management. Each of these represent their own sector which needs to decarbonise, and in addition be coordinated for the best set of outcomes. Decarbonisation action in the materials end of the value chain differs quite significantly from architecture and planning work; this needs to be recognised.
- So far, pathways for change such as global or regional roadmaps or products and services such as building certification programmes have been divergent, incompatible or insufficient and leading to confusion, making it difficult for organisations to identify the best partners for the right activities, ultimately slowing progress.
- As a result, this fragmentation has meant the sustainability efforts of organisations involved in the built environment have been siloed, and only more recent efforts to approach the built environment as a system have led to collaborative and fruitful outcomes, with the founding of the Global Alliance for Building and Construction⁴ (GlobalABC) at COP21 in 2015 as a key milestone in bringing together stakeholders under a common vision of a net zero built environment.

Building on the experience of convening bodies such as We Mean Business, and harnessing the expertise of sustainability-driven organisations such as the World Green Building Council (WorldGBC), the goal for the real estate industry must be to coordinate sector activity in order to contribute to global decarbonisation efforts.

What is being done

The [Mission Possible Partnership](#) (MPP) is a movement of climate leaders and companies driving industrial decarbonisation across the value chain of the resources and transport sectors.⁵ It has pioneered a replicable approach of bringing together leading players from an industry as well as its customers, suppliers, capital providers and governments to kick off and channel climate action.

The MPP approach covers seven high-emission sectors: shipping, aviation, heavy-duty road transport, aluminium, cement, chemicals, and iron and steel.

MPP's approach consists of four steps:

1. Forge a shared vision by convening high-ambition stakeholders.
2. Select a net zero roadmap and metrics. For example, five-year increments, demand projections, tech development curves and industry-specific key performance indicators (KPIs).
3. Commit to action by agreeing on relevant targets in emissions and demand signals⁶ such as power purchasing agreements, procurement rules and policy.
4. Support implementation by developing practical resources to help operationalise commitments.

MPP's model outlines how deep sectoral collaboration can be achieved. For all of the published sectoral transition strategies,⁷ close coordination with industry, finance and policy was necessary (step 1 above) in order to develop appropriate consecutive action plans.

While some of the sub-sectors of the built environment (materials, logistics) are covered by the MPP, and while parts of some of the steps have been tackled by organisations within the built environment, more coordination is needed to ensure widespread retrofit and decarbonisation of

the building value chain. For more information on an MPP-style model for the built environment, see *C Change Intervention #11 System-wide transition strategy*.

The [Building To COP](#) coalition was launched at COP26 in Glasgow in 2021. It is a group of organisations catalysing climate action in cities, regions and the built environment. It works closely with the UN High Level Climate Champions team through the Race To Zero. Selected coalition members include the WorldGBC, the World Business Council for Sustainable Development (WBCSD), the World Resource Institute (WRI), GlobalABC, the Climate Bonds Initiative (CBI) and the Institutional Investors Group on Climate Change (IIGCC).

The Building to COP coalition is partnering with the Race To Zero campaign to increase its value chain engagement. The key challenge for the Race To Zero is delivering the necessary transformation across the twenty plus sectors that make up the global economy.

Race to Zero targets a critical mass of 20 percent of key actors within each sector. This is called the Breakthrough Ambition⁸ with commitment from 20 percent of key actors seen as a tipping point, resulting in enough momentum to generate exponential growth and taking us past the point of no return.

The built environment as a whole is a system made up of a number of sectors. While sub-sectors in the system, notably architects and engineers⁹ as well as asset owners, have reached this breakthrough ambition, others, such as the construction sector, are still to join the Race to Zero at sufficient scale.¹⁰

Further work to convene the built environment is being done under the GlobalABC umbrella. WBCSD, together with WorldGBC, lead the [Work Area #3 Market Transformation](#) for a net zero built environment, which focuses on how all stakeholders along the built environment value chain can work together towards the common vision of 2030 and 2050.

In 2023, through the Market Transformation Levers work, the WBCSD will conduct a three-step programme of convening the whole value chain of

the built environment, in order to identify critical leverage points that, if sufficient work is done, will deliver tangible results in the next one to three years. The first of three workshops took place at London Climate Action Week with others to follow at New York Climate Week and COP28 in Dubai.

Additionally, WBCSD is publishing its Built Environment Transformation reports, which convene companies from along the whole value chain at global level. It provides a common language and guidance to all companies from material manufacturers, to architecture, engineering and construction (AEC), to real estate, finance and occupiers, so they can act on the transition. Examples include the *Building System Carbon Framework*,¹¹ *Net Zero Buildings - Where Do We Stand*¹² as well as *Net Zero Buildings – Halving Construction Emissions Today*.¹³

Possible next steps

Value chain coordination is crucial for transition agendas being delivered on within the limited timeframe that is left for necessary climate action. Convening bodies exist along the value chain of the built environment, and should be joined and supported by industry leaders. These include bodies for sectors such as concrete, steel, and logistics, for example, MPP or initiatives such as SteelZero or ConcreteZero, or for investment (e.g. via ULI C Change initiative, INREV or EPRA) - see *C Change Intervention #3 Co-ordinated real estate investment voice*. However, to achieve impact, industry action must be coordinated along the whole value chain from materials to investment management. For more information on the delivery, see *C Change Intervention #11 System-wide transition strategy*.

Initiatives such as the Building to COP coalition, the Race to Zero and the GlobalABC's Work Areas should therefore be supported by organisations within the built environment the value chain, so that full system representation can be achieved, eventually lowering barriers to better coordinating the system at large.

How to get involved

Join the [Building To Cop Coalition](#) through the [Race To Zero](#) Campaign.

Join the [Global Alliance for Building and Construction](#).

About C Change

C Change is a ULI-led programme to mobilise the European real estate industry to decarbonise. We're a movement empowering everyone to work together for a sustainable future. We connect the brightest minds from across the value chain. We challenge barriers, share expertise, and champion innovation to move swiftly to accelerate solutions that will transform our industry and protect our planet. C Change means real change.

C Change was formed in late 2021 by a group of leading real estate players that was united in its aim to focus on collaboration to ensure companies large and small have access to practical solutions and education on decarbonisation.

About these intervention briefings

This is one of a suite of intervention points developed as part of the C Change programme. Intervention points are specific places within a system where we can target action, interrupting business as usual to drive transformation. Of course, systems are dynamic environments that are always in flux. We expect movement over time, and will update this document as prevailing and anticipated trends change shape. This briefing was researched in 2022 and published in 2023.

- 1 [United Nations Climate Change: Nationally Determined Contributions \(NDCs\)](#)
- 2 [United Nations Climate Change: Climate Commitments Not On Track to Meet Paris Agreement Goals” as NDC Synthesis Report is Published](#)
- 3 [Oxford Policy Management: Overcoming the NDC implementation gap](#)
- 4 The GlobalABC is a voluntary partnership of national and local governments, inter-governmental organisations, businesses, associations, networks and think tanks – it is a “network of networks”.
- 5 Founding Partners are the [We Mean Business Coalition](#), the [Energy Transition Commission](#), the [RMI](#) and the [World Economic Forum](#).
- 6 NB: demand signals are credible commitments to the increased purchase of a certain good or service in the near future, notifying suppliers of such goods or services that planning for increased supply will be necessary.
- 7 [Mission Possible Partnership: Sector Transition Strategies](#)
- 8 p4 [Race to Zero: Transforming our systems together](#)
- 9 [Race to Zero: Climate champions](#)
- 10 [Race to Zero: Who's in?](#)
- 11 [WBCSD: The Building System Carbon Framework](#)
- 12 [WBCSD: Net-zero buildings – where do we stand?](#)
- 13 [WBCSD: Net-zero buildings – halving construction emissions today](#)

Join WBCSD's Built Environment Transformation [programme](#).

Lead author: Valentin Wiesner

Supporting author: Kate Wolfenden

Technical reviewers: World Business Council for Sustainable Development (WBCSD)