

SUMMARY OF THE SBTi BUILDINGS GUIDANCE PUBLIC CONSULTATION FEEDBACK

November 2023

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INTRODUCTION

- From May 16, 2023 to July 16, 2023 the [Science Based Targets initiative \(SBTi\)](#) held a two month-long public consultation for the Buildings Science-Based Target-Setting Guidance and Tool.
- The objective, inform the development of robust, clear, and practical. criteria and guidance to support buildings companies in their decarbonization journey.
- 167 total responses were received from industry, NGOs, consulting firms, academia and public sector.
- Most responses came from industry (80%), followed by associations (10%) and NGOs (8%), with the remainder from academia and government.
- There was good geographical coverage, although with fewer responses from Central and South America, Middle East and Africa.
- Watch the public consultation launch webinar recording [here](#).





KEY ISSUES IN THE CONSULTATION RESPONSES

- Key issues raised in the feedback:
 - Mandatory location-based accounting.
 - No new fossil fuel equipment.
 - Energy efficiency targets.
 - Embodied emissions pathways and general data challenges.
 - Requirements for architecture and engineering companies.
 - Confusion between CRREM and the SBTi.
- Aside from these topics, there was overall support for the choice of the pathways and the new criteria.
- Relevant comments were made about improving clarity: both structural and conceptual.



HOW TOPICS BROUGHT UP IN THE CONSULTATION WERE RESOLVED IN THE FINAL DRAFT

MANDATORY USE OF LOCATION-BASED ACCOUNTING

Multiple responses highlighted the limitations of mandatory use of location-based accounting approach and requested alignment with the general SBTi criteria.

- There were several reasons to propose the mandatory use of location-based accounting: 1) higher consistency in calculating and reporting aggregated whole building operational in-use emissions; 2) limit companies from making net-zero claims for their in-use operational emissions using low-impact market instruments for purchased electricity; 3) emphasize the focus on buildings' performance.
- After a thorough discussion with the Expert Advisory Group and internally within the SBTi, the requirement to use location-based accounting in their target-setting was removed.
- Corporates and financial institutions may use either location- or market-based approach for their SBTs following the general SBTi criteria. However, corporates and financial institutions are required to report their buildings-related emissions using both methods.



COMMITMENT TO NO NEW FOSSIL FUEL EQUIPMENT

Many responses claimed the initial timeline (by 2025) to be too soon and impossible to implement globally.

- The requirement serves as an additional safeguard for SBTs and aims to avoid the lock-in of fossil fuel technology to support the transition towards net-zero economies and is considered to be crucial step in the industry's decarbonization journey.
- Given the length of construction projects, the timeline is extended and the revised timeline is “within five years of target submission or by 2030, whichever is sooner”.
- Additionally some more clarity on exclusions are provided, including acknowledgement of varying local regulatory requirements.



ENERGY EFFICIENCY TARGETS

Many respondents agreed with the additional recommendation to align with CRREM energy efficiency pathways, while some were concerned of the applicability of the pathways globally. Some also requested more flexibility with energy efficiency frameworks.

- Prioritizing energy efficiency is crucial in decarbonizing the buildings sector. However, because energy efficiency is not the core focus of the SBTi, developing target-setting methods for energy efficiency or reviewing existing frameworks was not part of the project scope.
- The SBTi acknowledges the importance of energy efficiency for the industry and has therefore implemented an additional recommendation to have a strategy for energy efficiency in place. Recommendations are important for transparency and best practices but are not required and will not be validated.
- The SBTi may revisit this topic again in future.



EMBODIED EMISSIONS PATHWAYS

Respondents raised concerns about the limited underlying data of the embodied emissions pathways, especially the asset-level LCAs used to allocate building types as well as about limited granularity of the pathways, both in terms of building types and regional characteristics.

- Limitations in data availability are a challenge across industries with the built environment being no exception. The newly developed and published pathways are a first-ever attempt to develop global pathways for embodied emissions and are expected to be advanced in the future.
- Acknowledging the limitation of the pathways, the guidance is relaxing its requirement to use only SDA or sector-specific absolute contraction targets for embodied emissions. These new sector-specific methods are recommended and available for companies and FIs to be used, but companies can also use the SBTi's cross-sector methods with 1.5°C ambition.



REQUIREMENTS FOR ARCHITECTURE, ENGINEERING & CONSTRUCTION COMPANIES

Responses requested for more detailed accounting guidance for architecture, engineering and construction companies, and requested further definitions for products of these companies.

- Although architecture, engineering and construction (AEC) companies play a significant role in decarbonizing buildings, the actual impacts happen in the value chain of these companies, with the influence over such emissions being split between companies, which causes some reporting and accounting challenges specific to these companies.
- The new pathways and methods were not applicable for AEC companies, and therefore, after thorough discussions with the Expert Advisory Group and within the SBTi internally, the decision to focus the guidance on the users to whom the new pathways and target-setting methods are applicable to was made. AEC companies are provided with recommendations.
- The SBTi may explore target-setting needs of AEC companies in detail in future.



CONFUSION BETWEEN CRREM AND THE SBTi AND REQUESTS TO IMPROVE STRUCTURE

Some confusion between CRREM's and SBTi's methods and use of the pathways was apparent in some of the responses.

Additionally, some respondents requested to improve the structure and clarity of the guidance in general.

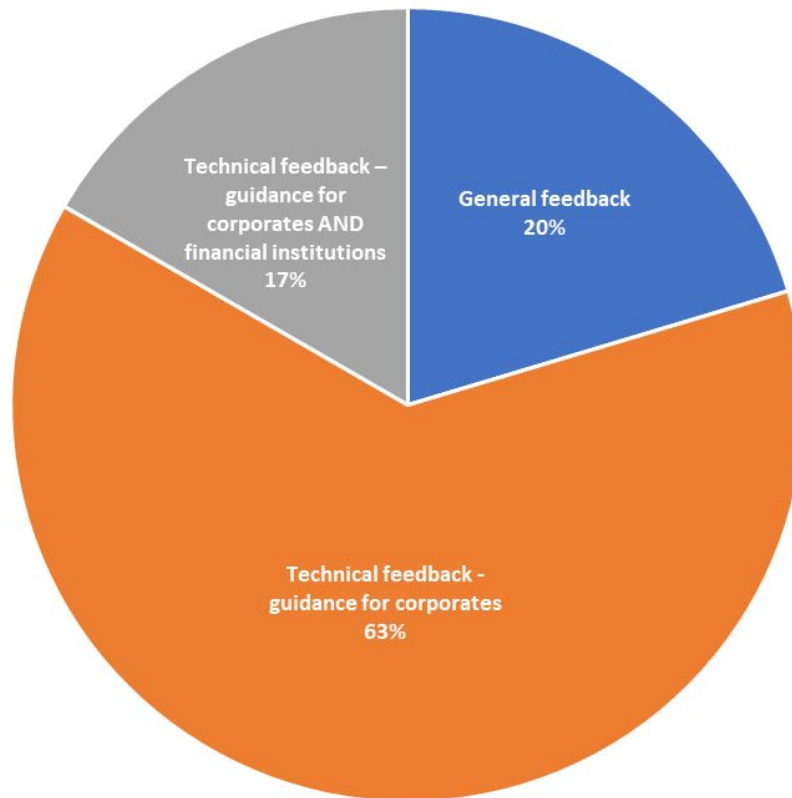
- The guidance has gone through several changes, and many parts have been restructured. References to the criteria and descriptions of the criteria have been strengthened. Examples and information boxes have been added to illustrate the application of the requirements.
- A box explaining the SBTi's and CRREM's collaboration has been added to help guidance users that may already have used the CRREM pathways for other purposes understand how the SBTi Buildings Target-Setting Tool formulates the targets.



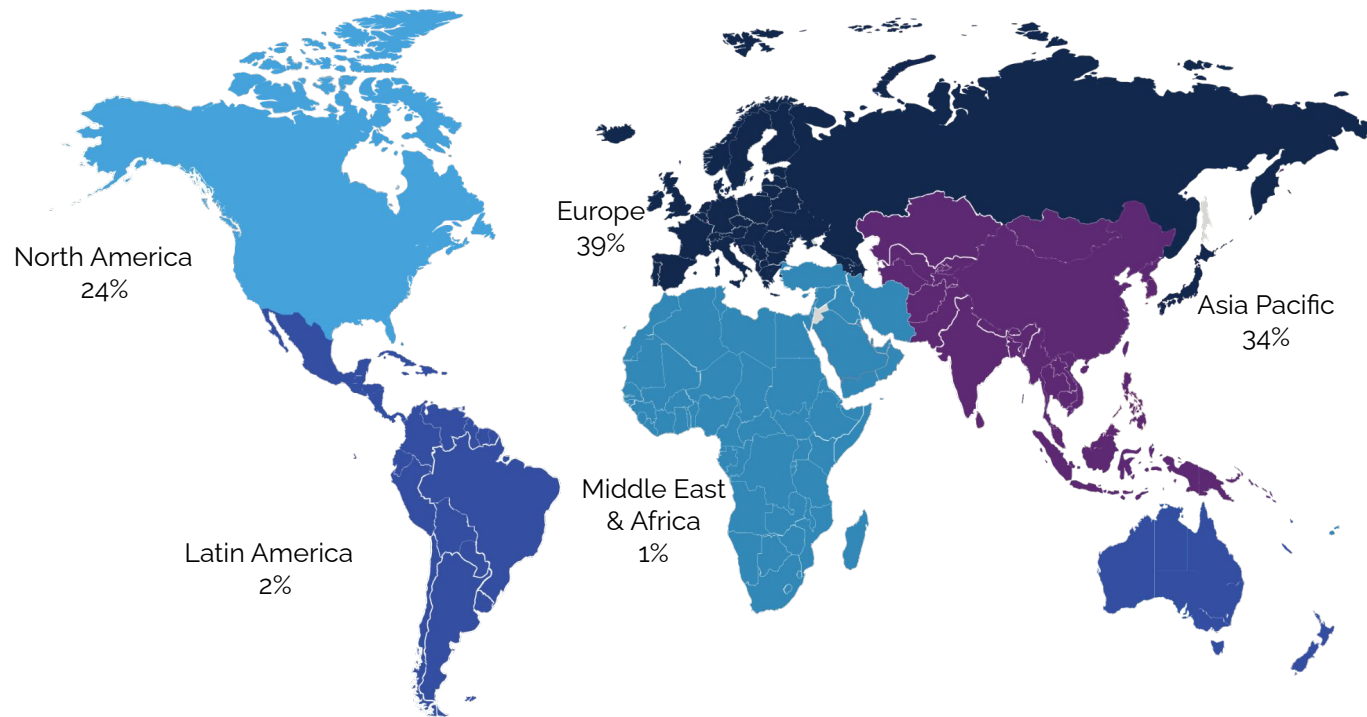


FULL CONSULTATION RESPONSES

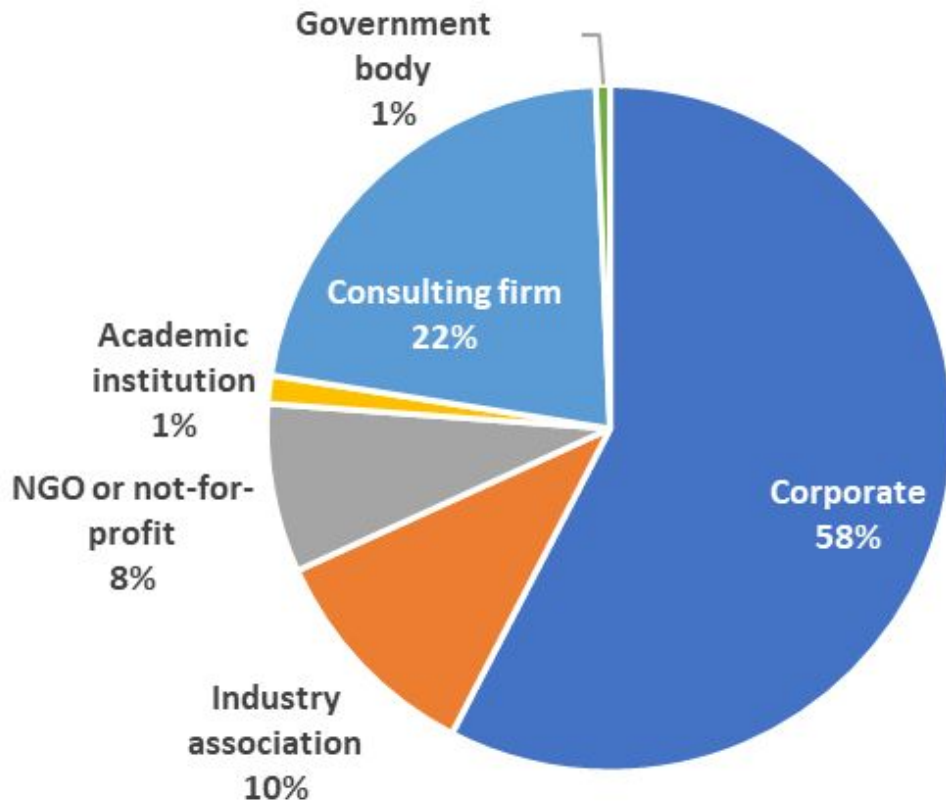
WHICH SET OF QUESTIONS WOULD YOU LIKE TO ANSWER BASED ON THE ABOVE?



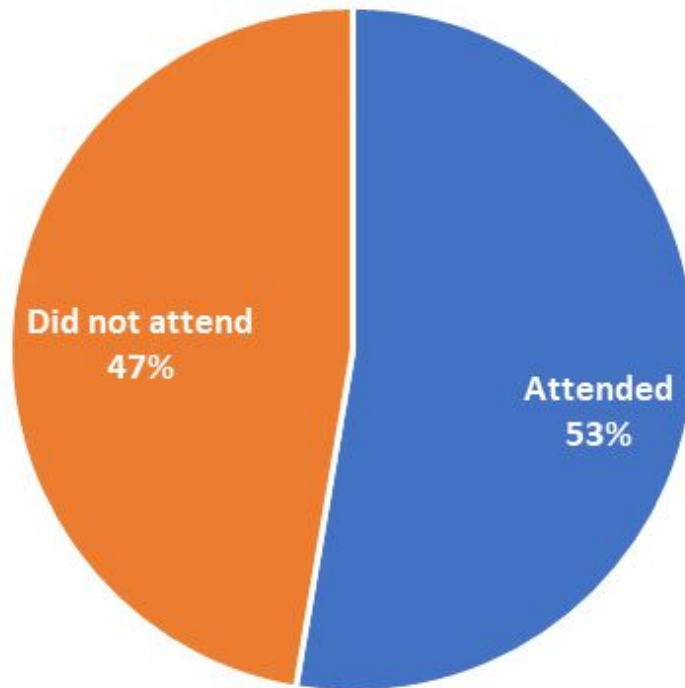
WHERE IS YOUR ORGANIZATION HEADQUARTERED?



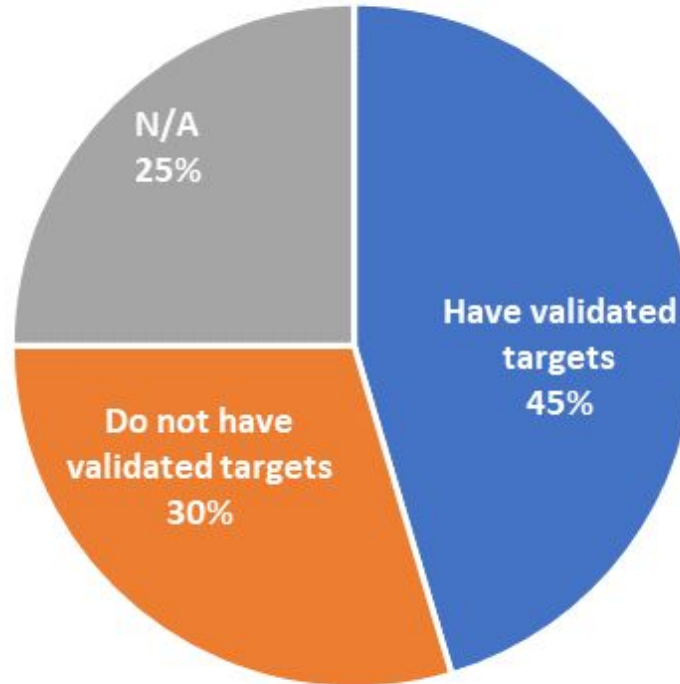
SELECT THE ORGANIZATION TYPE THAT BEST DESCRIBES YOUR ORGANIZATION



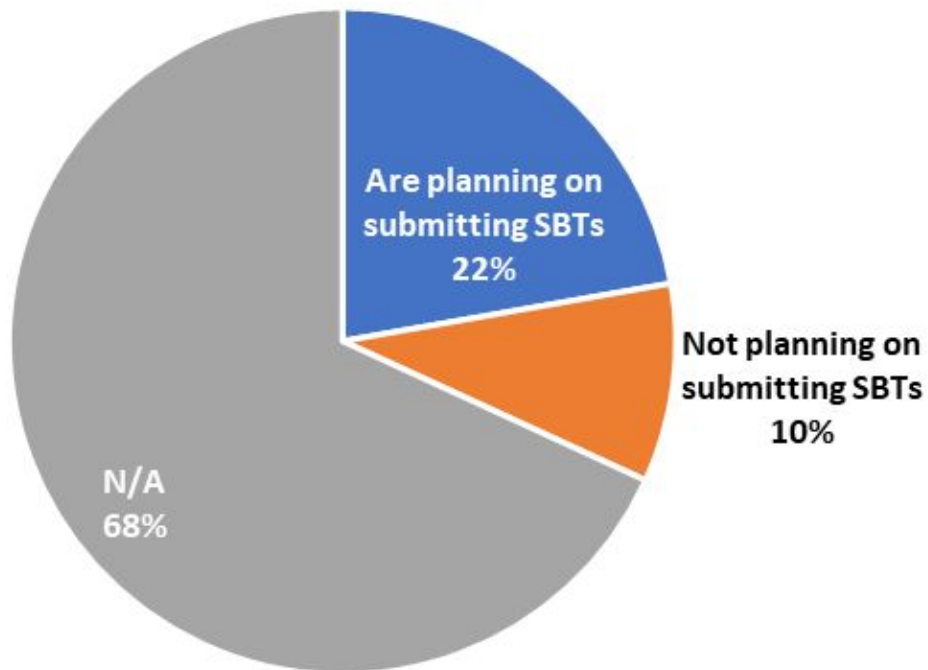
DID YOU ATTEND THE BUILDINGS PUBLIC CONSULTATION WEBINAR?



DOES YOUR COMPANY ALREADY HAVE VALIDATED SCIENCE-BASED TARGETS?

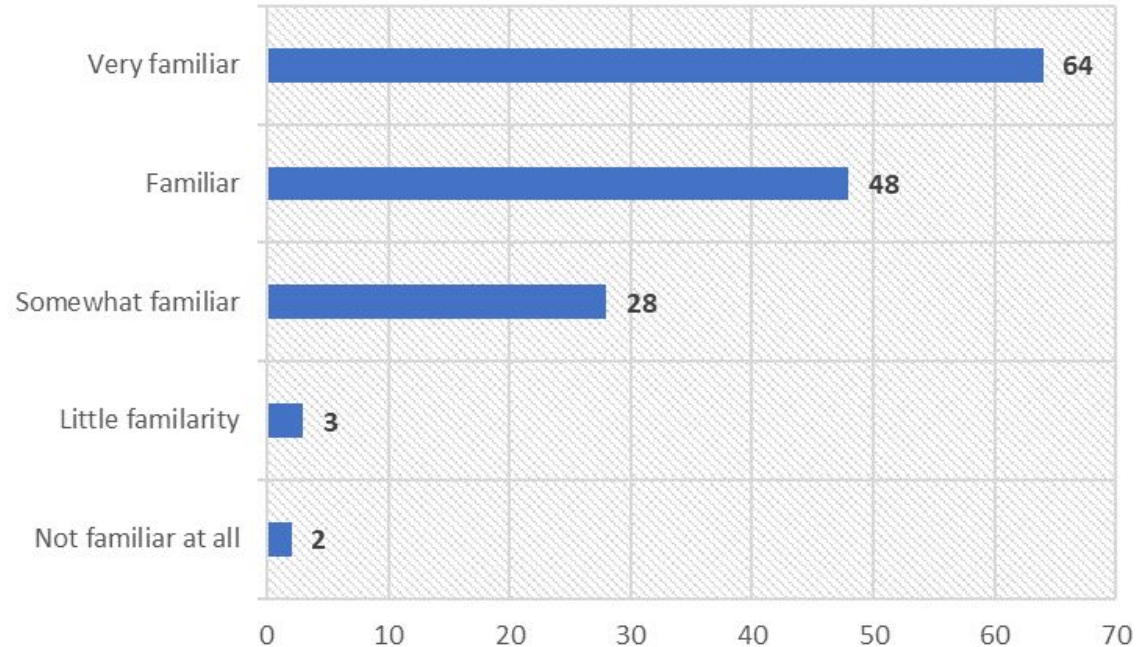


IF YOU DO NOT HAVE VALIDATED SCIENCE-BASED TARGETS CURRENTLY, DO YOU PLAN ON SUBMITTING TARGETS FOR VALIDATION?

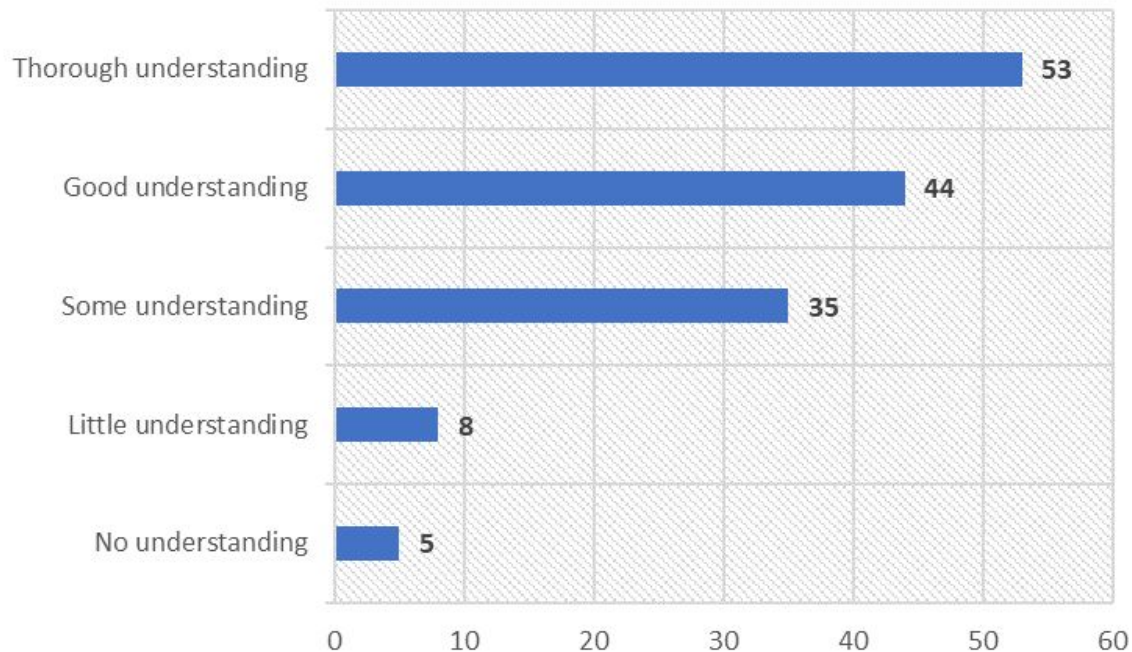


HOW FAMILIAR ARE YOU WITH THE OVERALL CONCEPTS OF SCIENCE-BASED TARGET SETTING AND OTHER SBTi RESOURCES

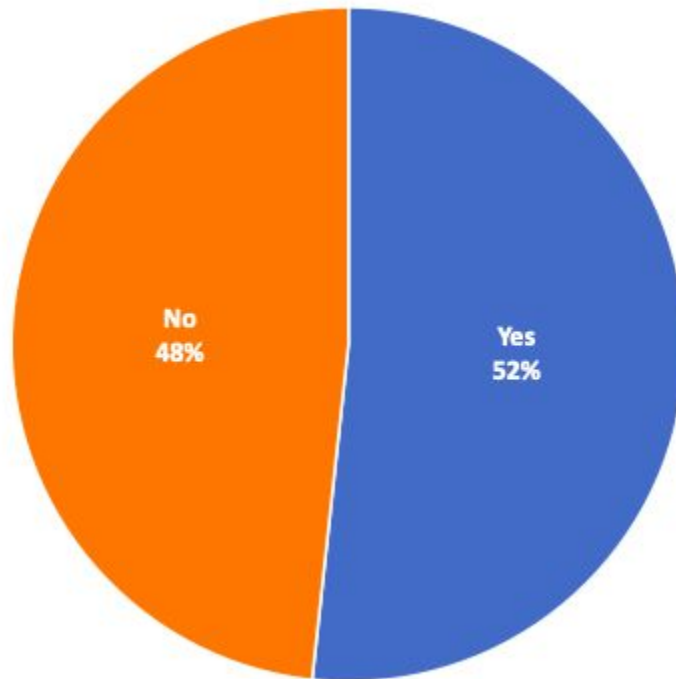
(E.G., FOUNDATIONS OF SCIENCE-BASED TARGETS, SECTORAL DECARBONIZATION APPROACH, SBTi CRITERIA)?



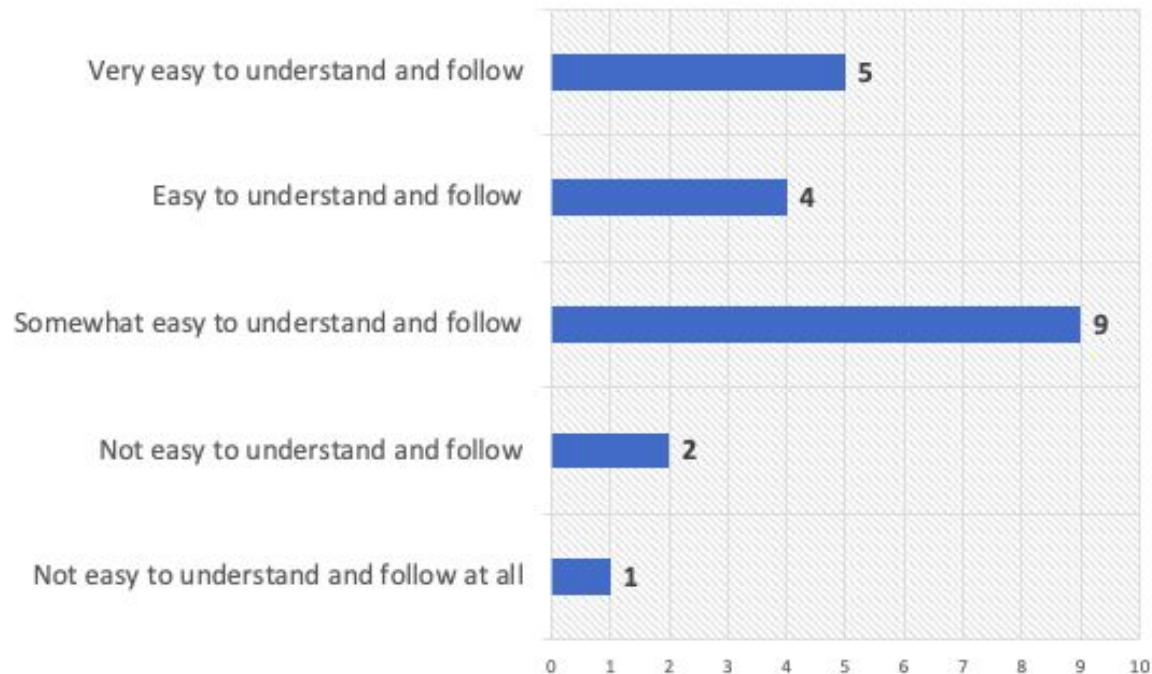
DO YOU UNDERSTAND THE SECTORAL DECARBONIZATION APPROACH (SDA) AND HOW IT WOULD APPLY TO YOUR ORGANIZATION?



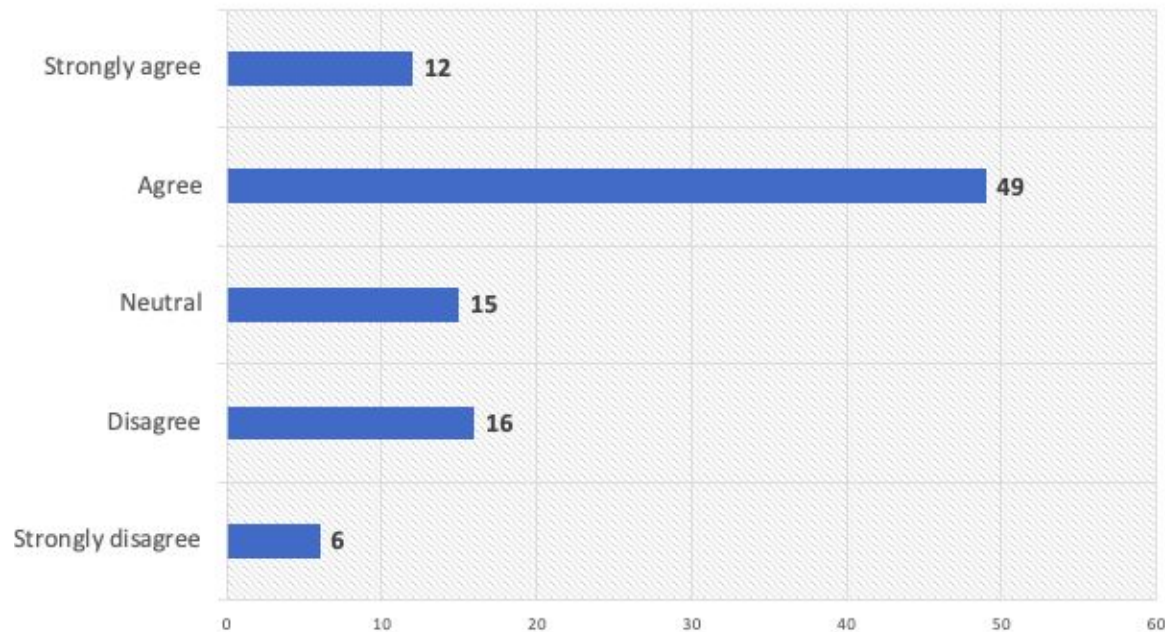
HAVE YOU TRIED USING THE EXCEL-BASED BUILDINGS TARGET-SETTING TOOL?



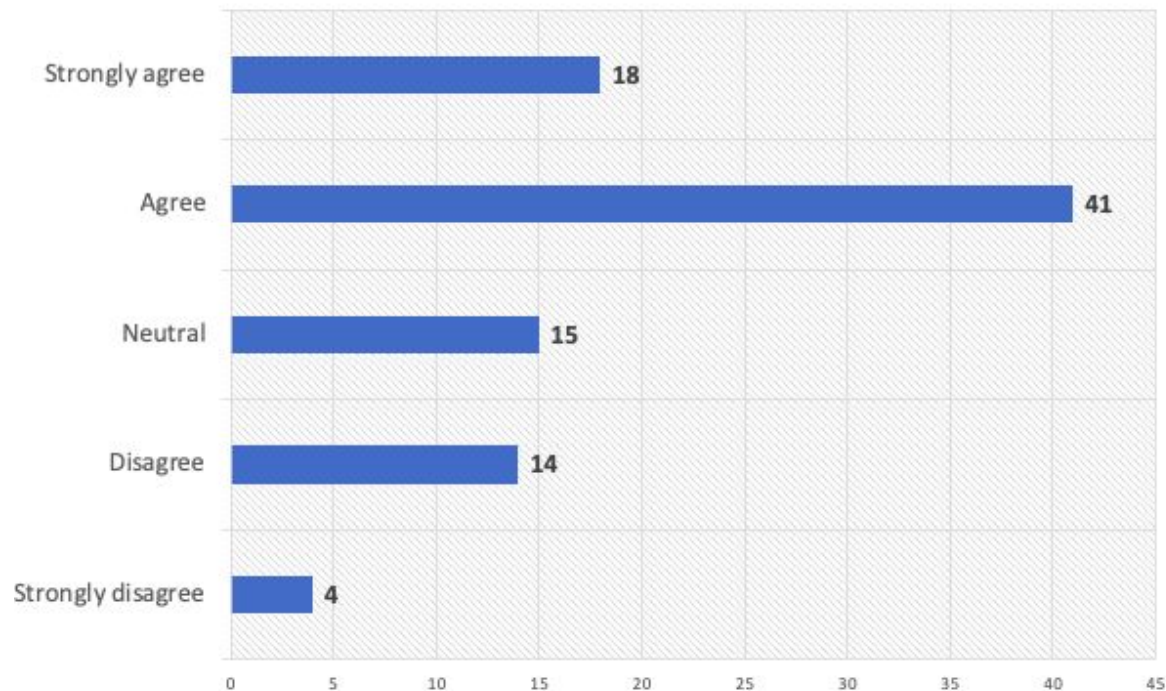
THE INSTRUCTIONS IN THE TOOL ARE EASY TO UNDERSTAND AND FOLLOW?



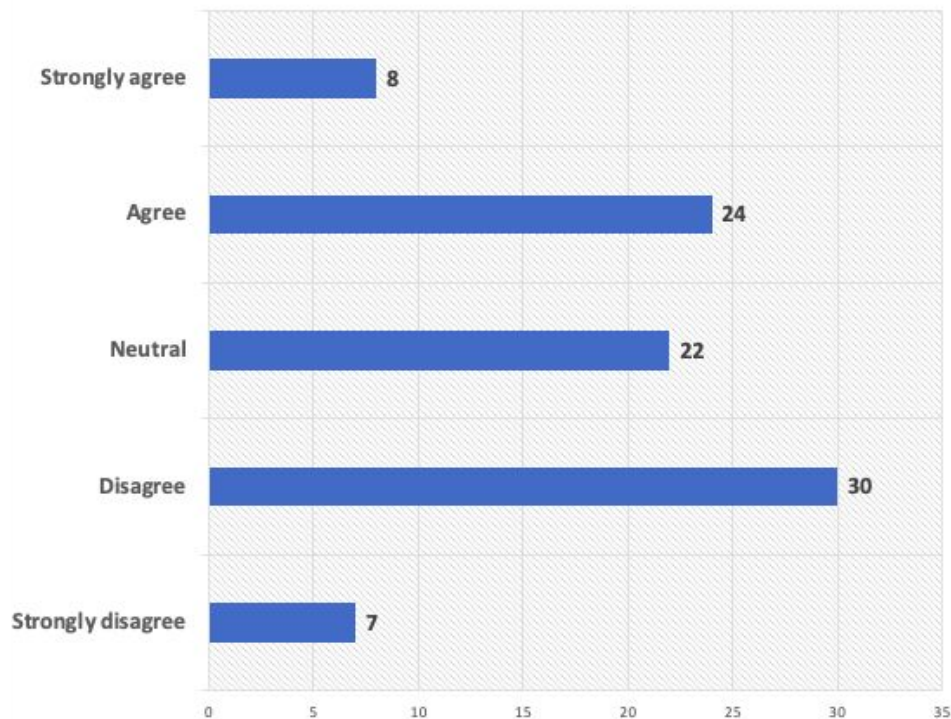
DO YOU AGREE WITH THE INTENDED USERS AND THEIR DEFINITIONS AS OUTLINED IN THE GUIDANCE? (SECTION 3.5.1)



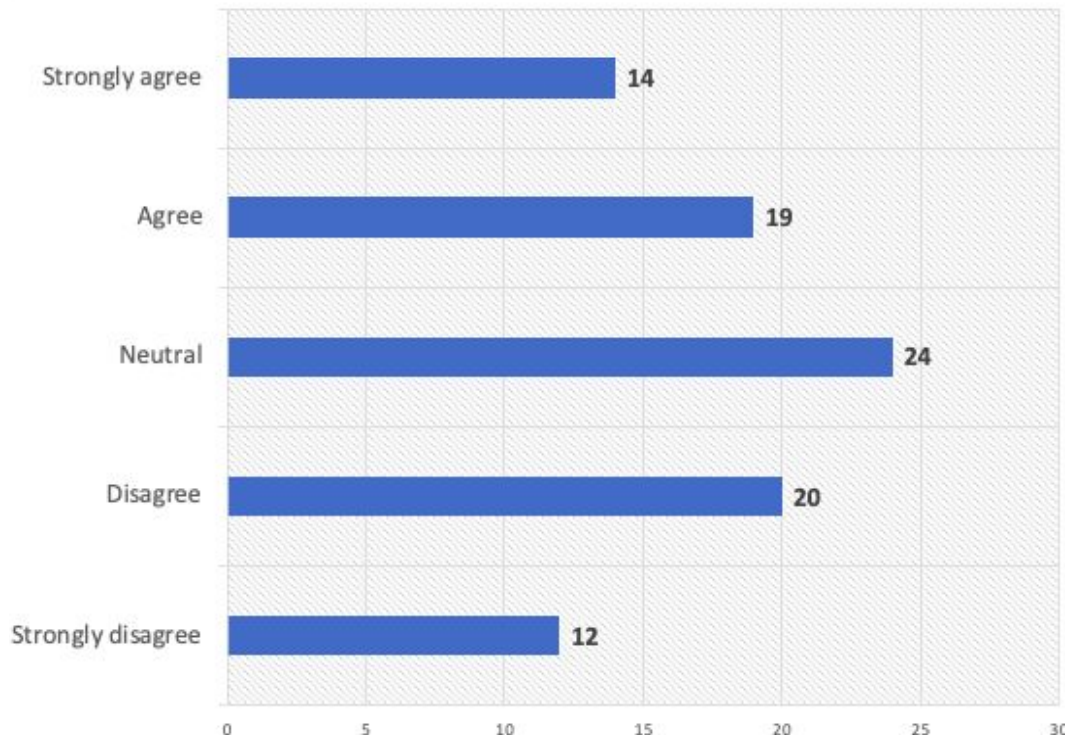
DO YOU AGREE WITH THE CHOICE OF USING THE CRREM 1.5°C PATHWAYS FOR IN-USE OPERATIONAL EMISSIONS IN THE BUILDINGS SECTOR?



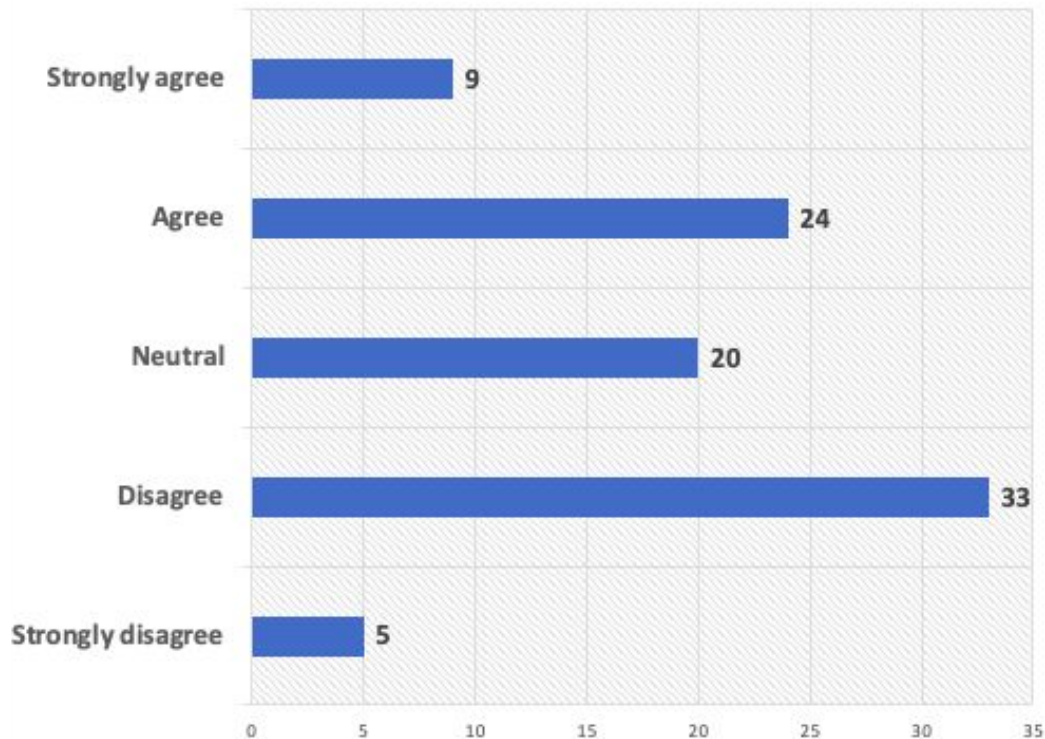
DO YOU AGREE WITH THE CHOICE OF DATA AND METHODOLOGY TO DEVELOP THE UPFRONT EMBODIED EMISSIONS PATHWAY FOR THE BUILDINGS SECTOR? (SEE THE 'SBTi EMBODIED CARBON PATHWAY DEVELOPMENT DESCRIPTION' AVAILABLE ON THE SBTi BUILDINGS WEBSITE FOR FURTHER DETAILS)



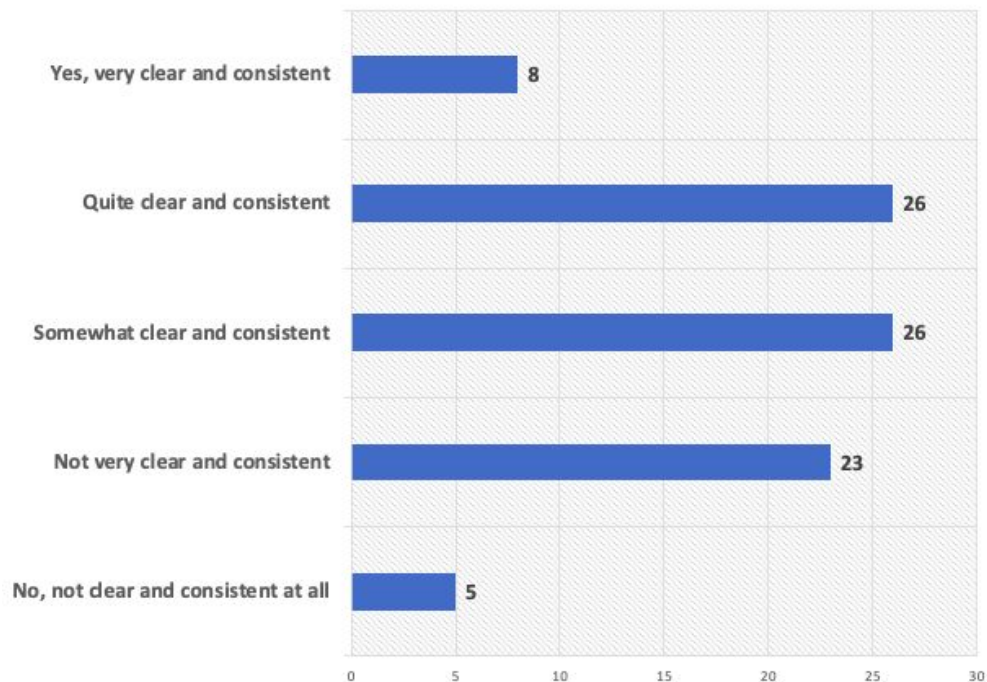
DO YOU AGREE THAT THE GUIDANCE AND PATHWAYS CHOSEN SUFFICIENTLY INCENTIVIZE NEAR-TERM IN-USE EMISSIONS REDUCTIONS IN THE BUILDINGS SECTOR?



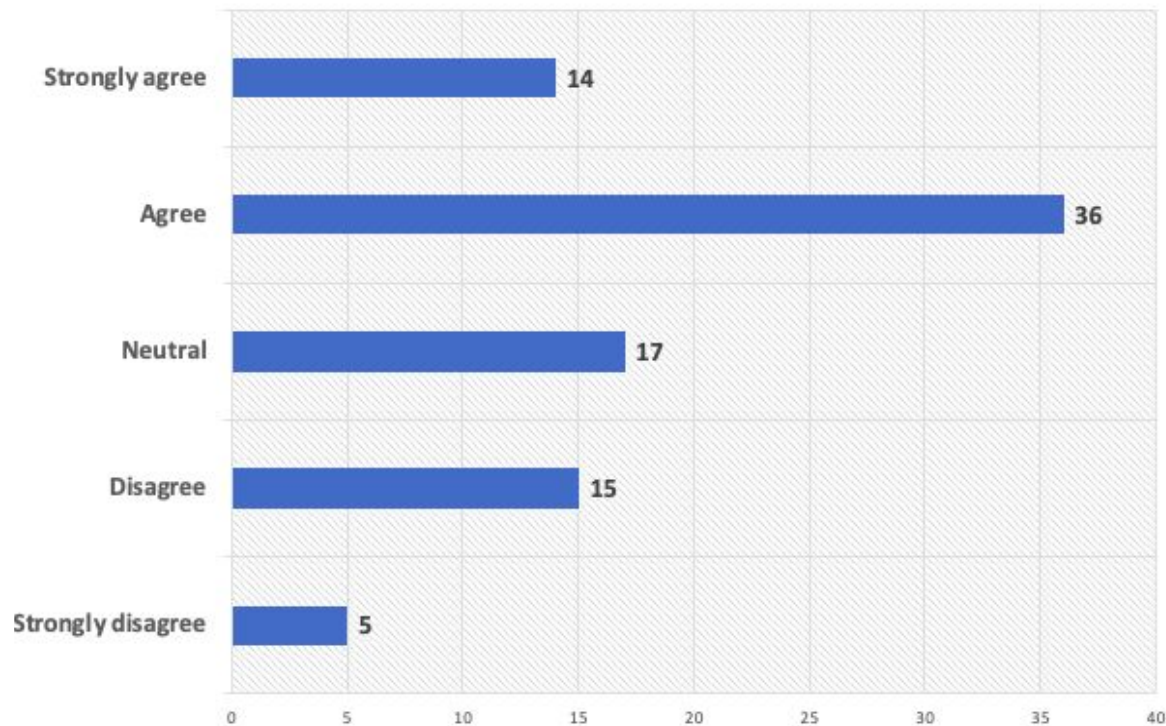
DO YOU AGREE THAT THE GUIDANCE AND PATHWAYS CHOSEN SUFFICIENTLY INCENTIVIZE NEAR-TERM UPFRONT EMBODIED EMISSIONS REDUCTIONS IN THE BUILDINGS SECTOR?



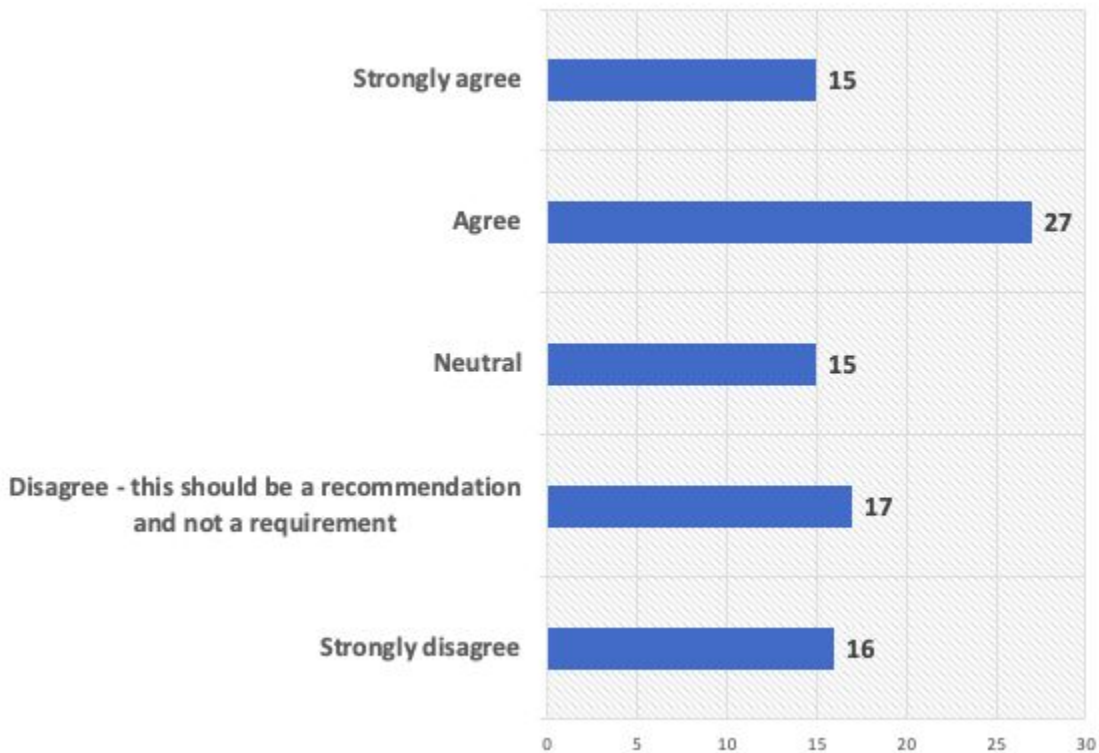
SECTION 5 OF THE GUIDANCE PROVIDES CLARIFICATION AND GUIDANCE FOR ACCOUNTING FOR BUILDINGS-RELATED EMISSIONS THAT IS ADDITIONAL TO THAT PROVIDED BY THE GHG PROTOCOL, EXISTING SECTOR GUIDANCE AND THE SBTI GENERAL CRITERIA. ARE THESE CLEAR AND CONSISTENT IN YOUR VIEW?



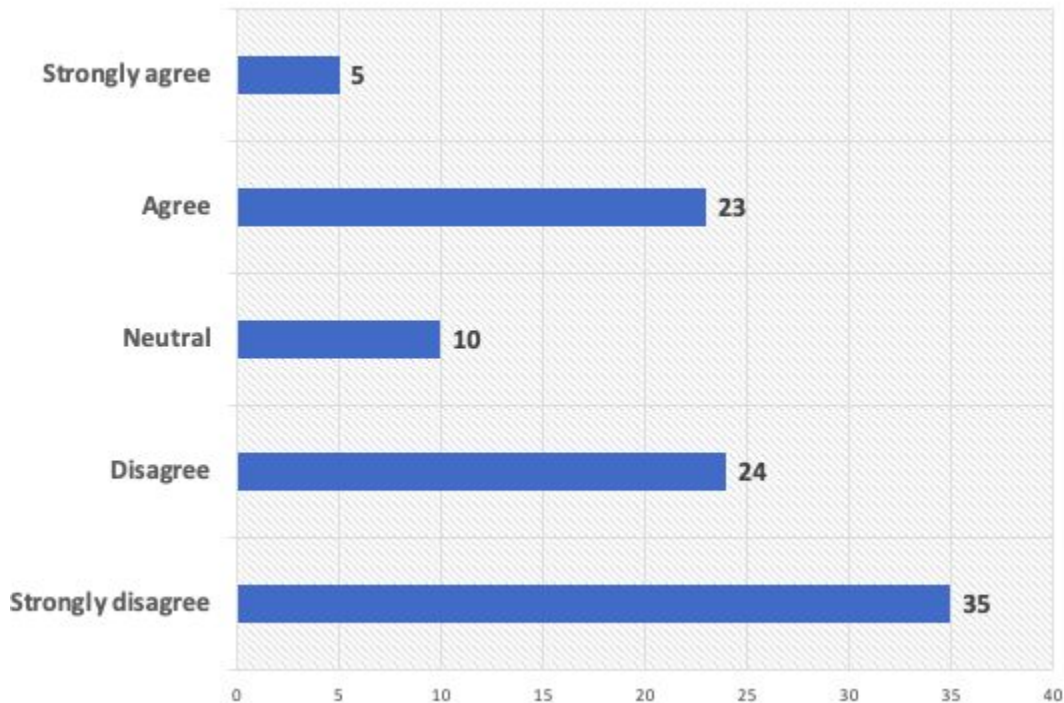
DO YOU AGREE THAT THE WHOLE BUILDING APPROACH (DESCRIBED IN SECTION 5.1) FOR IN-USE OPERATIONAL EMISSIONS HAS BEEN CLEARLY IMPLEMENTED THROUGHOUT THE BUILDINGS TARGET-SETTING GUIDANCE?



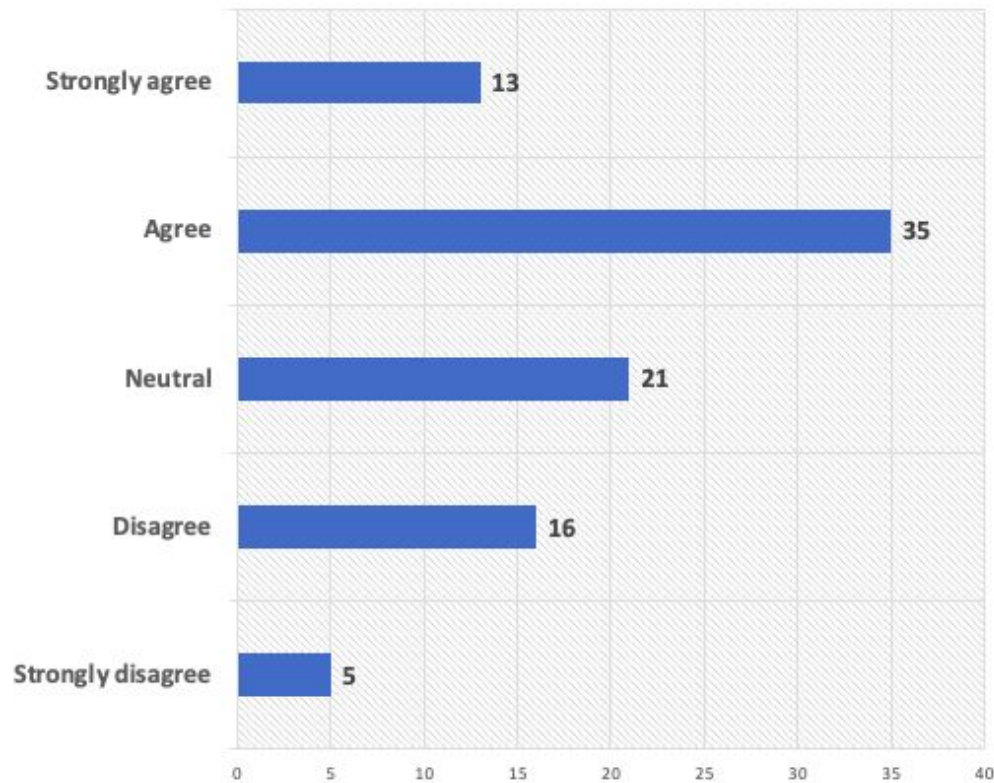
IN SECTION 5.2 OF THE GUIDANCE ARCHITECTURE AND ENGINEERING FIRMS ARE REQUIRED TO ACCOUNT FOR THE LIFETIME IN-USE OPERATIONAL EMISSIONS (ASSOCIATED WITH ENERGY USE) RESULTING FROM THE USE OF THEIR DESIGNED BUILDINGS IN THEIR EMISSIONS INVENTORY UNDER 'SCOPE 3 CATEGORY 11 USE OF SOLD PRODUCTS'. CONSEQUENTLY THEY ARE REQUIRED TO SET SCIENCE-BASED TARGETS ON THESE EMISSIONS. DO YOU AGREE WITH THIS APPROACH?



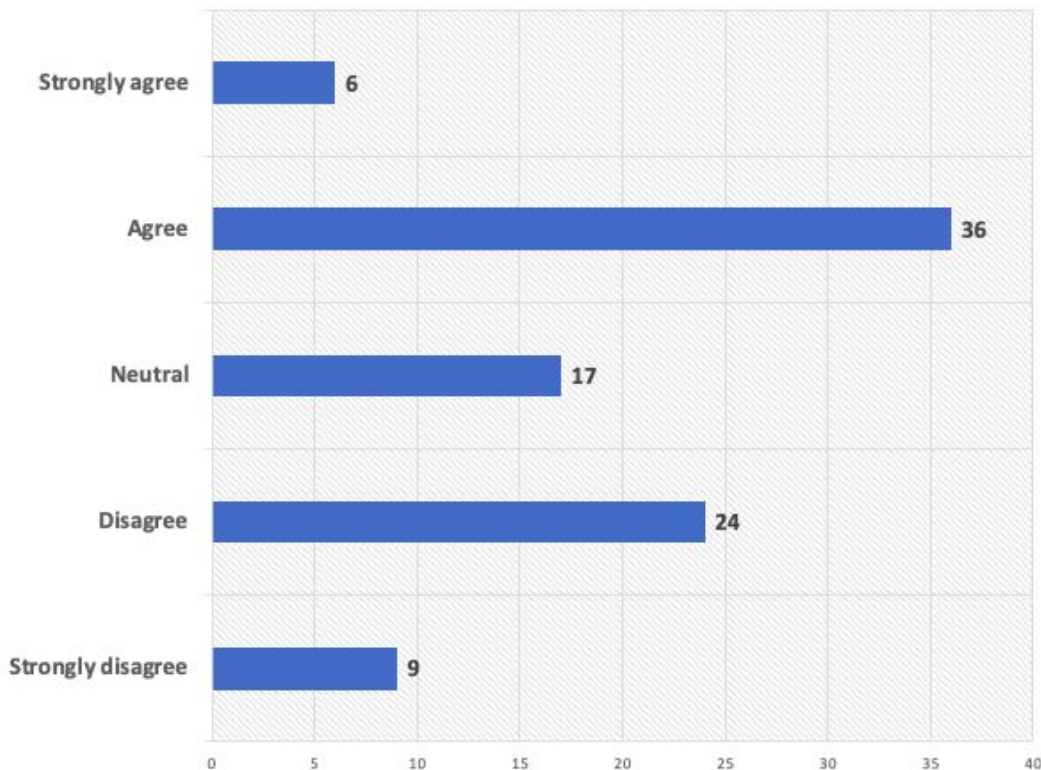
DO YOU AGREE WITH THE CRITERIA (BUILDINGS-C9) THAT REQUIRES THE LOCATION-BASED METHOD ONLY TO BE USED FOR DERIVING ELECTRICITY EMISSIONS FOR TARGET SETTING? (SECTION 5.3)



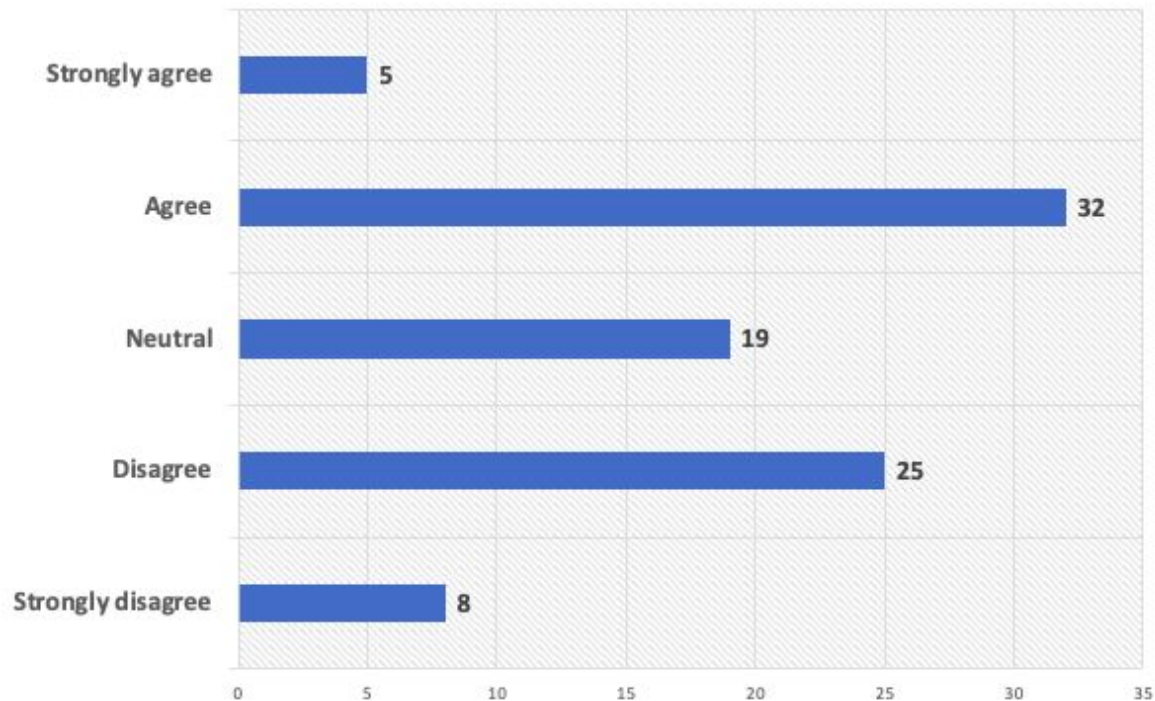
IN SECTION 5.6 OF THE GUIDANCE IT IS REQUIRED THAT FIRST OWNERS / PURCHASERS / FINANCERS ACCOUNT FOR UPFRONT EMBODIED EMISSIONS OF A NEWLY CONSTRUCTED BUILDING IN THEIR EMISSIONS INVENTORY. THIS REQUIREMENT IS NOT IN PLACE FOR SUBSEQUENT OWNERS / PURCHASERS / FINANCERS. DO YOU AGREE WITH THIS APPROACH?



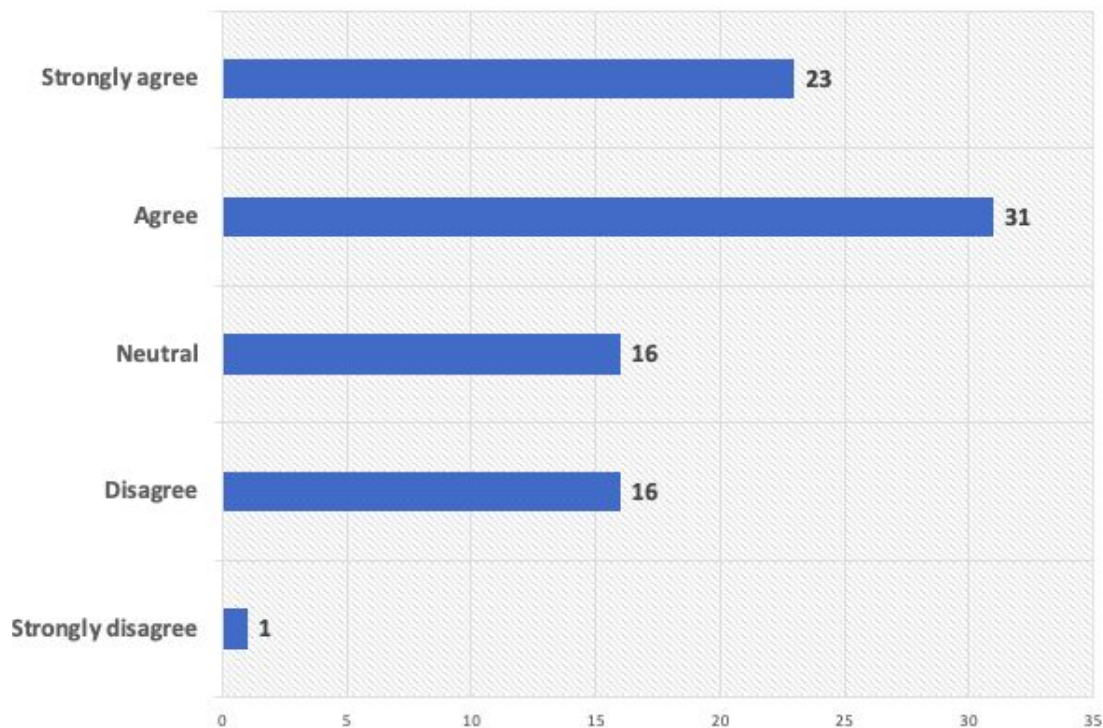
DO YOU AGREE WITH THE CATEGORIZATION OF EMISSIONS SCOPES AS REQUIRED OR RECOMMENDED FOR INCLUSION IN THE TARGET BOUNDARY FOR DIFFERENT USERS IN SECTION 6.2.2 (TABLE 6 AND TABLE 7)?



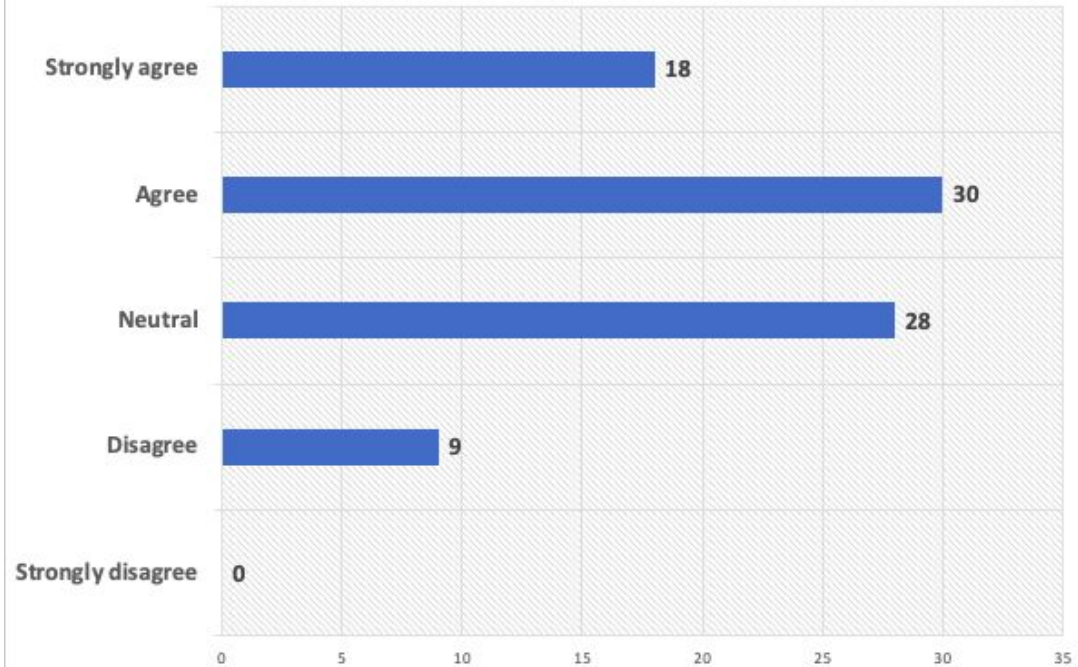
THE SCOPE AND APPLICABILITY OF THE PROPOSED TARGET-SETTING METHODS FOR COMPANIES IN THE BUILDINGS VALUE CHAIN IS CLEAR AND REASONABLE (SECTION 6.2.3). TO WHAT EXTENT DO YOU AGREE?



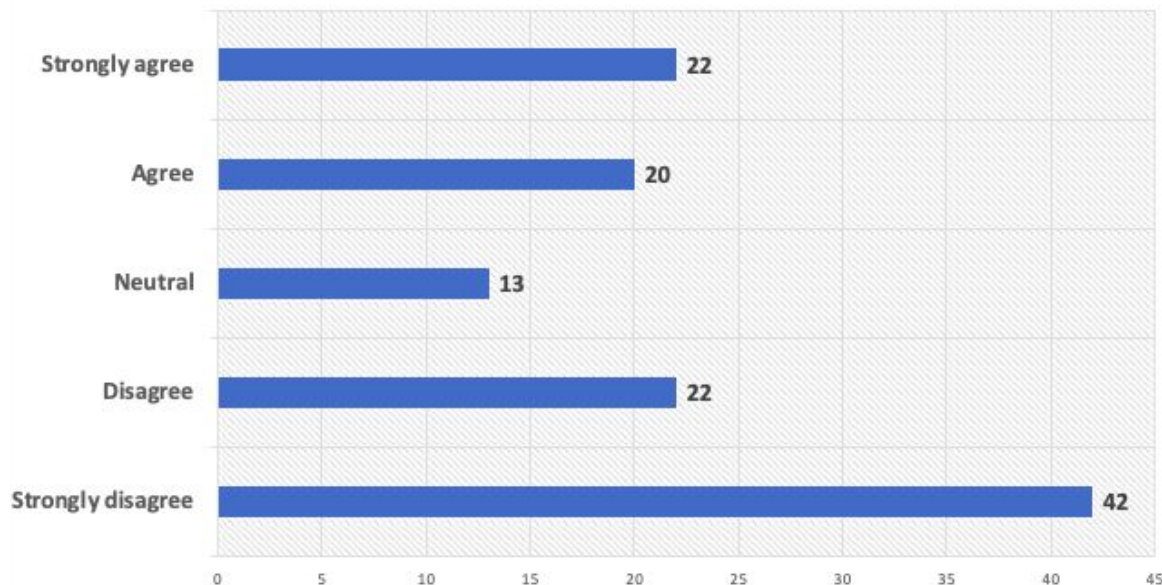
DO YOU AGREE WITH THE ADDITIONAL BUILDINGS SECTOR CRITERIA FOR NEAR-TERM TARGETS WHICH STATE THAT EVEN IF SCOPE 3 EMISSIONS ARE <40% OF TOTAL EMISSIONS, MANDATORY SCOPE 3 TARGETS SHOULD BE INCLUDED IN THE TARGET BOUNDARY? (SECTION 6.2.2.1)



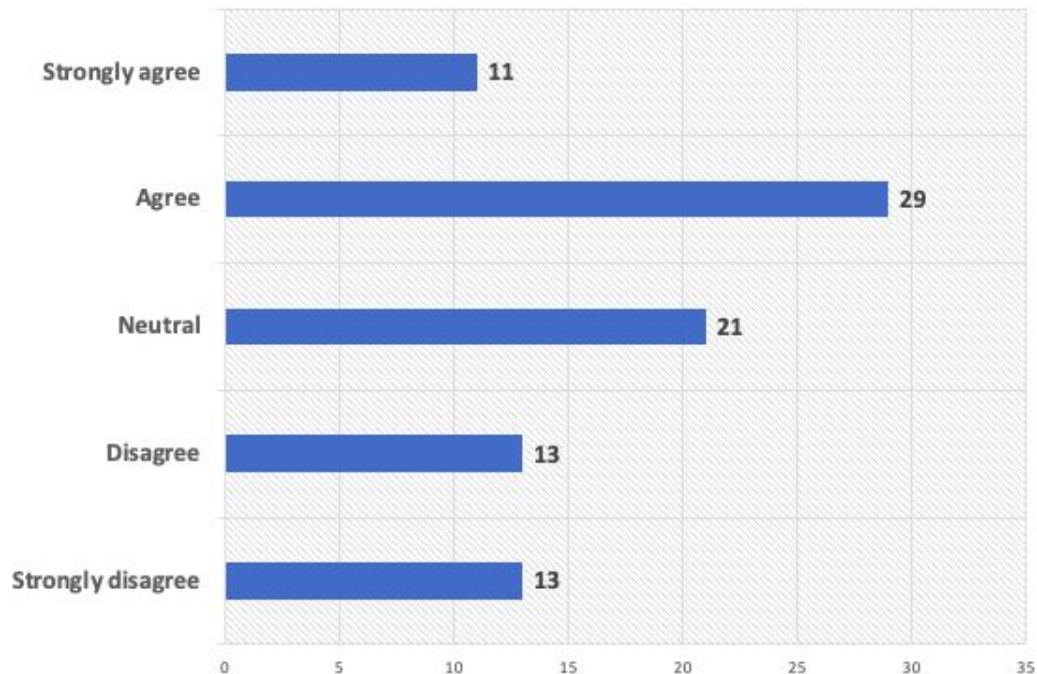
CURRENTLY, DEVELOPERS AND FIRST OWNERS ARE REQUIRED TO ACCOUNT FOR UPFRONT EMBODIED EMISSIONS OF A NEWLY CONSTRUCTED BUILDING IN THEIR EMISSIONS INVENTORY, AND ARE REQUIRED TO SET TARGETS ON THESE EMISSIONS ACCORDINGLY. THE GUIDANCE ACKNOWLEDGES THE SIGNIFICANT LEVEL OF INFLUENCE OF FRANCHISORS OVER THE DESIGN AND CONSTRUCTION OF FRANCHISEE- BUILDINGS (SECTION 5.7) DESPITE THEIR LACK OF DIRECT OWNERSHIP. TO ENCOURAGE LOW-CARBON DESIGN, THE GUIDANCE RECOMMENDS THAT FRANCHISORS ALSO ACCOUNT FOR AND SET TARGETS ON UPFRONT EMBODIED AND IN-USE OPERATIONAL EMISSIONS FROM FRANCHISEE BUILDINGS. DO YOU AGREE WITH THIS APPROACH?"



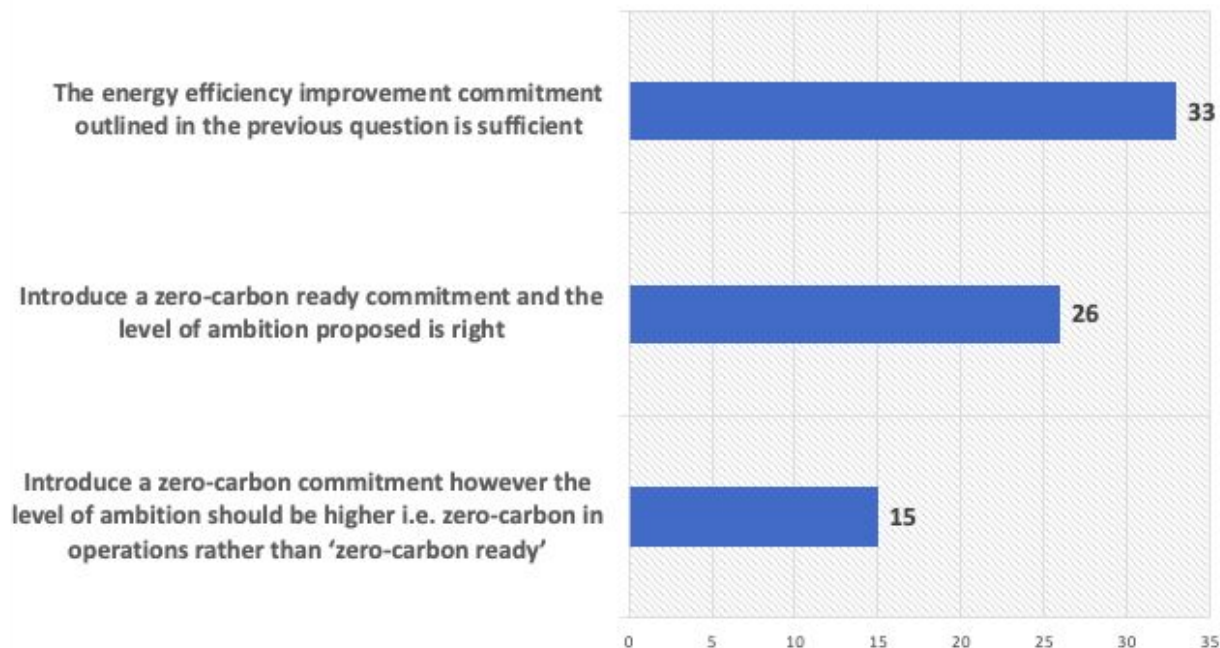
DO YOU AGREE WITH THE FOLLOWING PROPOSED COMMITMENT AS AN ADDITIONAL MANDATORY REQUIREMENT FOR ALL BUILDINGS SECTOR GUIDANCE USERS SUBMITTING TARGETS FOR SBTi VALIDATION (SECTION 6.2.3.4): “NO NEW FOSSIL FUEL INSTALLATIONS IN USERS’ BUILDINGS PORTFOLIOS FROM 2025”?



DO YOU AGREE WITH THE PROPOSED COMMITMENT AS AN ADDITIONAL RECOMMENDATION FOR ALL BUILDINGS SECTOR GUIDANCE USERS SUBMITTING TARGETS FOR SBTI VALIDATION (SECTION 6.2.3.5, SEE BOX 3 FOR HOW IT WOULD APPLY): “ENERGY EFFICIENCY IMPROVEMENTS IN USERS’ BUILDINGS PORTFOLIOS MUST BE IN LINE WITH CRREM’S ENERGY-REDUCTION PATHWAYS”?

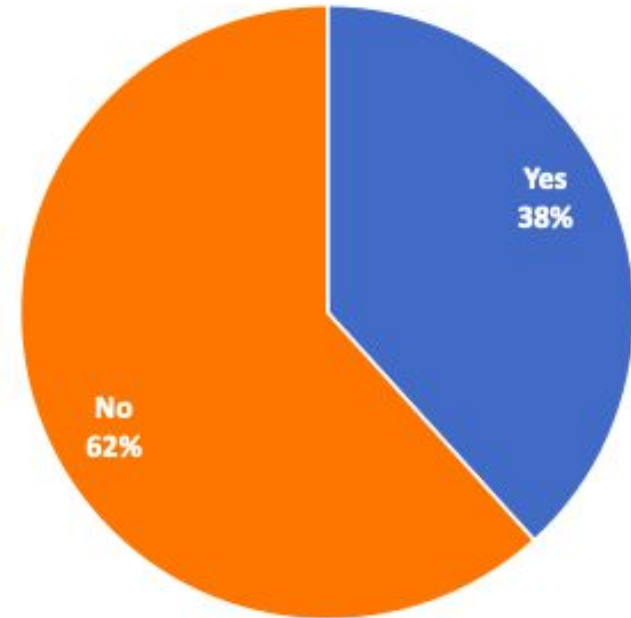


IS THE ENERGY EFFICIENCY COMMITMENT DESCRIBED IN THE PREVIOUS QUESTION SUFFICIENT OR SHOULD THE GUIDANCE INTRODUCE A FURTHER COMMITMENT REQUIRING ARCHITECTURE AND ENGINEERING FIRMS AND DEVELOPERS SETTING SBTi BUILDINGS SECTOR TARGETS TO: “PUBLICLY COMMIT TO DESIGNING ALL NEW BUILD PROJECTS IN THEIR PORTFOLIO TO BE ZERO- CARBON READY BY 2025”?

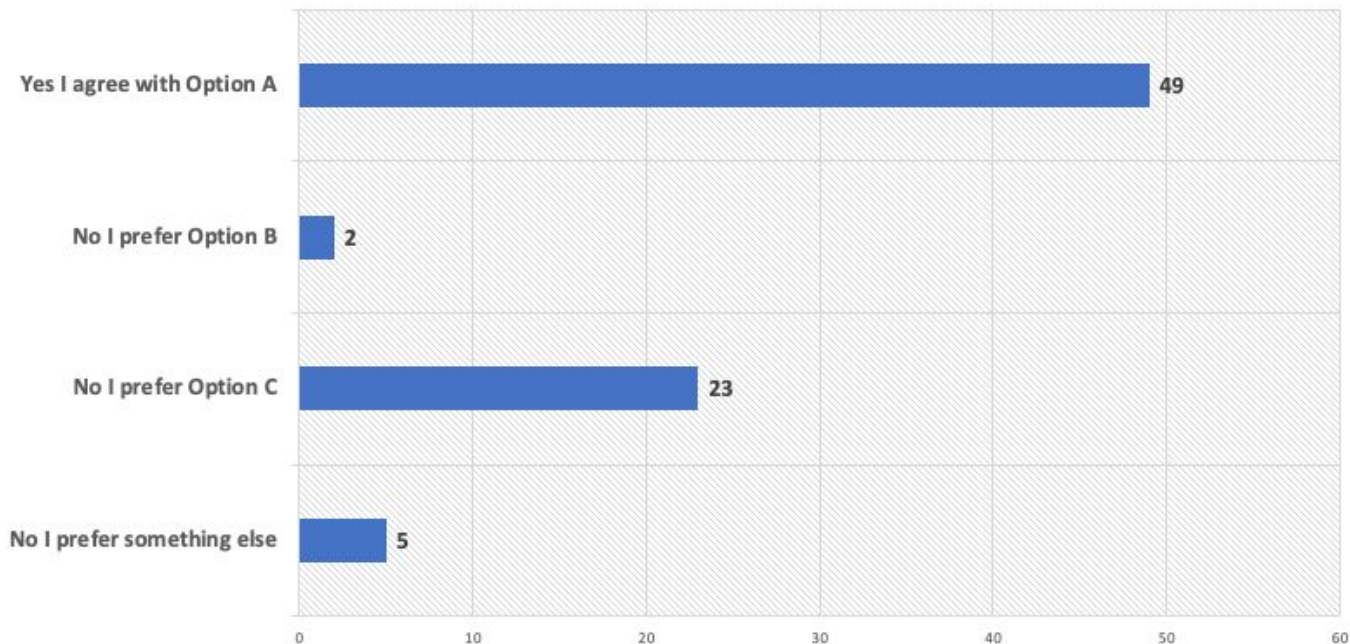


SUFFICIENCY, REFERRING TO THE REDUCTION OR OPTIMIZATION OF FLOOR AREA PER CAPITA AS AN EMISSIONS MITIGATION LEVER, IS NOT EXTENSIVELY EXPLORED IN THE GUIDANCE AS:

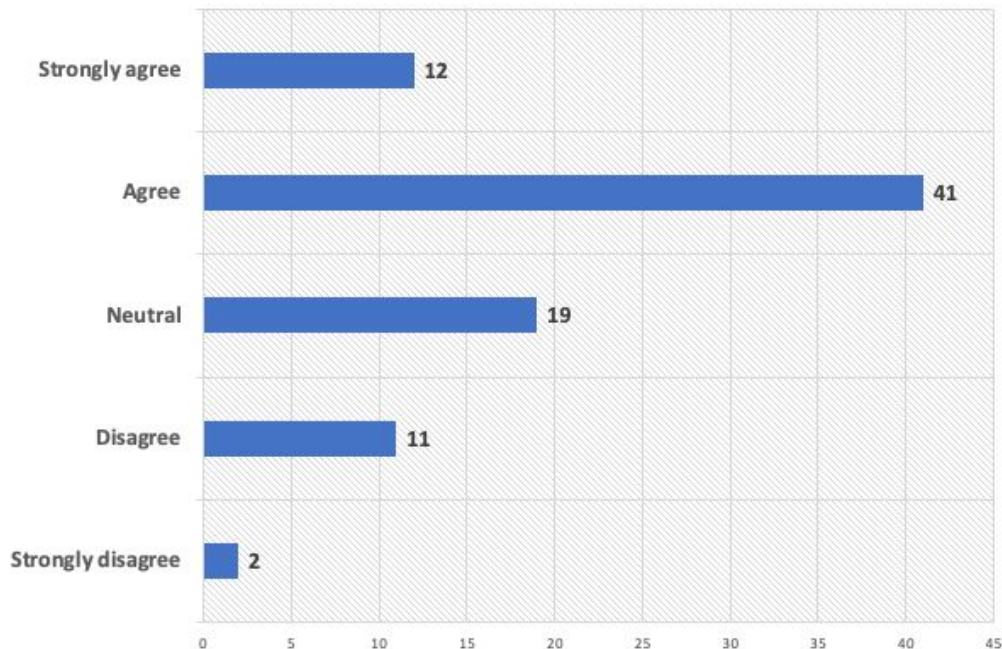
A) THE SECTOR DECARBONIZATION PATHWAYS USING THE SDA DO NOT CONSIDER SUFFICIENCY, AND B) OUR FOCUS ON ENABLING COMPANIES TO SET SCIENCE-BASED TARGETS VS. PROVIDING ADDITIONAL GUIDELINES AND PRINCIPLES FOR THE BUILDINGS SECTOR AS A WHOLE. APPLYING SUFFICIENCY PRINCIPLES TO BUILDINGS REQUIRES: I) OPTIMIZING THE USE OF BUILDINGS, II) REPURPOSING UNUSED EXISTING ONES, III) PRIORITIZING MULTI-FAMILY HOMES OVER SINGLE-FAMILY BUILDINGS AND IV) ADJUSTING THE SIZE OF BUILDINGS TO THE EVOLVING NEEDS OF HOUSEHOLDS BY DOWNSIZING DWELLINGS. IS THIS AN AREA THE GUIDANCE SHOULD SEEK TO FURTHER ADDRESS?



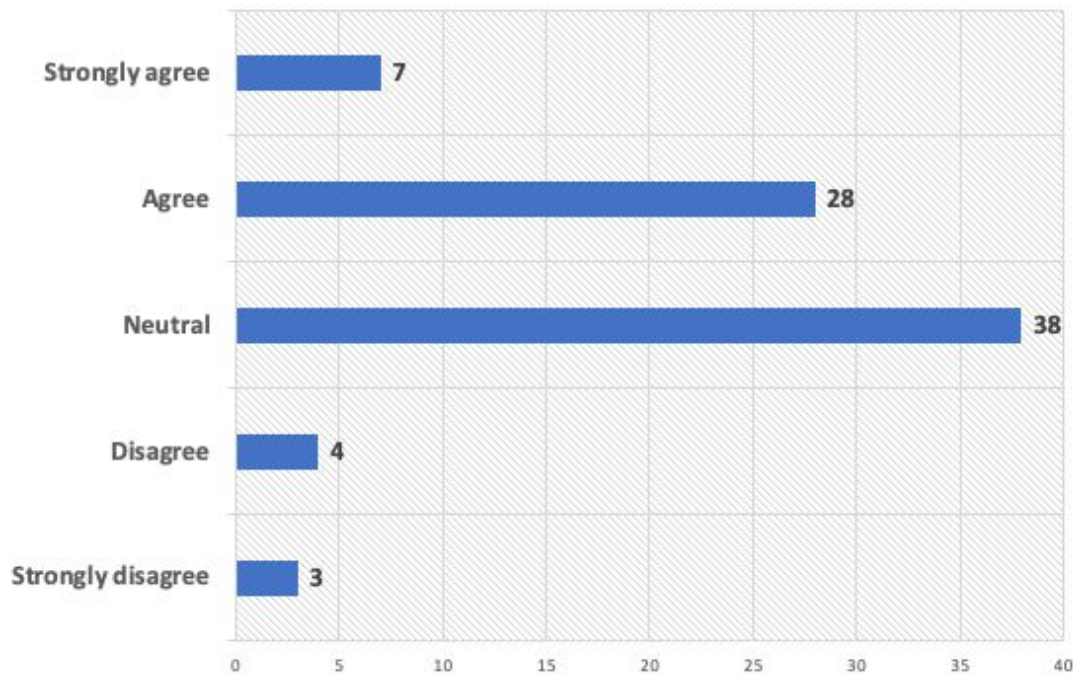
DO YOU AGREE WITH THE APPROACH FOR THE INCLUSION OF THE FUGITIVE EMISSIONS IN THE TARGET BOUNDARY OF INTENDED USERS?



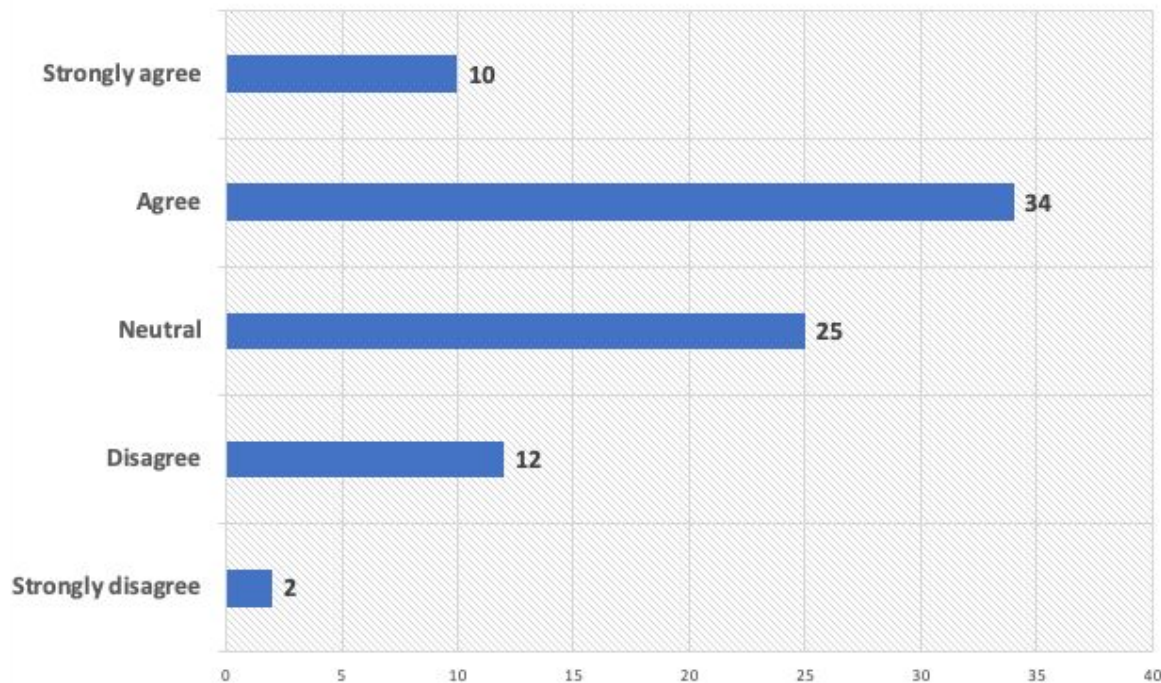
DO YOU AGREE THAT GRACE PERIODS OF UP TO TWO YEARS ON THE ACQUISITION OF EXISTING BUILDINGS, AS CURRENTLY PROPOSED IN SECTION 6.5.2.2, ARE A USEFUL WAY TO PROVIDE BUILDING OWNERS AND MANAGERS SUFFICIENT TIME FOR RETROFITTING AND EFFICIENCY IMPROVEMENTS AND CONSOLIDATION OF EMISSIONS DATA?



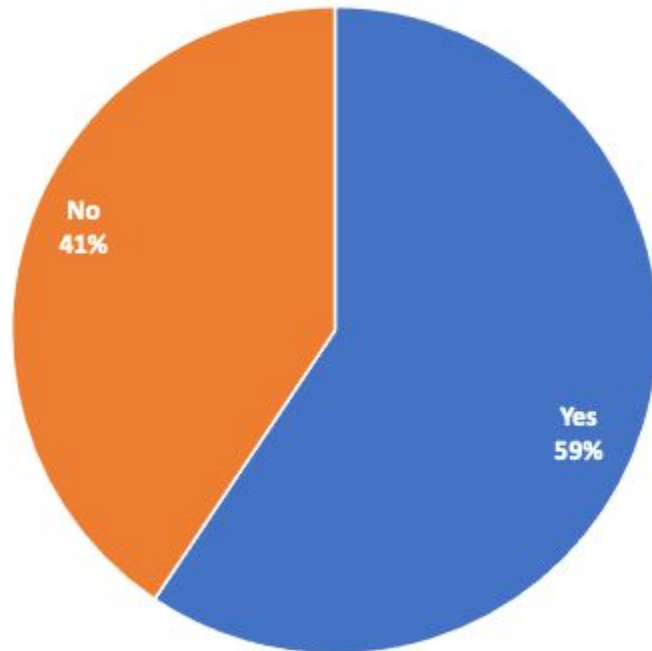
DO YOU AGREE WITH THE INCLUSION OF SPECIAL CONSIDERATIONS FOR PORTFOLIOS WITH HIGH TURNOVER AND FIND THEM APPROPRIATE AND USEFUL FOR TARGET SETTING? (SECTION 6.5.2.3)



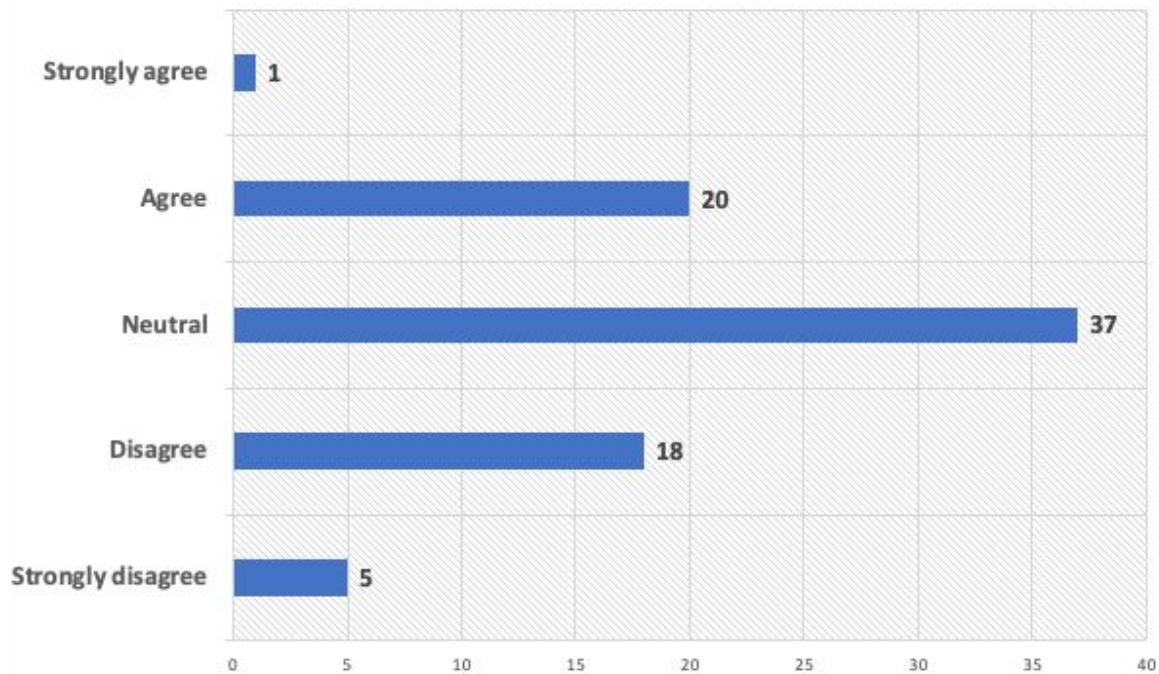
DO YOU FIND THE WORKED EXAMPLES USEFUL IN EXEMPLIFYING THE CRITERIA AND RECOMMENDATIONS IN THE GUIDANCE? (SECTION 8)



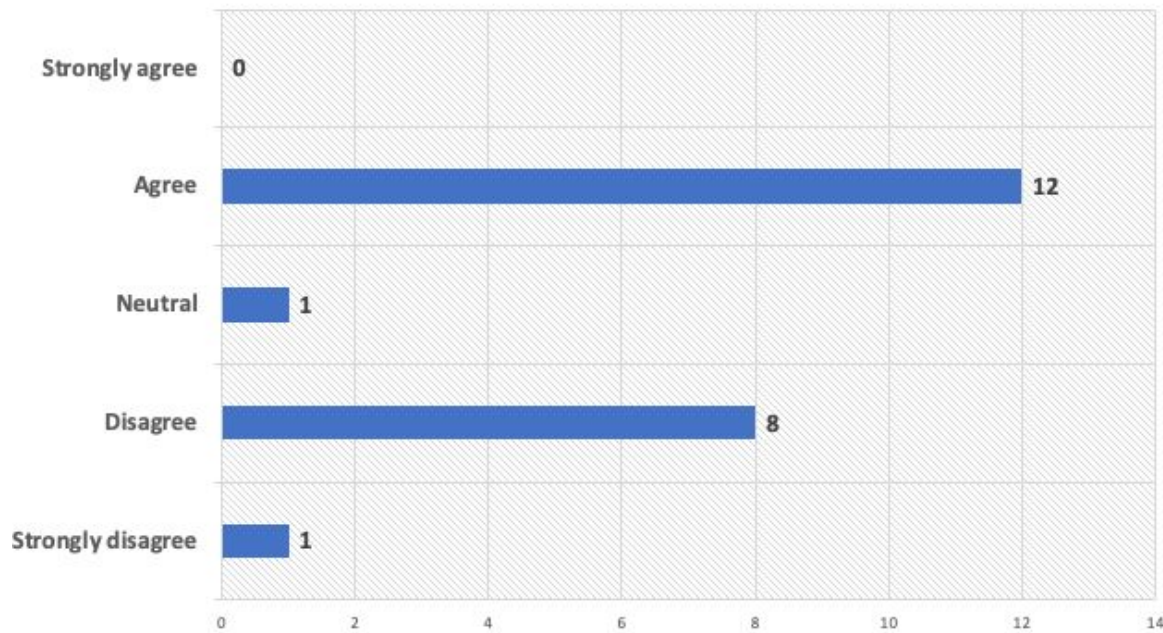
DO YOU FIND THE INSTRUCTIONS IN THE TOOL EASY TO UNDERSTAND AND FOLLOW?



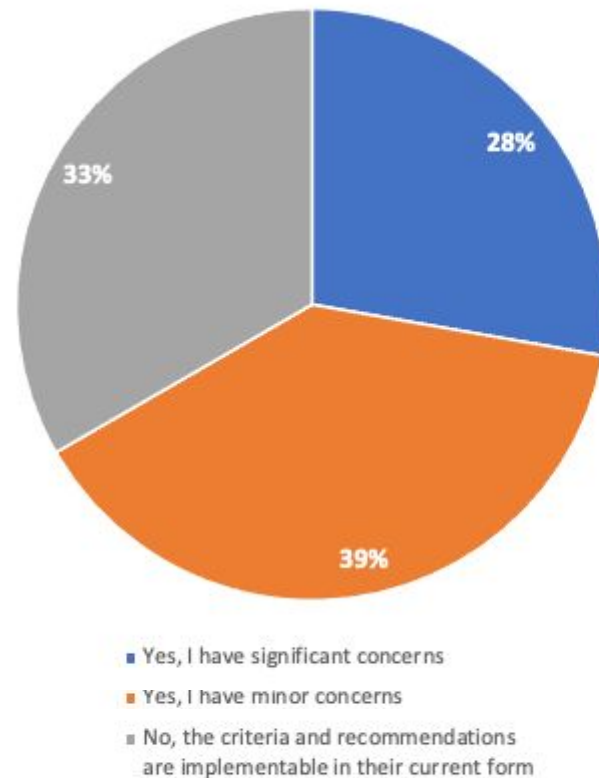
I AM ABLE TO USE THE TOOL TO AGGREGATE TARGETS EFFECTIVELY IN ORDER TO HELP COMMUNICATE AND REPORT PROGRESS AGAINST MY TARGETS. TO WHAT EXTENT DO YOU AGREE?



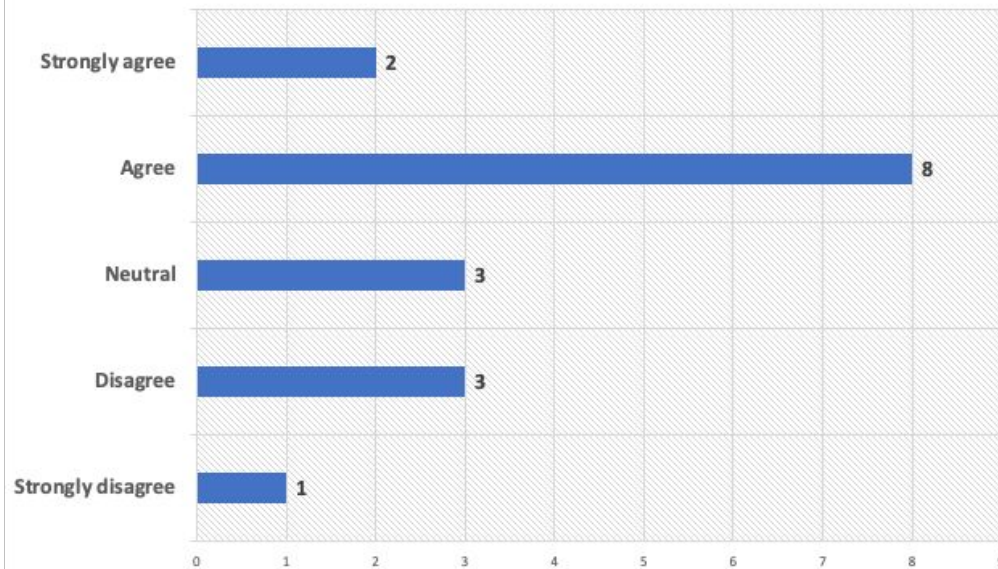
THE SCOPE AND APPLICABILITY OF THE PROPOSED TARGET SETTING APPROACH FOR FIs WITH INVESTMENTS IN THE BUILDINGS SECTOR IS CLEAR AND REASONABLE. TO WHAT EXTENT DO YOU AGREE?



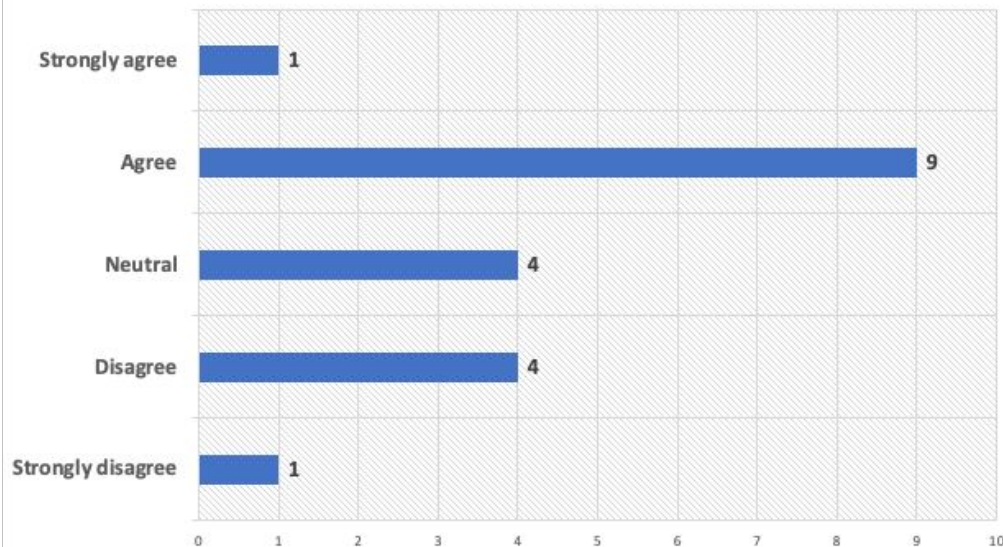
THE CRITERIA AND RECOMMENDATIONS IN SECTION 4.1 APPLY TO BOTH CORPORATES AND FIs, WITH ADDITIONAL CRITERIA AND RECOMMENDATIONS FOR FIs ONLY PROVIDED IN SECTION 4.2. DO YOU ANTICIPATE ANY ISSUES FOR YOUR ORGANIZATION IN COMPLYING WITH ALL CRITERIA AND RECOMMENDATIONS AS THEY ARE CURRENTLY DESCRIBED?



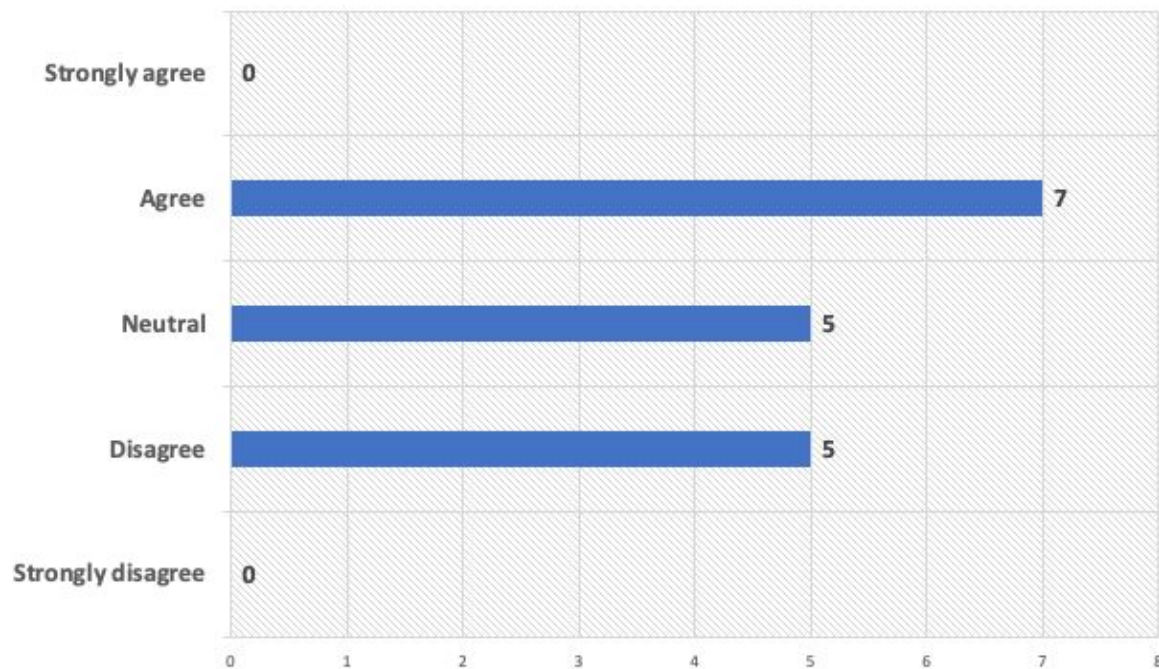
FIs CAN ACT AS OWNER-LESSORS OF BUILDINGS IN THEIR PORTFOLIO (EITHER WHOLLY OWNED OR A MAJORITY SHAREHOLDER). THE EMISSIONS ASSOCIATED WITH THE OWNED BUILDINGS ARE NOT CONSIDERED SCOPE 3 CATEGORY 15 FINANCED EMISSIONS UNDER GHG ACCOUNTING GUIDANCE FOR REAL ESTATE (PCAF / GRESB / CRREM, 2023). IN THE BUILDINGS SECTOR GUIDANCE, THE TARGET-SETTING GUIDANCE FOR FIs ACTING AS OWNER-LESSORS OF BUILDINGS IS CLEAR AND REASONABLE. TO WHAT EXTENT DO YOU AGREE?



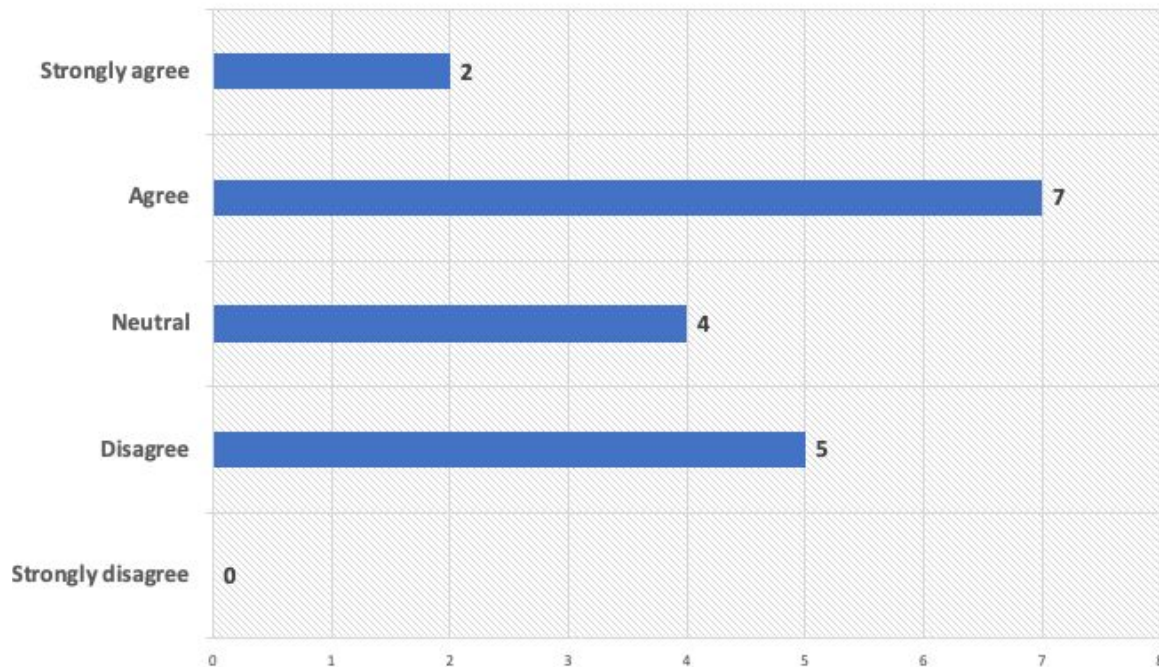
THE APPROACH AND GUIDANCE ON APPLICABLE TARGET-SETTING METHODS, AND WHICH EMISSIONS MUST BE INCLUDED WITHIN THE TARGET BOUNDARY FOR FIs, FOR INVESTMENTS IN THE BUILDINGS SECTOR IS CLEAR AND REASONABLE, ACROSS ALL RELEVANT ASSET CLASSES. TO WHAT EXTENT DO YOU AGREE?



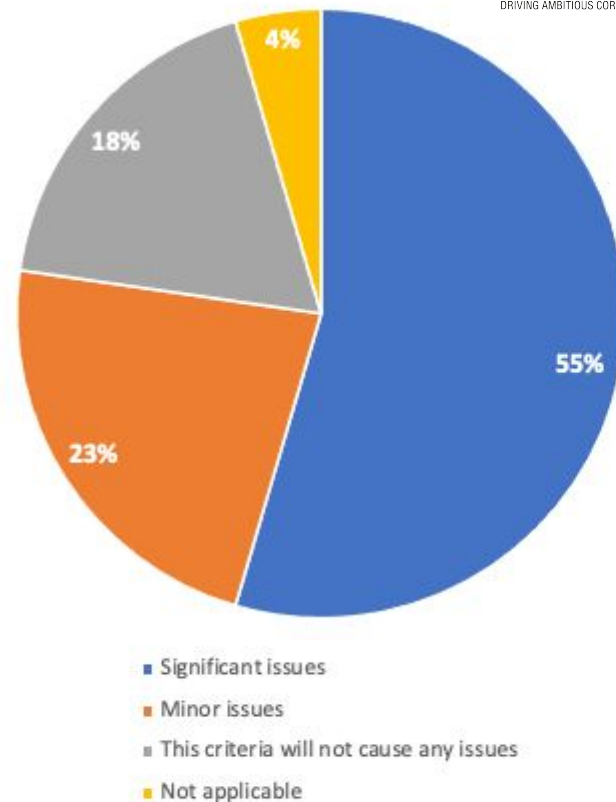
THE APPROACH AND GUIDANCE ON MINIMUM COVERAGE REQUIREMENTS FROM INVESTMENTS IN THE BUILDINGS SECTOR FOR FIs IS CLEAR AND REASONABLE, ACROSS ALL RELEVANT ASSET CLASSES. TO WHAT EXTENT DO YOU AGREE?



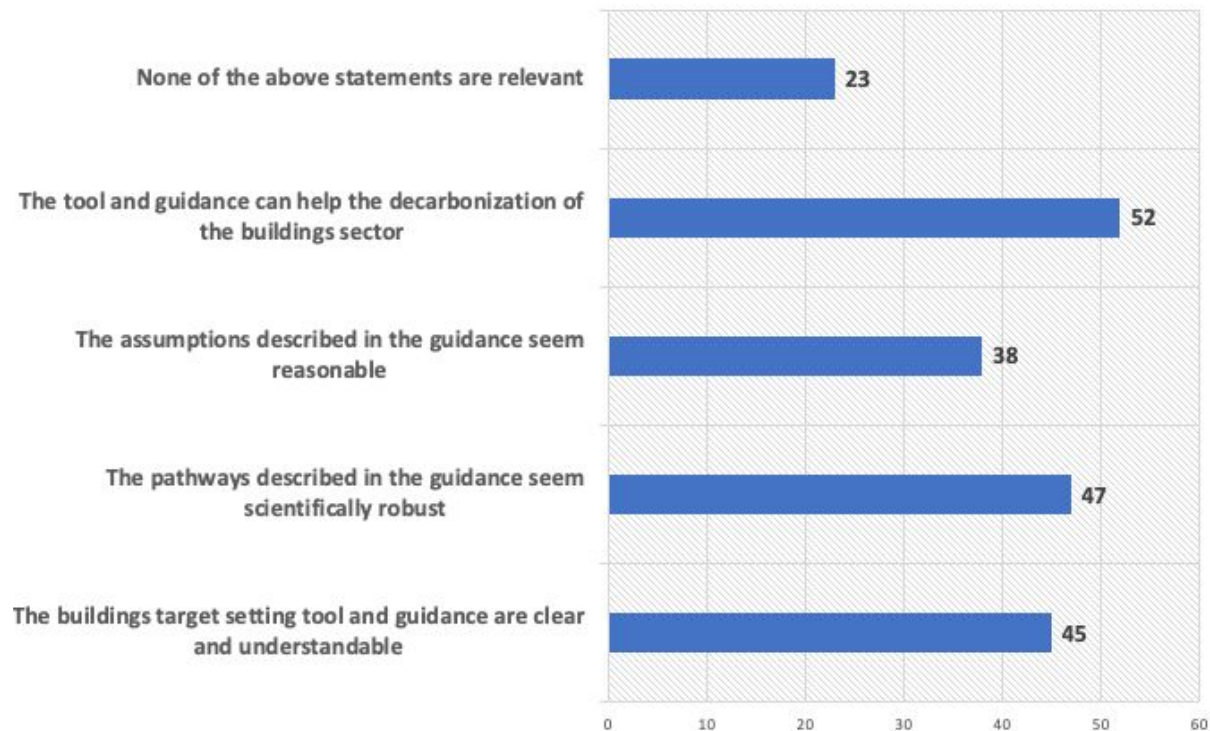
THE APPROACH AND GUIDANCE FOR FIs TO INCLUDE EMBODIED EMISSIONS FROM INVESTMENTS IN THE BUILDINGS SECTOR IS CLEAR AND REASONABLE. TO WHAT EXTENT DO YOU AGREE?



UNDER CURRENT SBTi GUIDANCE FOR FINANCIAL INSTITUTIONS, FIs CAN CHOOSE WHETHER LOCATION OR MARKET-BASED METHODS ARE USED. UNDER THE BUILDINGS GUIDANCE, FOR ANY INVESTMENTS IN THE BUILDINGS SECTOR ONLY THE LOCATION-BASED METHOD WILL BE ALLOWABLE. FIs WILL STILL BE ALLOWED TO CHOOSE BETWEEN THE MARKET OR LOCATION-BASED METHOD FOR ANY TARGETS RELATING TO INVESTMENTS INTO OTHER SECTORS UNDER CURRENT SBTi FOR FI GUIDANCE. TO WHAT EXTENT DO YOU THINK THIS WILL BE AN ISSUE FOR FIs?



GENERAL COMMENTS



THANK YOU!

PARTNER ORGANIZATIONS



United Nations
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WORLD
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WE MEAN
BUSINESS
COALITION




IN COLLABORATION WITH

 sciencebasedtargets.org

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 [Science Based Targets](https://www.youtube.com/ScienceBasedTargets)

 [/science-based-targets](https://www.linkedin.com/company/science-based-targets)

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