

# SBTi BUILDINGS PROJECT PILOT TESTING FEEDBACK REPORT

July 2024

# ABOUT THIS DOCUMENT

This document presents a **summary of the feedback** received during the **pilot testing of the SBTi Buildings Guidance Draft for Pilot Testing and supplementary resources**, and explains how this feedback will inform the final version.

The SBTi is grateful for all participants that provided input during the pilot testing phase, or engaged in any way during this process.





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- Pilot testing participants
- Summary of pilot testing feedback
- Disclaimer



# BACKGROUND INFORMATION

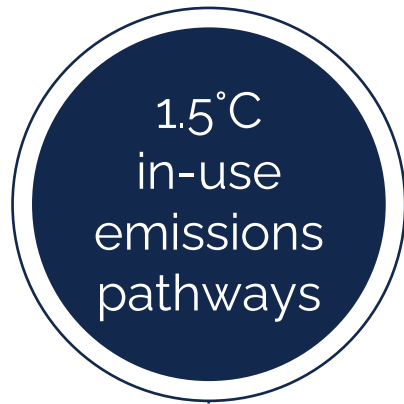


## ABOUT THE SBTi BUILDINGS PROJECT

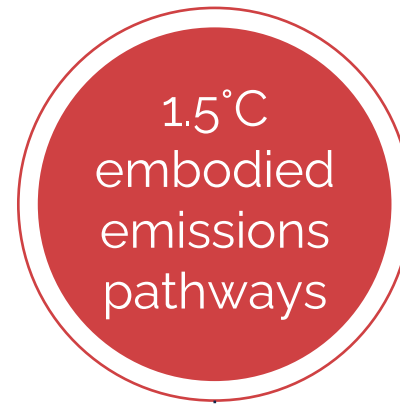
- The aim of this project is to help buildings companies align their climate action with 1.5°C by developing robust, clear and practical criteria to support their decarbonization journey.
- The project seeks to fill gaps in corporate GHG accounting for companies and financial institutions in the buildings value chain to set science-based targets.
- The buildings sector is a major contributor of emissions worldwide, accounting for over one third of global energy consumption and emissions.
- Global floor area is estimated to grow by approximately 75% over 2020-2050. GHG emissions will rise dramatically if no decarbonization efforts are made.



# OBJECTIVES OF THE SBTi BUILDINGS PROJECT



**Objective 1:**  
Granular 1.5°C aligned pathways for in-use emissions of global buildings sector developed together with CRREM.



**Objective 2:**  
Global 1.5°C aligned pathways for embodied emissions of new construct buildings.



**Objective 3:**  
**Guidance** for emissions accounting, reporting and target-setting for stakeholders within the sector.

**Intended users** include i.e. developers, building owners and occupiers, and financial institutions.

A buildings-specific target-setting **tool** to calculate targets using the new buildings pathways.

# THE SBTi BUILDINGS GUIDANCE DEVELOPMENT PROCESS

- **Project initiation:** October 2021.
- **Public consultation:** The SBTi Buildings Guidance and Tool Drafts for Public Consultation were open for public comment from May 16 to July 16, 2023.
- **Pilot testing:** The SBTi Buildings Guidance and Tool Drafts for Pilot Testing were tested by companies and financial institutions from November 21, 2023 to March 26, 2024.
- **Internal reviews by SBTi technical experts:**
  - Draft for Public Consultation: April 30, 2023.
  - Draft for Pilot Testing: October 25, 2023.
- **Buildings Expert Advisory Group (EAG):** Buildings EAG members have a volunteer advisory role over the duration of the project. They provided input in meetings and to the drafts prior to the publication for public consultation and pilot testing.

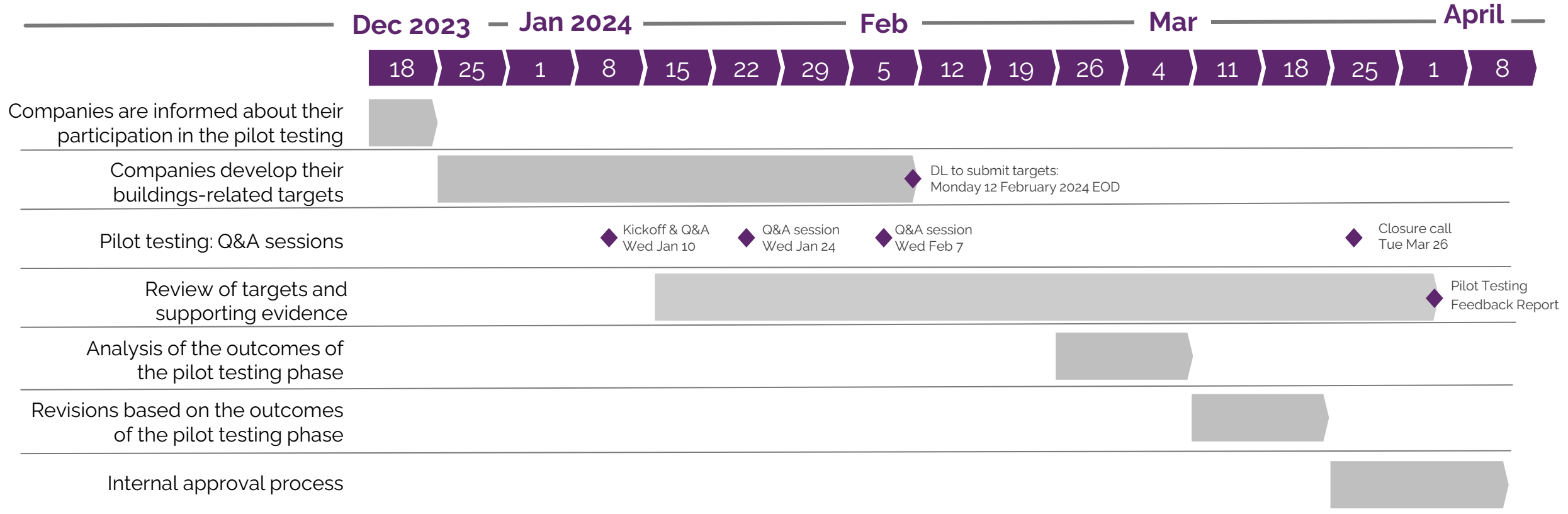
# PILOT TESTING PHASE

CONDUCTED FOR 84 DAYS: FROM JANUARY 3 TO MARCH 26, 2024

- **The key objectives of the pilot testing were:**
  - Gather feedback on the clarity, robustness and practicality of the target-setting tool, criteria and guidance.
  - Identify key challenges for adoption and implementation of the guidance across geographies and user types.
- **Pilot test steps:**
  - [Open call](#) for applications for pilot test.
  - Selection of pilot test participants against [the predetermined criteria](#).
  - Provide the participants with the publicly available technical resources, as well as the draft submission form and draft criteria assessment indicators.
  - Host 3 Q&A sessions over the course of 6 weeks for companies to formulate their targets.
  - Review the targets submitted by the participants against the criteria and other documents.
  - Provide feedback on the alignment with the criteria.
  - Send participants a separate pilot test survey to provide feedback on the resources and the pilot test process (at the end of the 6 week period).
  - Host a closure call to go through the findings of the pilot test phase.



# BUILDINGS PILOT TEST TIMELINE



# PILOT TEST OVERVIEW

## Pilot test participant selection process

- Nov 21 - Dec 10, 2023: Open call for applications
  - **68 applications received.**
- Total of **15 participants selected** based on predefined selection criteria.
  - Corporates, FIs and SMEs.
  - Corporates were headquartered in the following regions: Asia, Europe, Middle East and North Africa, North America and Oceania.
  - Participants had **regional and global buildings portfolios.**
- Participants were asked to develop targets using the draft resources and answer to the final survey.
  - Out of 15 participants, 14 submitted targets and 9 responded to the final survey.

## Pilot testing outcomes

- **14 participants submitted targets** for review (93%).
- **6 out of 6** intended **user types** as defined in the draft guidance were **covered** (100%).
- **191 out of 644** in-use operational emissions pathways tested (29%).
- **4 out of 4** upfront embodied emissions pathways tested (100%).
- **9 issues (not pathway related)** leading to changes in the target-setting resources were identified.
- Minor changes implemented to increase clarity and usability of the resources without changing the criteria or ambition.

# PATHWAY COVERAGE IN THE BUILDINGS PILOT TEST

## Regions with at least one country or sub-region specific pathway included in pilot testing

	COVERAGE OF COUNTRIES WITHIN REGION PROVIDED WITH A COUNTRY-SPECIFIC PATHWAY	
	%	NUMBER OF COUNTRIES
<b>Total</b>	65%	76
<b>Americas</b>	75%	3/4
<b>USA cities</b>	87%	13/15
<b>Asia</b>	100%	8/8
<b>Europe</b>	68%	21/31
<b>Oceania</b>	100%	2/2
<b>Australia climate zones (sub-regions)</b>	33%	2/6
<b>Middle East and North Africa</b>	Currently only 'Other' pathway available*	
<b>Africa</b>	Currently only 'Other' pathway available*	

\* 'Other' pathway for building types and countries not covered with an SBTi-CRREM pathway tested multiple times in different cases.

## Building typologies covered at least once in pilot testing

BUILDING TYPOLOGY	COVERED IN THE PILOT
<b>Residential (any size) - non-EU regions</b>	X
<b>Residential - single family</b>	X
<b>Residential - multi-family</b>	X
<b>Office</b>	X
<b>Retail - High Street</b>	X
<b>Retail - Shopping Mall</b>	X
<b>Retail Warehouse</b>	X
<b>Hotel</b>	X
<b>Distrib. Warehouse - COLD</b>	X
<b>Distrib. Warehouse - WARM</b>	X
<b>Healthcare</b>	X
<b>Leisure / Lodging</b>	X





# PILOT TESTING PARTICIPANTS

# PILOT TESTING FEEDBACK SURVEY | 9 RESPONSES RECEIVED



15

Participants in the pilot test



9

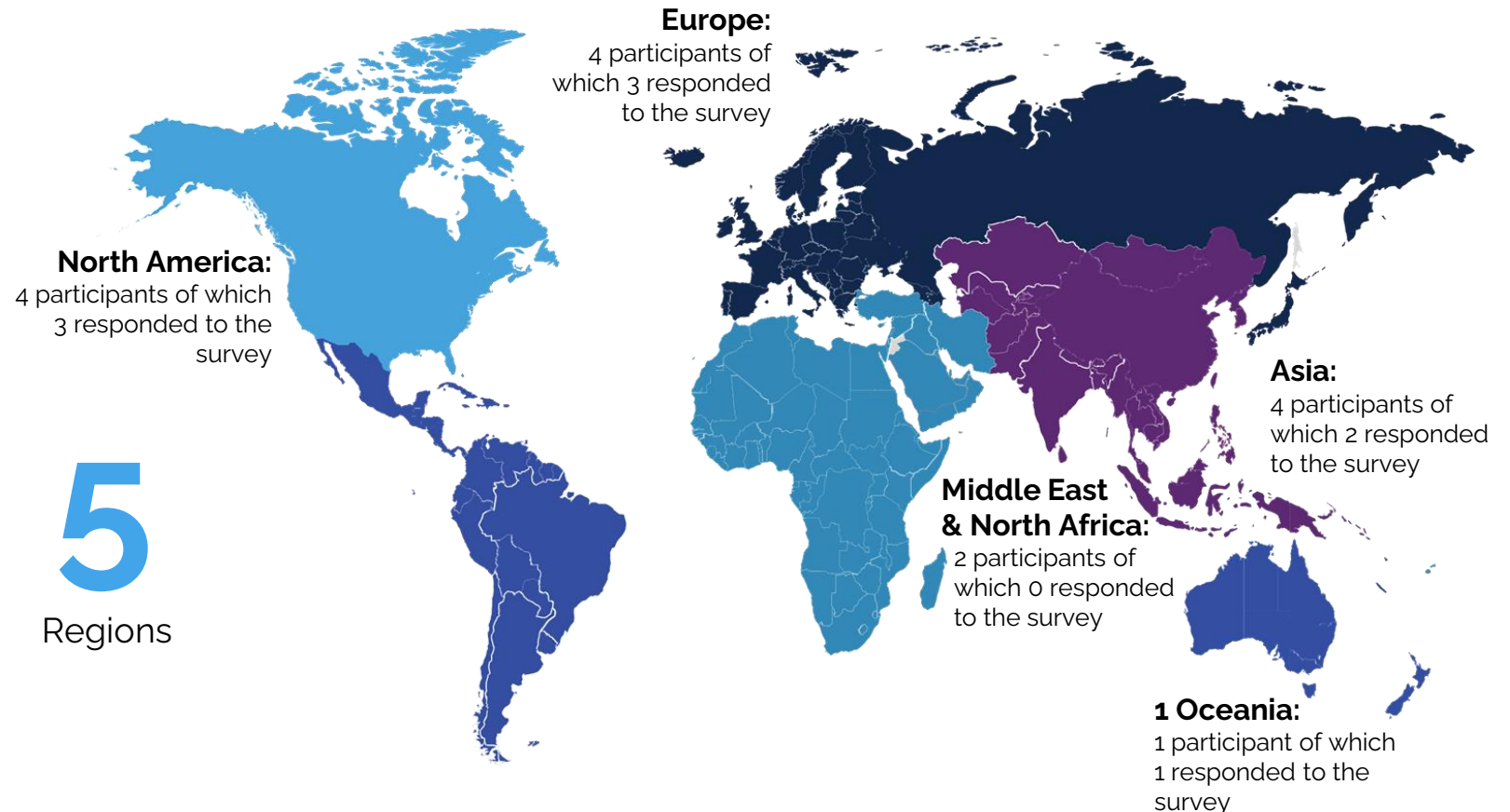
Responses to the survey

## USER TYPES

### (PARTICIPANTS/RESPONDENTS)

- Owner-lessor (11/8)
- Owner-occupier (2/1)
- Developer (8/5)
- Property Manager (8/4)
- Financial institution (5/3)
- Tenant (1/1)

## GEOGRAPHIES



# PILOT TESTING FEEDBACK SURVEY | BREAKDOWN OF RESPONDENTS

PARTICIPANT ID	USER TYPES REPRESENTED	REGION
Participant 2	Owner-lessor, Financial institution	Europe
Participant 3	Developer, Tenant, Property Manager	North America
Participant 4	Owner-lessor	Europe
Participant 6	Owner-lessor, Developer	Oceania
Participant 7	Owner-lessor, Developer, Property Manager, Financial institution	North America
Participant 8	Owner-lessor, Property Manager	Asia
Participant 9	Owner-lessor, Developer	North America
Participant 10	Owner-lessor, Developer, Financial institution	Europe
Participant 15	Owner-lessor, Owner-occupier, Property Manager	Asia

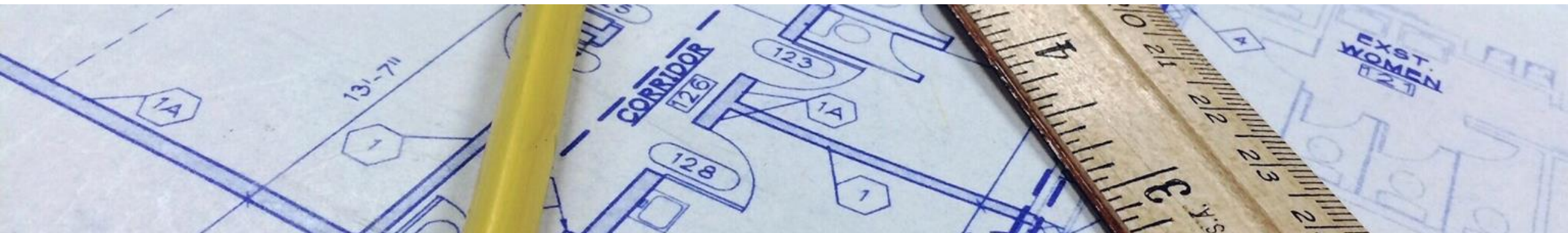


# GAPS IN PARTICIPATION IN THE BUILDINGS PILOT TEST

During the pilot testing phase, the following gaps were identified:

- **Pathway Coverage:** 29% (191 out of 644) operational emissions pathways tested.
- **Regional Participation:** Lack of representatives from companies headquartered in LATAM and Africa.

These gaps are reviewed as a part of the final revision of the resources before publication. In future revisions, addressing these gaps will be emphasized.





# SUMMARY OF PILOT TESTING FEEDBACK

# STRUCTURE OF THE BUILDINGS PILOT TEST FINAL SURVEY

## 7 TOPICS COVERED

### FINAL SURVEY TOPICS

1. OPPORTUNITIES AND CHALLENGES

### HIGH-LEVEL FOCUS OF THE TOPIC

Overall reflections with the building's resources.

2. METHODOLOGIES

Feedback on the target-setting methodologies.

3. CRITERIA

Opinions on requirements and recommendations.

4. BUILDINGS TARGET-SETTING TOOL

Targeted to user-friendliness and any possible issues identified with the tool.

5. OTHER SBTi BUILDINGS RESOURCES

Feedback on the worked examples and the draft submission form.

6. IMPLEMENTATION OF BUILDINGS SBTS

This section asks whether your organization is interested in implementing buildings targets.

7. GENERAL FEEDBACK

Feedback on the pilot test process.



# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 1. OPPORTUNITIES AND CHALLENGES

### What have been the biggest opportunities for your company in this pilot test?

#### Survey Feedback

- Constructing a roadmap to substantially reduce carbon footprint based on SBTi.
- Supporting transparent best-practice climate reporting and target setting.
- Comparing the SBTi Buildings targets with existing SBTi SME targets and energy-intensity reduction targets.
- Establishing a direct channel of communication with SBTi for feedback and learning from other pilot participants.
- Understanding the reduction requirements and direction of industry GHG reporting.
- Improving reporting knowledge about net-zero carbonization under science-based emissions reduction targets.
- Enhancing internal cross-collaboration on applying Buildings Sector Guidance principles.
- Preparing for the transition from the current standard to upcoming building sector guide, including raising APAC feedback via the pilot.

# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 1. OPPORTUNITIES AND CHALLENGES

### What have been the biggest challenges for your company in this pilot test?

#### Survey Feedback

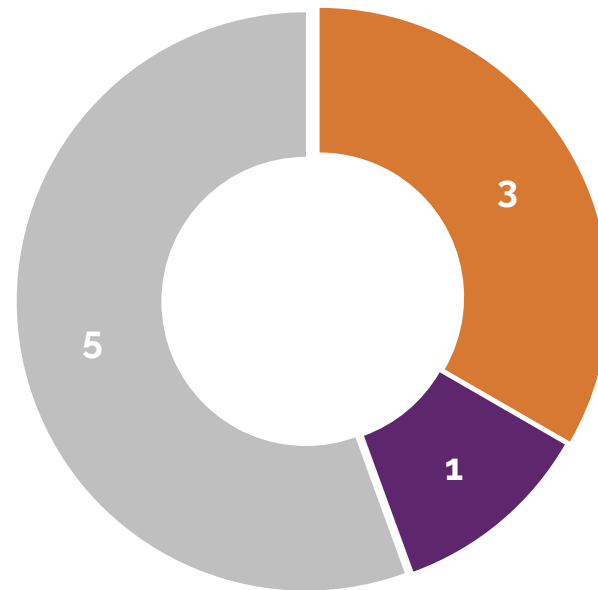
- Difficulty in collecting customer data, mapping building-level data, fugitive emissions, understanding emission submissions, and organizing data for submission.
- Setting growth targets for different portfolios, impacted by external factors like financing possibilities.
- Necessity of establishing a direct channel of communication with SBTi for feedback and learning from other pilot participants.
- Challenges in interpreting SBTi guidelines, especially regarding company type and portfolio projections.
- Time commitment and complexity of the pilot test, including technical aspects and hiring consultants for assistance.
- Lack of clarity on how criteria and recommendations apply to different user groups within the Buildings sector.

# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 1. OPPORTUNITIES AND CHALLENGES

Is there internal business interest to set targets using the buildings guidance?

### Survey Feedback



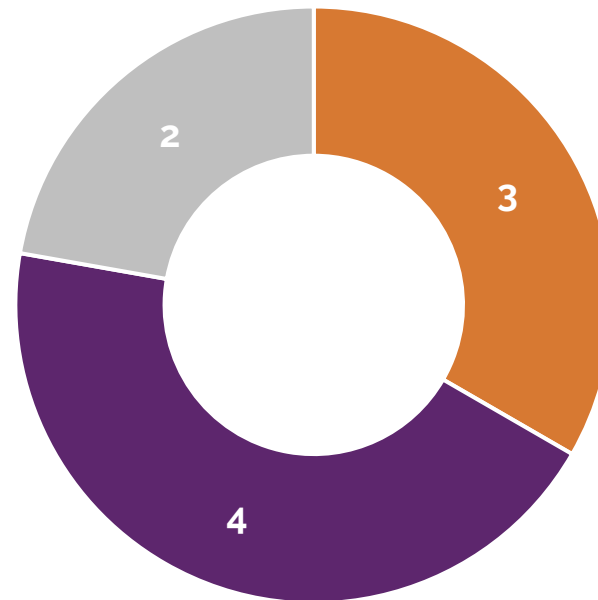
■ Yes ■ No ■ Not sure

# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 2. METHODOLOGIES

Did you find the buildings target-setting methods well-suited to your company's business activities?

### Survey Feedback



■ Yes ■ No ■ Not sure

# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 2. METHODOLOGIES

**Please explain your experience using the selected methodology/methodologies and if there were any areas of confusion.**

### Survey Feedback

- Lack of clarity in SBTi Buildings Guidance:
  - Request for clearer guidance on target-setting methodologies.
  - Confusion regarding aggregating results across geographies and typologies.
  - Uncertainty about criteria and methods depending on company type.
- Disagreements and confusion with methodology aspects:
  - Disagreement with the consideration of different types of portfolio change.
  - Concerns about setting absolute embodied carbon reduction targets.
  - Challenges with target recalculation for in-use buildings and embodied carbon.
- Need for additional guidance and clarification:
  - Lack of clarity on regionality assignment for assets.
  - Recommendation for allowing market-based emissions.
  - Issues with submission form and confusion about reporting period.
  - Questions about differences in asset-level floor area between base year and target year.



# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 2. METHODOLOGIES

### **Are there any potential negative consequences of using the Buildings Guidance as it relates to your company's business operations?**

#### **Survey Feedback**

- Challenges with classification of building types, user categorization and definitions.
- Difficulty in implementing the target requirements, particularly in regions with limited accessibility to renewable power and market boundary issues for RECs.
- Restrictions on market-based solutions.
- Disallowance of market-based emissions methodology.
- Difficulty in meeting the whole building requirement, especially for companies with non-operational control in tenant spaces.
- Limitations in accounting for emissions from car park assets.
- Lack of influence and incentive to decarbonize under the whole building approach.
- Legal risk in regulatory climate disclosures due to the expansion of GHG emissions boundaries for scope 3, which may be misaligned with current professional service agreements and legal abilities.
- Difficulty in understanding and complying with the rules.

# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 3. CRITERIA

### Do you have any suggestions to improve the user-friendliness of the criteria?

#### Survey Feedback

- Provide an introductory table outlining all required and recommended criteria to give users an overview and serve as a checklist.
- Simplify the criteria where possible to enhance clarity and ease of understanding.
- Consolidate information to avoid repetition and make it easier to locate specific requirements.
- Use case examples for better illustration.

# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 3. CRITERIA

**Are there any aspects of the criteria that are confusing and need further clarification. Please specify.**

### **Survey Feedback**

- Companies have inconsistent approaches in considering direct investments as operational or financed emissions, necessitating clearer guidance from SBTi.
- Clarification on the commitment, C14 - No new fossil fuel equipment.
- Need for clarity on how to report sold buildings emissions, end-of-life building emissions, and company overhead emissions, and whether separate submissions are required.
- Acceptance of market-based Scope 3 emissions.
- Embodied carbon accounting: Further clarification needed on the method to account.
- Unclear how several criteria and recommendations apply to each user group, requiring more explicit guidance.

# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 3. CRITERIA

### Are there any potential negative consequences of using the buildings criteria? Please specify.

#### Survey Feedback

- Lack of clarity and typographical errors in specific sections of the guidance document, leading to confusion and potential misinterpretation.
- Risk of omitting other emissions besides building-related emissions from target setting, which may result in incomplete decarbonization efforts.
- Less flexibility and stringency compared to the Financial Institutions (FI) Guidance, potentially leading real estate companies to opt for the FI Guidance instead, creating an uneven playing field.
- Requirement for whole-building data may negatively impact data quality in the short term, particularly in tenant-controlled spaces where data sharing is not commonplace, leading to reliance on estimates and reduced accuracy.
- Certain requirements within the building sector guidance, such as fossil fuel requirements, may negatively impact competitiveness in select markets.

# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 4. BUILDINGS TARGET-SETTING TOOL

**Did you encounter any technical issues while using the buildings target-setting tool?, Please specify.**

### **Survey Feedback**

- Insufficient building types listed in the target-setting tool.
- Calculation errors in the target-setting tool, including negative percentage decreases and NA values when selecting base years before 2015.
- Limitations in the tool's functionality and user-friendliness, such as not accommodating all asset-type-region permutations for portfolios and requiring repetitive manual input and navigation steps, leading to time-intensive tasks and potential errors.
- Inadequate provision for signature on the criteria analysis form, requiring clarification to ensure proper completion.
- Insufficient rows to accommodate data aggregation, requiring enhancements to allow users to paste in larger data sets and analyze them effectively.



# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 4. BUILDINGS TARGET-SETTING TOOL

**Were any results confusing to interpret of the target-setting tool? Please specify.**

### **Survey Feedback**

- Variation in reduction targets for upfront embodied emissions, possibly due to input differences and the smoothing effect of long-term targets.
- Difficulty understanding required inputs in the "In-Use Targets and Embodied Targets" sheet.
- Unclear purpose of the "Long Term" sheet.
- Aggregator, tool impractical for large, global companies with complex portfolios, requiring manual aggregation and input processes.

# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 5. OTHER SBTi BUILDINGS RESOURCES

### Do you have any suggestions to improve the user-friendliness of the buildings worked examples?

#### Survey Feedback

- Adding more permutations of user types in worked examples.
- Correcting typo errors found in examples.
- Addressing technical issues such as scrolling difficulties in Excel sheets.
- Updating the target-setting tool.
- Providing examples of in-use embodied targets and net-zero targets.
- Making examples less specific and providing better explanations.

# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 5. OTHER SBTi BUILDINGS RESOURCES

### Do you have any suggestions to improve the user-friendliness of the buildings submission form?

#### Survey Feedback

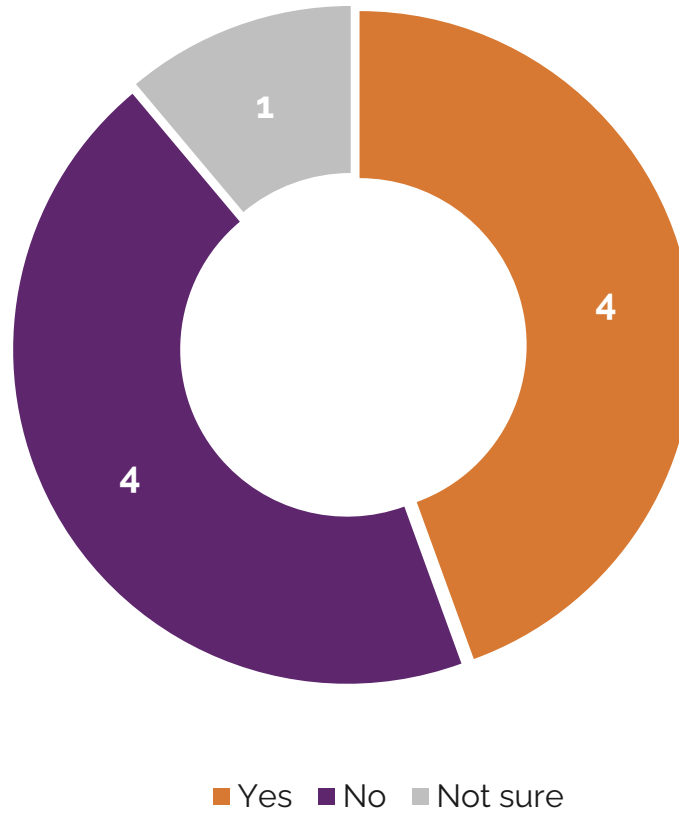
- Automatically filling in the aggregator inputting in the target sheets to avoid copy-pasting.
- Clarifying target reporting standards for both in-use operational emissions and upfront embodied emissions.
- Allowing users to add additional rows in the Aggregator tab to accommodate companies with large portfolios.
- Making the form more editable for easier formatting and readability.
- Aligning target-setting tool outputs with the buildings inventory tab format.
- Providing clearer instructions for signature requirements and expanding the form to request more information for consistency and clarity.
- Distinguishing between the submission form and the SBTi Buildings Target-Setting Tool and clarifying if both documents should be provided.

# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 6. IMPLEMENTATION OF BUILDINGS SBTs

Does your company plan to adopt the buildings-related targets modelled in the pilot test using the buildings target-setting tool?

### Survey Feedback



# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 6. IMPLEMENTATION OF BUILDINGS SBTs

**Does your company plan to adopt the buildings-related targets modelled in the pilot test using the Buildings Target-Setting Tool? Please explain why/why not/not sure.**

### Survey Feedback

- Yes because of the strategic aim to be the ESG frontrunner in the real estate industry (multiple answers).
- Maybe, time and methodological barriers need to be assessed once the final guidance is published.
- SBTi Buildings can make the link between decarbonization target on company level and the energy reduction target for the building portfolio.
- Mandatory link to CRREM which is not yet fit for purpose in APAC region.
- It is unclear whether it will be mandatory to adopt the buildings-related target when a company is required to recalculate.
- Whole building approach, no fossil fuel commitment, not accepting market-based methods for tenant consumption are challenging for companies in the APAC region.
- The transition from current standard to the buildings sector guidance is huge and can be difficult for internal parties to digest.

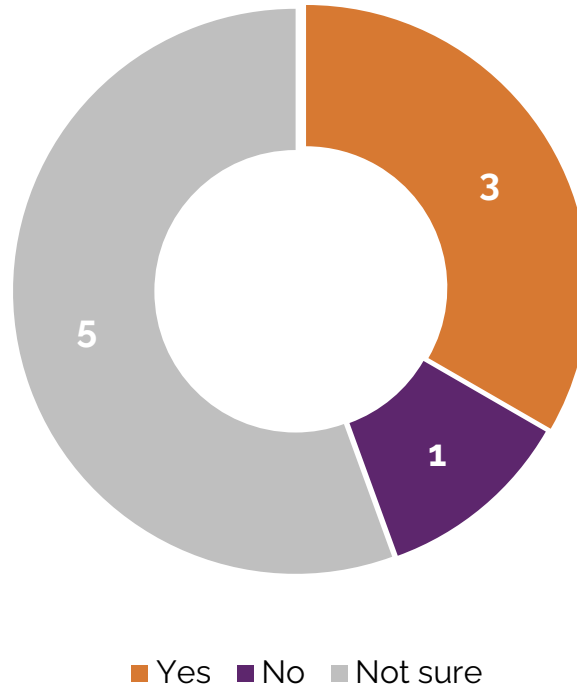


# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 6. IMPLEMENTATION OF BUILDINGS SBTs

Would you be interested in submitting an official submission once the final Buildings resources are launched?

### Survey Feedback



# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 6. IMPLEMENTATION OF BUILDINGS SBTs

**How long would the internal sign-off process be to formally adopt your buildings targets before seeking SBTi validation?**

### **Survey Feedback**

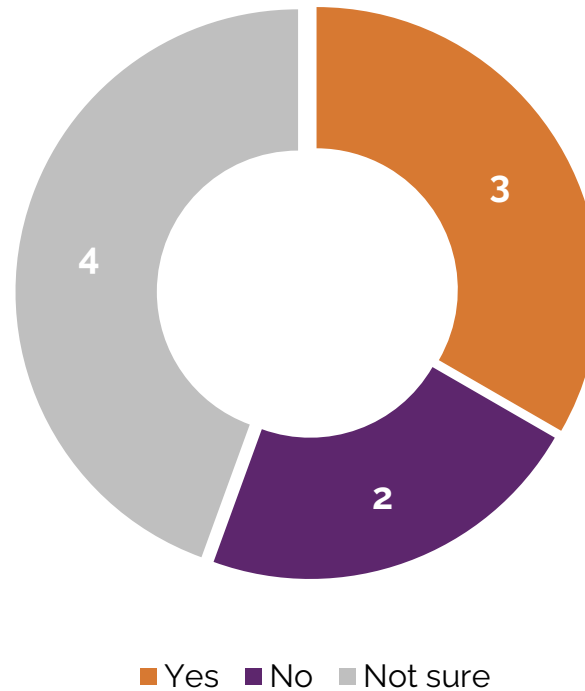
- Depends on the final guidance requirements and methodologies and how they are accepted by various internal parties.
- In the responses, the internal approval process varied from weeks to 12 months.

# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 6. IMPLEMENTATION OF BUILDINGS SBTs

Do you expect any internal pushback on adopting buildings targets? Please explain why/why not/why not sure?

### Survey Feedback

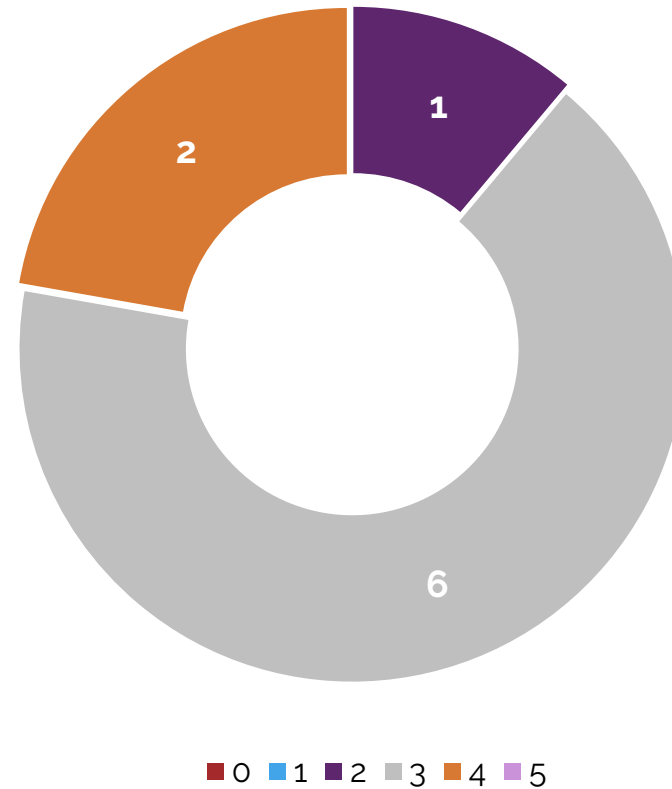


# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 7. GENERAL FEEDBACK

Overall, how would you rate the pilot test process?

### Survey Feedback



# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 7. GENERAL FEEDBACK

### How would you rate the helpfulness of the engagements with SBTi throughout the pilot testing process?

#### Survey Feedback

- The reaction time could be quicker, delays hindered process also internally.
- It would be more effective if the full list of questions can be shared prior (anonymize the pilot participants who posed that question) to allow other participants to interact as well. It is noted however that this may not be the intent for pilot sessions. Another alternative is to share all questions posed beforehand so that pilot participants can internally review as well.
- The response time was sometimes a bit slow, but the answers have been helpful.
- Not all the questions were responded sufficiently and not all questions received much further clarity when asked during the Q&A sessions or emails.
- The SBTi team were organised, professional and responsive.
- Very good, clear documentation & guidance at the start of the pilot test. 3 Q&A sessions were sufficient to clarify the remaining questions during the exercise.
- The pilot testing time frame was quite short. Recommend extending pilot testing phase for future sector guidance.
- Could be more interactive and responsive to participants' feedback. There were many uncertainties in the team's answers as well.
- But the entire engagement process was a legit and reasonable step for early trial and understanding of the coming buildings sector guidance - appreciated that.

# SUMMARY OF PILOT TESTING FEEDBACK

## TOPIC 7. GENERAL FEEDBACK

### Open feedback or suggestions regarding the pilot test process.

#### Survey Feedback

- To have a dialogue session after SBTi has evaluated all participants' inputs, and sharing the response to all the queries posed, instead of just a closure session.
- The Buildings Guidance pilot helped to demystify the guidance, identify barriers or areas that are not clear and understand the level of ambition required to meet science-based targets.
- This process would be more helpful if the timeline were extended.
- The expected workload estimated by the SBTi was not sufficient.



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