



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi BUILDINGS CRITERIA FAQs

Version 1.2
February 2026

ABOUT SBTi

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a UK charity, with a subsidiary SBTi Services Limited, which hosts our target validation services. Partner organizations who facilitated SBTi's growth and development are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

DISCLAIMER

Although reasonable care was taken in the preparation of this document, the Science Based Targets initiative (SBTi) affirms that the document is provided without warranty, either expressed or implied, of accuracy, completeness or fitness for purpose. The SBTi hereby further disclaims any liability, direct or indirect, for damages or loss relating to the use of this document to the fullest extent permitted by law.

The information (including data) contained in this document is not intended to constitute or form the basis of any advice (financial or otherwise). The SBTi does not accept any liability for any claim or loss arising from any use of or reliance on any data or information within this document.

All information, opinions and views expressed herein by SBTi are based on its judgment at the time this document was prepared and is subject to change without notice due to economic, political, industry, or firm-specific factors.

The contents of this document may be cited by anyone provided that the SBTi is cited as the source of the document. Such permission to use does not represent a license to repackaging or resell any of the information included in the document. No repackaging or reselling of any of the contents of the document is permitted without the express prior written permission from the SBTi.

“Science Based Targets initiative” and “SBTi” refer to the Science Based Targets initiative, a private company registered in England number 14960097 and registered as a UK Charity number 1205768.

© SBTi 2026

VERSION HISTORY

Version	Change/update description	Release date	Effective dates
1.0	<ul style="list-style-type: none"> SBTi Buildings Criteria FAQs Version 1.0 	March 3, 2025	March 3, 2025 - June 9, 2025
1.1	<p>Version 1.1 includes:</p> <ul style="list-style-type: none"> References to the grace period have been removed from questions 2, 3, 4 and 24 to reflect the end of the transition phase and current implementation stage. Clarification on data centres in question 8. Further guidance on the in-use emissions boundary for tenant-specific energy consumption in question 12. 	June 9, 2025	June 9, 2025 - February 11, 2026
1.2	<ul style="list-style-type: none"> Numbering of questions has been altered to reflect removed and added questions The following questions from Version 1.1 have been removed: 2 (phase-in of criteria) and 16 (target evaluation). Editorial revisions were applied to multiple questions to improve clarity and consistency, with no impact on underlying guidance. This includes questions 1, 2, 6, 13, 20, 30. The following questions have been added: 5, 9, 10, 11, 15, 21, 33. In addition, existing content has been split into new questions: 7, 8, 14. Clarifications on content have been added to questions 1, 3, 17, 20, 23, 28 Questions related to financial institutions have been updated to reflect the release of the SBTi Financial Institutions Net-Zero Standard. 	February 11, 2026	February 11, 2026

CONTENTS

ABOUT SBTi	2
DISCLAIMER	3
VERSION HISTORY	4
CONTENTS	5
1. GENERAL INFORMATION ABOUT THE SBTi AND SCIENCE-BASED TARGETS	7
1. What is the SBTi Buildings Criteria?	7
2. How does the release of the SBTi Buildings Criteria affect companies who have active commitments to set science-based near-term and/or net-zero targets?	7
3. How does the release of the SBTi Buildings Criteria affect companies who have already set targets using the SBTi Corporate Net-Zero Standard?	7
4. What changes are included in Version 1.1 of the SBTi Buildings Criteria and Explanatory document and will these updates affect target setting?	8
5. What changes are included in Version 1.2 of the SBTi Buildings Target-Setting Tool and will these updates affect target setting?	8
2. INTENDED USERS OF THE SBTi BUILDINGS CRITERIA	8
6. Is my company in the scope of the SBTi Buildings Criteria?	8
7. Are small and medium-sized enterprises (SMEs) required to use the Buildings Criteria?	9
8. My company is in the buildings value chain but is not one of the user types listed in the Buildings Criteria. Which Standard(s) should I use?	9
9. My company is an integrated developer and construction and engineering company. Which Standard(s) should I use?	9
10. How are the user types in criterion Buildings-C3 (“Intended User Categorization”) determined for companies?	9
11. My company falls under multiple user types. How should we set targets?	9
12. When submitting targets, do companies select just one intended user category, or is it possible to choose multiple user categories?	10
13. Do the SBTi Buildings Criteria cover infrastructure such as roads, bridges, tunnels, and indoor or outdoor car parks? If not, what SBTi criteria and guidance should I use to set targets covering emissions from these sources?	10
14. Should data centers be included in targets set under the SBTi Buildings Criteria?	10
15. Should embodied emissions from renovations be included in targets set under the SBTi Buildings Criteria?	10
3. TARGET-SETTING METHODS AND GHG ACCOUNTING	11
16. I have non-buildings and buildings-related emissions, how should I set targets? Do we need to use both the SBTi Corporate Net-Zero Standard and Buildings Criteria?	11
17. Under the SBTi Buildings Criteria, can market-based instruments be used to account for emissions?	12
18. Can we use projections and assumptions about the future emissions intensity of the electric grid in setting a target now?	12
19. What is the in-use emissions boundary for tenant-specific energy consumption, and who is responsible for including these emissions in the target boundary?	12
20. How should I select my base and target years?	13
21. Does the requirement to set the base year for upfront embodied emissions within the “last three years” include the current calendar year?	13

22. How can real estate companies with short asset holding periods (e.g. 5-7 years) apply science-based targets?	13
23. How do recalculation rules apply under the SBTi Buildings Criteria?	14
24. What is the best way to estimate energy consumption for new buildings without data?	15
25. If electricity is bundled into a tenant's rent and not paid separately by the tenant, would it be considered the tenant's scope 2 or scope 3 emissions?	15
26. What are the differences between the concepts of 'whole building approach' vs. whole life carbon emissions?	15
27. How would the whole building approach be applied for each intended user category?	16
28. What if we can't commit to the requirement of no new fossil fuel equipment in all regions where we operate, due to local limitations, such as power capacity issues or municipal regulations?	17
4. SBTi BUILDINGS TARGET-SETTING PATHWAYS AND TOOL	18
29. Does the partnership with CRREM allow a company to submit targets to SBTi Services for validation using the CRREM tool?	18
30. How should the pathway be selected? What if there is no pathway suitable for the building type and location in our portfolio?	18
5. APPLICABILITY FOR FINANCIAL INSTITUTIONS	18
31. Which criteria should a financial institution use?	18
32. Which criteria should a real estate investment trust (REIT) follow?	19
33. How should financial institutions set targets for emissions or financed emissions associated with their real estate activities?	19
34. What does the 'whole building approach' mean for financial institutions?	19
6. COLLABORATION AND ALIGNMENT WITH OTHER INITIATIVES	20
35. How does the SBTi Buildings Target-Setting Tool align or differ from the CRREM Tool?	20
36. What is the role of existing green building certifications and the SBTi framework?	20
7. Target Validation	21
37. My company plans to only submit Buildings targets set through cross-sector methods. Will we still need to complete the Buildings Annex?	21

1. GENERAL INFORMATION ABOUT THE SBTi AND SCIENCE-BASED TARGETS

1. What is the SBTi Buildings Criteria?

The SBTi Buildings Criteria is a set of criteria and recommendations for buildings sector companies setting science-based targets through SBTi.

The Buildings Criteria supersedes the [SBTi Corporate Net-Zero Standard](#) for companies that meet the eligibility requirements for the activities and emissions sources within scope. The Corporate Net Zero Standard shall be used in conjunction with the Buildings Criteria for non-buildings emissions.

SBTi target-setting for the buildings sector is anchored in the documents below.

RESOURCE	DESCRIPTION
SBTi Buildings Criteria	Defines requirements for setting science-based targets in the buildings sector, including recommendations for transparency and best practices.
SBTi Buildings Explanatory Document	Offers guidance on emissions accounting, reporting, target setting and the validation process. Explains the criteria, methodologies, and technical aspects of the SBTi Buildings Criteria.
SBTi Buildings Target-Setting Tool	Helps formulate emissions reduction targets aligned with the SBTi Buildings Criteria.

Additional resources—including background documents on the SBTi Buildings Criteria, general SBTi guidance, and relevant third party resources—can be found on the [SBTi Buildings webpage](#).

2. How does the release of the SBTi Buildings Criteria affect companies who have active commitments to set science-based near-term and/or net-zero targets?

For companies currently in the process of setting targets, usage of the Buildings Criteria is now mandatory for companies that meet any of the specified user types ([Buildings-C3](#)) and meet the emissions thresholds for in-use operational and/or upfront embodied emissions ([Buildings-C1/C2](#)).

3. How does the release of the SBTi Buildings Criteria affect companies who have already set targets using the SBTi Corporate Net-Zero Standard?

There is no immediate requirement to update existing validated targets. However, companies will be required to align with the Buildings Criteria and other in-force criteria at

the five-year mandatory target review if new additional targets are set and/or if targets need to be recalculated due to significant changes in the organizational structure, business operations, or other reasons triggering a recalculation need.

For more information on the mandatory target review, please consult the [SBTi Mandatory Five-Year Review Guidance](#).

4. What changes are included in Version 1.1 of the SBTi Buildings Criteria and Explanatory document and will these updates affect target setting?

In June 2025, the SBTi updated their [SBTi Buildings Criteria](#) and [Explanatory document](#) from Version 1.0 to Version 1.1. These were non-substantive updates aimed at improving clarity and consistency, including addressing typos, formatting inconsistencies, and areas needing clarification.

Examples of these changes include correcting figures with incorrect references to final criteria numbers and clarifying language that previously implied mandatory requirements, such as replacing “must refer to” with “may refer to” in Figure 1 in the [SBTi Buildings Criteria](#) document, to better reflect the intended audience and avoid misinterpretation.

These updates were identified through stakeholder feedback and internal reviews.

These edits do not alter the technical requirements or underlying methodology. Therefore, Version 1.1 will not affect target setting or require companies to resubmit or revise their targets.

5. What changes are included in Version 1.2 of the SBTi Buildings Target-Setting Tool and will these updates affect target setting?

In January 2026, the SBTi updated the SBTi Buildings Target-Setting Tool from Version 1.1 to Version 1.2. The tool now includes a dedicated tab for Financial Institutions setting targets under the Financial Institutions Net-Zero Standard (FINZ). This tab allows users to set targets for buildings-related Scope 3 Category 15 emissions using the Portfolio Intensity Convergence method.

These edits do not alter the technical requirements or underlying methodology. Therefore, Version 1.2 of the tool will not affect target setting or require companies to resubmit or revise their targets.

2. INTENDED USERS OF THE SBTi BUILDINGS CRITERIA

6. Is my company in the scope of the SBTi Buildings Criteria?

Companies must set targets using the SBTi Buildings Criteria if they meet any of the specified user categories outlined in Buildings-C3 and additionally meet the GHG emission thresholds defined in Buildings-C1 and/or Buildings-C2:

- **Developer**
- **Owner-occupier**
- **Owner-lessor**
- **Property manager**
- **Financial institution (FI)**

7. Are small and medium-sized enterprises (SMEs) required to use the Buildings Criteria?

If a company qualifies as an SME according to [SBTi's definition](#), they may use either the [streamlined route for SMEs](#) or the SBTi Buildings Criteria.

8. My company is in the buildings value chain but is not one of the user types listed in the Buildings Criteria. Which Standard(s) should I use?

Other companies in the buildings value chain—such as architecture, construction, engineering firms, and tenants—should continue to use SBTi's cross-sector methods found in the [SBTi Corporate Net-Zero Standard](#). SBTi guidance on [steel](#) and [cement](#) may also be applicable for these entities.

Additional recommendations for target setting and emissions accounting for these companies can be found in Annex C of the [Buildings Explanatory Document](#).

9. My company is an integrated developer and construction and engineering company. Which Standard(s) should I use?

Companies with multiple buildings-related business lines may need to set targets through both the Buildings Criteria and the Corporate Net-Zero Standard. Emissions from activities associated with the user types under the Buildings Criteria (i.e. developer, owner-lessor, property manager, owner-occupier, and financial institution) must be covered by targets set through the Buildings Criteria if the 20% thresholds are surpassed ([Buildings-C1/C2](#)). Emissions from activities not associated with these user types, such as construction emissions, would be eligible for target-setting under the Corporate Net-Zero Standard.

10. How are the user types in criterion Buildings-C3 (“Intended User Categorization”) determined for companies?

When setting SBTi targets, companies will be asked to self-identify if they are among the user types covered by the Buildings Criteria, such as owner-lessor or developer. To assist companies in determining if a user type is applicable, a non-exhaustive list of definitions and business activities can be found in the Buildings Explanatory Document ([Section 4.4.2](#)).

11. My company falls under multiple user types. How should we set targets?

When setting targets through the Buildings Criteria, companies must include all emissions from all applicable user types if the combined emissions exceed the 20% threshold. For

example, if a company is both an owner-occupier and an owner-lessor, targets using the Buildings Criteria must cover the emissions from both activities. This applies even if emissions from a single user type falls below the 20% threshold, so long as the total emissions across all applicable user types exceed the threshold.

12. When submitting targets, do companies select just one intended user category, or is it possible to choose multiple user categories?

Yes, it is possible to select multiple user types. Companies should apply the target-setting guidance for all user types that are applicable to their business activities ([Buildings-C3](#)).

13. Do the SBTi Buildings Criteria cover infrastructure such as roads, bridges, tunnels, and indoor or outdoor car parks? If not, what SBTi criteria and guidance should I use to set targets covering emissions from these sources?

No, the SBTi Buildings Criteria does not cover infrastructure, and these emissions should be excluded from any targets set under the Buildings Criteria.

Companies involved in building, owning, and operating infrastructure are encouraged to set targets using the cross-sector methods in the [SBTi's Corporate Net-Zero Standard](#) and/or the [SBTi Corporate Near-Term Criteria](#). For sector-specific guidance, please refer to SBTi's resources on [steel](#) and [cement](#).

14. Should data centers be included in targets set under the SBTi Buildings Criteria?

No, due to the unique nature of data centers, specific target-setting methodologies require further research. Until more work has been carried out on this topic, companies are encouraged to set targets for emissions from data centers using the cross-sector methods in the [SBTi's Corporate Net-Zero Standard](#) and/or the [SBTi Corporate Near-Term Criteria](#).

15. Should embodied emissions from renovations be included in targets set under the SBTi Buildings Criteria?

Under the SBTi Buildings Criteria, target setting for upfront embodied emissions only applies to projects classified as “new construction” and the associated emissions from building life cycle stages A1-A5. Therefore, the sector-specific target-setting methods available through the Buildings Tool for the embodied emissions target can only be used for new buildings. Companies are recommended to include emissions from renovations in targets set through cross-sector methods (e.g. the Absolute Reduction 1.5C method under the Corporate Net-Zero Standard). They may find this necessary to ensure sufficient coverage of their scope 3 emissions under SBTi's cross-sector requirements.

Further guidance on distinguishing between major renovations and new construction can be found in the Buildings Explanatory Document ([Section 5.4.2](#))

3. TARGET-SETTING METHODS AND GHG ACCOUNTING

16. I have non-buildings and buildings-related emissions, how should I set targets? Do we need to use both the SBTi Corporate Net-Zero Standard and Buildings Criteria?

Scope 1 and 2 target coverage.

If a company has scope 1 and 2 emissions from other sources besides buildings-related emissions, they must set a separate scope 1 and 2 target covering those emissions, following [SBTi's Corporate Net-Zero Standard](#) and/or the [SBTi Corporate Near-Term Criteria](#).

Scope 1 and 2 target coverage: Companies must ensure at least 95% of their combined scope 1 and 2 emissions are covered by targets. If 95% or more of these emissions come from buildings-related sources, no additional scope 1 and 2 target is required.

Scope 3 target coverage.

Under the [SBTi Buildings Criteria](#):

Less than 40% of total emissions in scope 3:

- Companies that meet the GHG emission thresholds outlined in Buildings-C1 and/or Buildings-C2 must include all required emissions across all scopes for applicable user types identified within their target boundary, per [SBTi Buildings Criteria](#) (Buildings-C8).
 - Required emissions categories by user type and applicable target-setting methodologies are outlined in Table 2 of the [SBTi Buildings Criteria](#).
 - Scope 3 emissions outside of these applicable buildings-related sources must follow cross-sector or eligible sector-specific criteria. For more information, refer to the [SBTi Corporate Net-Zero Standard](#) which contains both near- and long-term target criteria for all scopes.

40% or more of total emissions in scope 3:

- If scope 3 emissions account for 40% or more of a company's total scope 1, 2 and 3 emissions, they shall be included in near-term science-based targets, per the [SBTi Corporate Near-Term Criteria](#) (C4-Scope 3).
- The target boundary must cover at least 67% of total scope 3 emissions, per the [SBTi Corporate Near-Term Criteria](#) (C4-Scope 3).
- The applicability of additional scope 3 targets depends on whether mandatory buildings targets already cover 67% of total scope 3 GHG emissions:
 - If mandatory buildings targets cover more than 67% of total scope 3 emissions, additional scope 3 targets are optional but recommended.
 - If mandatory buildings targets cover less than 67% of total scope 3 emissions, additional scope 3 targets are mandatory to ensure sufficient coverage.

Companies must provide the whole GHG inventory and relevant targets when submitting for validation.

17. Under the SBTi Buildings Criteria, can market-based instruments be used to account for emissions?

It is recommended that companies adopt the location-based approach for targets that include scope 2 emissions ([Buildings-R1](#)). Companies are, however, permitted to use market-based accounting for scope 2. All companies must include location-based buildings-related emissions as a separate line item in annual GHG inventories ([Buildings-C13](#)).

For scope 3 emissions, companies should follow the general accounting rules outlined in the [GHG Protocol](#) and the [Corporate Net-Zero Standard](#). Companies may be able to report scope 3 emissions based on specific primary emissions data received from their suppliers, customers, lessors, lessees, franchisees, or investments that are determined by those value chain partners using market-based GHG accounting ([SBTi Criteria Assessment Indicator 9.4](#)).

18. Can we use projections and assumptions about the future emissions intensity of the electric grid in setting a target now?

Yes, users should use projections for future grid decarbonization in the determination of their use of sold products emissions. Projections used should be referenced and justified. Where grid decarbonization projections are not considered in calculations, justification for this omission should be provided.

For more information, refer to the [SBTi Buildings Criteria](#), Buildings-R6 - Grid decarbonization.

19. What is the in-use emissions boundary for tenant-specific energy consumption, and who is responsible for including these emissions in the target boundary?

The [SBTi Buildings Criteria](#) require companies to adopt a whole-building approach to operational emissions. This means that all GHG emissions resulting from energy use and fugitive emissions, whether from landlord-controlled or tenant-controlled spaces, must be included in the emissions inventory and target boundary.

All emissions associated with the building's operation must be incorporated in the target boundary, including:

- Energy used for building systems (e.g., HVAC, central lighting).
- Energy use from tenant-controlled systems that are essential to a building's operation (e.g., tenant-installed HVAC or lighting).
- Fugitive emissions from all sources, including but not limited to: refrigerant leakage from both landlord- and tenant-controlled HVAC and refrigeration systems; emissions

- from fire suppression systems; and leaks from natural gas infrastructure such as boilers and on-site combustion equipment.
- Plug loads and process energy, where these contribute to a building's total energy consumption and are not separately metered.

In practice, most buildings, especially multi-tenant buildings, are metered at whole-building or tenant-suite level. The SBTi requires that all metered energy consumption be included in the emissions inventory, without attempting to exclude or differentiate based on specific end uses.

Emissions from electric vehicle (EV) charging and parking areas are not included in the pathways and consequently in the target boundary.

20. How should I select my base and target years?

The selected base year should be representative of the company's typical emissions profile. It is not possible to use a base year earlier than 2015 in general for SBTi targets; for upfront embodied emissions targets specifically, the base year shall be no earlier than three years before the year of target submission ([Buildings-C9](#)).

While not permissible for cross-sector targets, the Buildings Criteria allows for rolling base years for buildings targets; this may be well-suited for certain target-setting scenarios, such as for embodied emissions for infrequent developers. If used, a rolling base year can cover a maximum of three years.

Companies using different base years for different targets or a rolling base year may be required to provide additional evidence during validation to prove that selected targets meet the 67% requirement for scope 3 target coverage.

Companies may use different base years for different targets, although it is recommended for companies to keep the base year consistent ([Buildings-R7](#)).

For selecting a near-term target date, a target year of five to ten years from the date of submission shall be used. For long-term targets, a target year no later than 2050 is required. For companies eligible to use the fixed intensity target-setting method, the target time frame is fixed to five years when using this method.

21. Does the requirement to set the base year for upfront embodied emissions within the “last three years” include the current calendar year?

Companies may use any of the last available three full years. For example, if a company is setting a target in 2026, they may use 2023, 2024, or 2025.

22. How can real estate companies with short asset holding periods (e.g. 5-7 years) apply science-based targets?

To accommodate users with high turnover portfolios, the SBTi Buildings Criteria has implemented specific provisions:

- **Fixed intensity targets** (Section 6.4.3 of the [SBTi Buildings Explanatory Document](#)):
 - Users with high-turnover portfolios have the option to set fixed intensity targets for in-use operational emissions. This method requires companies to meet a specific portfolio emissions intensity performance in the target year and exempts them from target recalculation during the interim period.
- **Recalculation and target validity** (Section 6.4.2 of the [SBTi Buildings Explanatory Document](#)):
 - According to SBTi general criteria, targets must be reviewed and, if necessary, recalculated and revalidated at least every 5 years. Additionally, existing targets should be recalculated as needed to reflect significant changes in the portfolio.
 - The Buildings Explanatory Document provides sector-specific significance thresholds to address changes in the buildings portfolio.

23. How do recalculation rules apply under the SBTi Buildings Criteria?

SBTi requires companies to review validated targets every 5 years at minimum, from the date of target approval. If targets no longer meet SBTi criteria, then they shall be updated and revalidated ([CNZS-C32](#)).

Additionally, when significant changes occur, targets shall be recalculated and revalidated. This can include major company or portfolio changes such as (but not limited to):

- Company mergers and acquisitions
- Scope 3 emissions growing to become 40% or more of total emissions
- Major changes to the buildings portfolio that significantly alter the floor area for building types and/or geographies

Defining significant changes within buildings science-based targets depend on the type of change in the buildings portfolio. This could be:

- i) A building in an existing geography and building type enters or exits the portfolio:
 - The change is considered significant if the floor area of that specific building type and geography deviates by 10% or more below the base year floor area, or exceeds the projected target year floor area by 10% or more.
- ii) A building outside existing geographies and building types enters the portfolio:
 - The change is considered significant if any of the following conditions are met:
 - In-use operational scope 1 and 2 emissions change by 10% or more.
 - In-use operational scope 3 emissions change by 10% or more for buildings with all in-use operational emissions in scope 3.
 - Upfront embodied emissions change by 10% or more.

An extensive description of what triggers a recalculation can be found in the Corporate Net-Zero Standard ([CNZS-C33](#)), the Corporate Near-Term Criteria ([NT-C27](#)), and the Buildings Explanatory Document ([Section 6.4.2](#))

24. What is the best way to estimate energy consumption for new buildings without data?

As per the [GHG Protocol Corporate Value Chain \(Scope 3\) Standard](#), when direct data on energy consumption is unavailable, companies should estimate energy use using consistent methodologies across their portfolio. Recommended approaches include:

- Industry averages or proxy data: Use average energy consumption data for similar buildings or projects. These can be based on similar building types, sizes, or locations.
- Modelling tools: Employ energy simulation software to estimate energy consumption based on building design characteristics (e.g., size, use, local climate). These tools can help estimate the energy needs of new buildings without historical consumption data.
- Emission factors and energy mix: Estimate emissions based on the building's expected energy consumption and apply the appropriate emission factors based on the local or regional energy mix.

Companies must disclose the methodologies and assumptions used in their reporting, ensuring transparency and consistency throughout the reporting period and across their portfolio. This helps ensure accuracy and comparability in emissions estimates, even when precise data is not yet available.

For more detailed guidance, refer to the [GHG Protocol's Scope 3 Calculation Guidance](#).

25. If electricity is bundled into a tenant's rent and not paid separately by the tenant, would it be considered the tenant's scope 2 or scope 3 emissions?

To determine whether electricity use is in scope 2 or 3, companies should refer to the [GHG Protocol Corporate Standard](#) and [Scope 2 Guidance](#). Defining scope 2 boundaries depends on the chosen consolidation approach. As per the [GHG Protocol Scope 2 Guidance](#) (p. 34), if a company is a tenant in a leased space or using a leased asset and applies the operational control approach, any energy purchased or acquired from another entity (or the grid) shall be reported in scope 2.

26. What are the differences between the concepts of 'whole building approach' vs. whole life carbon emissions?

The '**whole building approach**' focuses on the operational emissions of buildings. It takes into account emissions arising from operational energy consumption and refrigerant use from landlord and tenant-controlled spaces, regardless of their chosen GHG boundary consolidation approach and consequent allocation of emissions across their inventory.

This ‘whole building approach’ is required to be used when setting in-use operational SDA targets.

Whole life carbon emissions refer to the total GHG emissions, measured in carbon dioxide equivalent (KgCO₂e and/or tCO₂e), resulting from the embodied and operational emissions over the whole life cycle of a building.

For more information, refer to the [SBTi Buildings Explanatory Document](#), Section 5.1 Whole building approach for in-use operational emissions.

27. How would the whole building approach be applied for each intended user category?

The [SBTi Buildings Criteria](#) follow the ‘whole building approach’ ([PCAF, GRESB & CRREM, 2023](#)), which requires that all intended users include emissions arising from operational energy consumption and from landlord- and tenant-controlled spaces within their GHG inventory and target boundaries.

The application of the ‘whole building approach’ per user type could be summarized as follow:

USER TYPE	WHOLE BUILDING APPROACH APPLICATION	EXAMPLES / CLARIFICATIONS	EMISSIONS ALLOCATION
The whole building approach only applies to those users who meet the threshold in C1 and are required to set an In-Use Operational Target			
Developer	The ‘whole building approach’ applies only if developers are also classified as owner-occupier, owner-lessor and/or property manager. (see below)	N/A	N/A
Owner-Occupier	The ‘whole building approach’ applies, and the user would account for all in-use operational emissions and fugitive emissions.	Covers emissions for spaces they own and operate directly.	Scope 1, 2
Owner-Lessor	The ‘whole building approach’ applies, and the user would account for all in-use operational emissions and fugitive emissions.	Accounts for emissions from spaces they lease to tenants and landlord-controlled areas.	Scope 1, 2 and 3, category 13
Property Manager	Property managers shall include in-use operational emissions	If managing 50% of a building,	Scope 1, 2 and 3, category 11

	<p>and fugitive emissions from all spaces where they control building operations. This includes a proportional share of emissions from landlord-controlled spaces. Adopting the 'whole building approach' is mandatory for property managers who set an SDA target for in-use operational emissions.</p>	<p>they account for emissions from that portion and 50% of landlord-controlled areas or energy supplies.</p> <p>If whole building emissions are not available, the cross-sector target-setting methods as provided in the SBTi Corporate Net-Zero Standard should be used.</p>	and/or 13)
Financial Institution, scope 3, categories 1-14	Financial institutions setting targets for emissions in scope 3, categories 1 to 14, should refer to the relevant user type(s) (as per Buildings-C3).	N/A	N/A
Financial institution, scope 3, category 15	Financial institutions shall include all in-use operational emissions from the entire building in GHG accounting.	Covers emissions across all building spaces under their financing scope.	Scope 3, category 15

For more information refer to:

- The [SBTi Buildings Criteria](#):
 - Buildings-C6 - Whole building approach.
 - Buildings-C8 - Required scope 3 categories.
- The [SBTi Buildings Explanatory Document](#):
 - Section 5.1 Whole building approach for in-use operational emissions.

28. What if we can't commit to the requirement of no new fossil fuel equipment in all regions where we operate, due to local limitations, such as power capacity issues or municipal regulations?

Companies using the Buildings Criteria must commit to installing no new fossil fuel equipment that is owned or financially controlled by the company in their buildings portfolios at any point of the build cycle from 2030, at latest ([Buildings-C14](#)). Exemptions are allowed for emergency and backup systems, such as those used in the healthcare sector, or for specific uses in other sectors where regulatory requirements or local constraints require their use.

Companies may provide additional context about their commitment— including challenges and limitations – through annual reporting. If an exemption is sought, a strong justification must be provided in the evidence for target validation.

The commitment or the content of any additional information is not validated by the SBTi.

4. SBTi BUILDINGS TARGET-SETTING PATHWAYS AND TOOL

29. Does the partnership with CRREM allow a company to submit targets to SBTi Services for validation using the CRREM tool?

No, companies submitting science-based targets for validation must use SBTi resources and target-setting methods. Using the CRREM tool for target setting is insufficient.

For more information on the technical collaboration and divergence between the organizations, the SBTi and CRREM have published a one-pager titled: [1.5°C Pathways for Real Estate Decarbonization: A CRREM and SBTi Collaboration and Pathway Application](#).

30. How should the pathway be selected? What if there is no pathway suitable for the building type and location in our portfolio?

Companies must select the pathway that best matches the building typology and geographical location. If no suitable option exists in the tool, companies must select the “other” pathway ([Buildings-C5](#)).

5. APPLICABILITY FOR FINANCIAL INSTITUTIONS

31. Which criteria should a financial institution use?

Financial institutions can set targets using either:

- The [SBTi Financial Institutions Net-Zero Standard](#)
- The [SBTi Financial Institutions' Near-Term Criteria](#)

Under the **SBTi Financial Institutions Net-Zero Standard**, financial institutions may be required to set targets under the SBTi Buildings Criteria if they meet the revenue threshold in [Table A.2 of the Financial Institutions Net-Zero Standard](#), and additionally have significant emissions from owned and/or managed buildings or newly developed buildings exist within their GHG inventory in scopes 1, 2, and 3, categories 1-14 (please refer to SBTi Buildings Criteria [Buildings-C1, -C2, and -C3](#)).

Under the **SBTi Financial Institutions' Near-Term Criteria**, financial institutions may be required to set targets under the SBTi Buildings Criteria if they have significant emissions from owned and/or managed buildings or newly developed buildings exist within their GHG

inventory in scopes 1, 2, and 3, categories 1-14 (please refer to SBTi Buildings Criteria [Buildings-C1, -C2, and -C3](#)).

32. Which criteria should a real estate investment trust (REIT) follow?

Equity REITs—namely real estate companies that own or manage income-generating properties and lease them to tenants—are not considered a target audience under the [SBTi Financial Institution Net-Zero Standard](#) or the [SBTi Financial Institutions' Near-Term Criteria](#) and must follow the [SBTi's Corporate Net-Zero Standard](#).

Other REITs must use the Financial Institutions Net-Zero Standard or SBTi Financial Institutions' Near-Term Criteria in full.

All REITs may be required to use the SBTi Buildings Criteria if they meet the relevant applicability thresholds as mentioned in the FAQ question 31.

33. How should financial institutions set targets for emissions or financed emissions associated with their real estate activities?

For financial institutions to set targets for their operational or financed emissions related to their real estate activities, they should follow the following steps:

1. Financed emissions(scope 3, category 15)

For buildings-related emissions included in their financed emissions (scope 3, category 15), financial institutions should refer to the [SBTi Financial Institutions Near-Term Criteria](#) or [Financial Institutions' Near-Term Criteria](#) for guidance on relevant methods by asset class.

If a financial institution is required or chooses to use the sector-specific intensity convergence method or the portfolio intensity convergence method under the [SBTi Financial Institutions Near-Term Criteria](#) for its buildings-related financed emissions, it should use the [SBTi Buildings Target-Setting Tool](#) to calculate targets on these particular asset classes using these particular methods.

2. Operational emissions (scopes 1, 2, 3, categories 1-14)

Financial institutions required to use the SBTi Buildings Criteria to set targets on buildings-specific emissions in scopes 1, 2, and 3, categories 1-14, must follow the requirements as if they were corporates.

34. What does the 'whole building approach' mean for financial institutions?

Financial institutions modelling an SDA target for their in-use operational buildings-related emissions using the pathways available in the [SBTi Buildings Target-Setting Tool](#) must adhere to the 'whole building approach', as per the [SBTi Buildings Criteria](#). The 'whole building approach' is stated in Buildings-FI-C2 and requires financial institutions to include all

emissions from operational energy use in both landlord- and tenant-controlled spaces within the target boundary, regardless of the chosen GHG boundary consolidation approach; which implies that financial institutions are to take into account scopes 1, 2 and 3 of their in-use operational buildings-related emissions.

For more information, refer to the [SBTi Buildings Criteria](#), Buildings-FI-C2 - Whole building approach for FIs, and to the [SBTi Buildings Explanatory Document](#), Sections 5.1 Whole building approach for in-use operational emissions and 7.2.3 Compiling a GHG inventory.

6. COLLABORATION AND ALIGNMENT WITH OTHER INITIATIVES

35. How does the SBTi Buildings Target-Setting Tool align or differ from the CRREM Tool?

The [SBTi Buildings Target-Setting Tool](#) uses the Sectoral Decarbonization Approach (SDA) methodology along with the CRREM-SBTi 1.5°C decarbonization pathways to develop tailored pathways for different building typologies and geographies so that businesses set emissions reduction targets at the organization-level. Because of this, the reduction trajectory might look different from the CRREM pathways. However, all targets calculated with the [SBTi Buildings Target-Setting Tool](#) are designed to meet the same 2050 decarbonization levels as CRREM pathways.

For more detailed information, the SBTi and CRREM have published a one-pager titled: [1.5°C Pathways for Real Estate Decarbonization: A CRREM and SBTi Collaboration and Pathway Application](#). This document explains the technical collaboration between both organizations in developing the CRREM-SBTi 1.5°C decarbonization pathways, outlining the intricacies and nuances of the use of these pathways by each organization.

36. What is the role of existing green building certifications and the SBTi framework?

Green building certifications often focus on asset-level performance or specific phases of a building's lifecycle, such as design, construction, or operation. Science-based targets represent a broader, corporate-level approach. The [SBTi Buildings Criteria](#) require companies to align their entire real estate portfolio and business activities with global climate goals, such as the 1.5°C pathway. This includes addressing both operational and embodied emissions across all assets, and ensuring alignment with long-term decarbonization pathways.

While building certifications focus on individual assets, they can play a complementary role in a company's science-based target journey. Asset-level certification schemes that require emissions reductions aligned with achieving net-zero by 2050 serve as valuable tools for managing building portfolios. When integrated into a broader science-based target strategy, these certifications can help ensure that individual assets perform in line with the targets set

for the entire real estate portfolio, supporting the company's overarching decarbonization goals.

Levers to decarbonize buildings portfolios could be found in [SBTi Buildings Sector Explanatory Document](#) Section 1.5.

7. Target Validation

37. My company plans to only submit Buildings targets set through cross-sector methods. Will we still need to complete the Buildings Annex?

Yes. Companies that are required to set targets under the Buildings Criteria must still complete the Buildings Annex, even when those targets are developed using cross-sector methods.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

