

2023 Buildings Benchmark FAQ

(Frequently Asked Questions)

Q. What is the WBA Climate and Energy benchmark?

The World Benchmarking Alliance (WBA) Climate & Energy Benchmark ranks the most influential companies in high-emitting sectors by their low-carbon transition efficiency.

WBA* developed the Climate & Energy Benchmark to assess the highest corporate carbon emitters. The goal of the benchmark is to measure corporate progress against the Paris Agreement and a just transition.

The benchmark aims to cover 450 of the world's most influential, keystone companies in high emitting sectors such as automotive manufacturers, electric utilities, oil and gas, transport and buildings. The following sectors have been assessed in the past two years:

- 2021 Automotive
- 2021 Electric Utilities
- 2021 Oil and Gas
- 2022 Transport
- 2023 Buildings

These assessments are updated regularly and are free and available to everyone. They can be accessed on the [WBA website](#).

For the Climate & Energy benchmark, WBA works in partnership with CDP** who provide the low-carbon transition company assessments.

**WBA (World Benchmarking Alliance) is a not-for-profit organisation running a series of benchmarks that assess the world's most influential companies on their contributions to sustainable development goals (SDGs).*

***CDP is a not-for-profit international organisation that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.*

Q. What is the ACT methodology? How does it work?

ACT ('Assessing low-Carbon Transition') is a set of sector-specific methodologies for assessing companies' transition towards a low-carbon economy.

The ACT initiative was developed by CDP and ADEME (French Agency for Ecological Transition) with the aim of driving corporate climate action.

The assessment methodology evaluates past and expected emissions trends, levels of low-carbon investment and research and development, transition plans, engagement with suppliers, clients and policymakers and progress in developing low-carbon business models. Companies' emissions targets are assessed against a 1.5°C warming scenario.

Based on its past, present and planned work on reducing carbon emissions, each company receives a 'score' - an ACT rating showing how effectively the company is reducing emissions across all business areas.

Q. What is the Buildings Benchmark? How have the companies been selected?

The Buildings Benchmark is a part of The WBA Climate & Energy Benchmark. It assesses the 50 most influential property development, management and construction companies across the world and ranks them by their low-carbon transition and social transformation efficiency.

The benchmark identifies the companies whose actions are vital for wider, systemic transformation towards a low-carbon economy. These companies dominate global revenues within the property sector, influence global governance processes and institutions and have a global footprint. The approach to selecting companies is described here: [SDG2000 methodology | World Benchmarking Alliance](#). There is no opt-out principle as the benchmark serves as an accountability mechanism that measures corporate progress against the Paris Agreement and whether companies are contributing to a just transition.

When selecting which entity to assess within a company group (i.e., parent or subsidiary), we consider such factors as the entity's exposure to the WBA transformation in decarbonisation and energy, ownership and reporting structure, governance and accountability. The starting point of the assessment will always be the keystone company (i.e., the parent company/holding company/entity for assessment).

The 2023 Buildings Benchmark integrates companies' scores for two assessments: low-carbon transition (based on the ACT methodology) and social transformation. The companies are ranked based on one integrated score, comprising their ACT assessment and core social and just transition indicator scores.

Q. How are property development, management and construction companies defined? Are they scored differently?

The 2023 Buildings Benchmark includes three types of companies: property developers, property managers, and construction companies.

Here is a breakdown of each type and their activity areas:

1. Property developers: These companies are responsible for arranging the construction and renovation of buildings. While they may not directly undertake the construction themselves, they often oversee the building project as part of the overall project development process.
2. Construction: These companies directly carry out the construction and renovation of buildings.
3. Property managers: Property management companies manage existing properties that are occupied by tenants. They can own the buildings directly or manage them on behalf of the property owners.

The weightings for some modules and individual indicators vary between the different company types. This reflects the differences in responsibilities and control each type of company has. Some companies play on 2 or 3 of these activities.

Q. How is data on companies collected for the benchmark?

Data for the Climate & Energy Benchmark is collected from publicly available sources.

Data is collected from publicly available sources, including:

- company Financial and Sustainability reports
- responses to the CDP questionnaire, if companies have chosen public disclosure
- company websites and other publicly available materials
- data provided via the Data Validation (DV) WBA process

In the event of a lack of corporate disclosure or inconsistent or incomplete data for an indicator, companies score 0 as no assessable data exists. Companies are invited to directly participate in the DV process by reviewing the data gathered by ACT's analysts, filling data gaps and providing feedback.

Q. What reporting period does the benchmark cover?

The ACT methodology uses the most recent data that is publicly available at the time of the assessment.

For the 2023 Buildings Benchmark, company data was collected from materials published up to 15 January 2023. For some companies, full-year data reporting was available for 2022. For others, the most recently available data was from 2021. In all cases, the most recent year with full-year reporting was applied as the company's reporting year.

Quantitative performance indicators use data from the 5 years prior to the reporting year. They also apply future projections. The emissions reduction targets assessment covers the period up to 2050.

Q. How to read the benchmark's score?

In the WBA Climate and Energy Benchmark rankings, a total score out of 100 is calculated from the ACT rating and the social assessment score.

ACT, core social and just transition scores account for 60%, 20% and 20% of the total score respectively. More information can be found in the [Buildings methodology report](#).

The ACT score shows company climate performance across three dimensions, with the highest possible rating being **20A+**:

- Performance score (ranging from 0 to 20). Shows transition alignment measured with a range of quantitative and qualitative performance indicators.
- Narrative score (ranging from E to A). A rating based on a comprehensive review of the performance indicators data and public information summarising the company's overall strategic position.
- Trend score (+, =, -). Predicts future changes in the company's score: improving, staying the same or worsening.

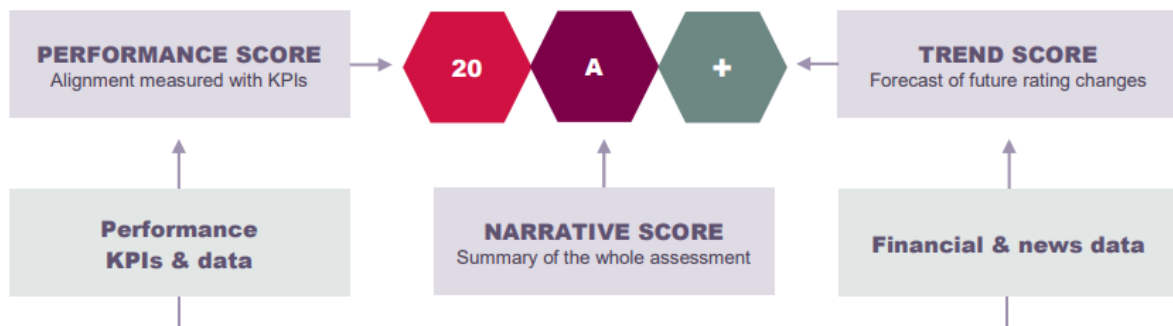


FIGURE 1. THE ACT SCORE: PERFORMANCE, NARRATIVE AND TREND

In the WBA Benchmark rankings, a total score out of 60 is calculated from the ACT rating:

1. The performance score remains as it is i.e. out of 20
2. The narrative score is also weighted out of 20 with each letter receiving the following scores: A=20, B=15, C=10, D=5, E=0
3. The trend score is given the following scores '+ = 2, '= 1, '- = 0
4. The scores are summed and then divided by the maximum possible score of 42, and normalised to give a score out of 60.



FIGURE 2. EXAMPLE OF THE ACT RATING SCORE

The core social score out of 20 and the just transition score out of 20 (normalised from 16) are also created.



FIGURE 3. EXAMPLE OF THE CORE SOCIAL AND JUST TRANSITION SCORE

The ACT rating score, core social score and just transition score are then added together to create the total benchmark ranking score out of 100.

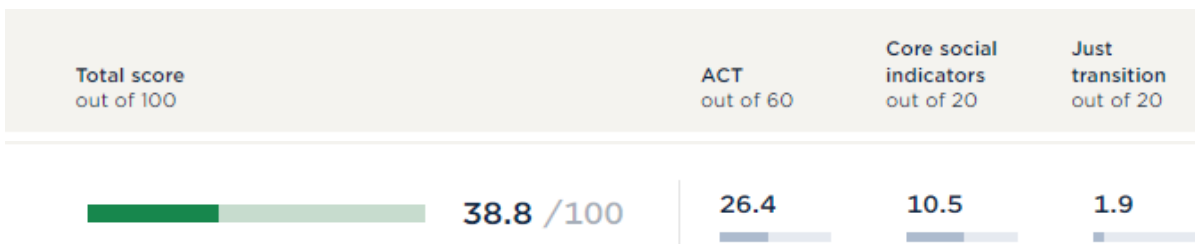


FIGURE 4. EXAMPLE OF THE WBA BENCHMARK FINAL SCORE

Q. What is considered a “Leading Practice”?

A company is considered to have leading practices if it scores or ranks highly for a specific indicator or module.

Leading Practices are areas of excellence by a company identified through the ACT Methodology only and do not refer to external awards or commendations for the company’s business/sustainability practices.

Q. What is the difference between absolute emission and emission intensity targets?

Companies can set two types of targets: to reduce absolute emissions or emissions intensity. Progress towards emissions intensity targets is achieved when companies reduce the emissions they produce per amount of product or service provided. Progress towards absolute emissions targets can be achieved via emissions intensity improvements or via activity level reductions.

Absolute emissions is quantity of emissions in absolute terms, e.g. 100 million tonnes of CO₂. Emissions intensity is quantity of emissions per amount of product or service provided. For the buildings sector these measures are kgCO₂/m².

The ACT sectoral decarbonisation pathways are defined in terms of emissions intensities. When assessing the alignment of an absolute emissions target, the target is converted to an intensity metric for comparison with the company's benchmarked decarbonisation pathway (the conversion is done using the past and planned activity values for the 'from' and 'to' years of the target).

Q. How is the “Trend in past emissions intensity” assessed?

This metric assesses the alignment of the company’s recent emissions intensity trend with the trend of its ongoing decarbonisation pathway. The recent emissions intensity trend is computed over a 5-year period to the reporting year.

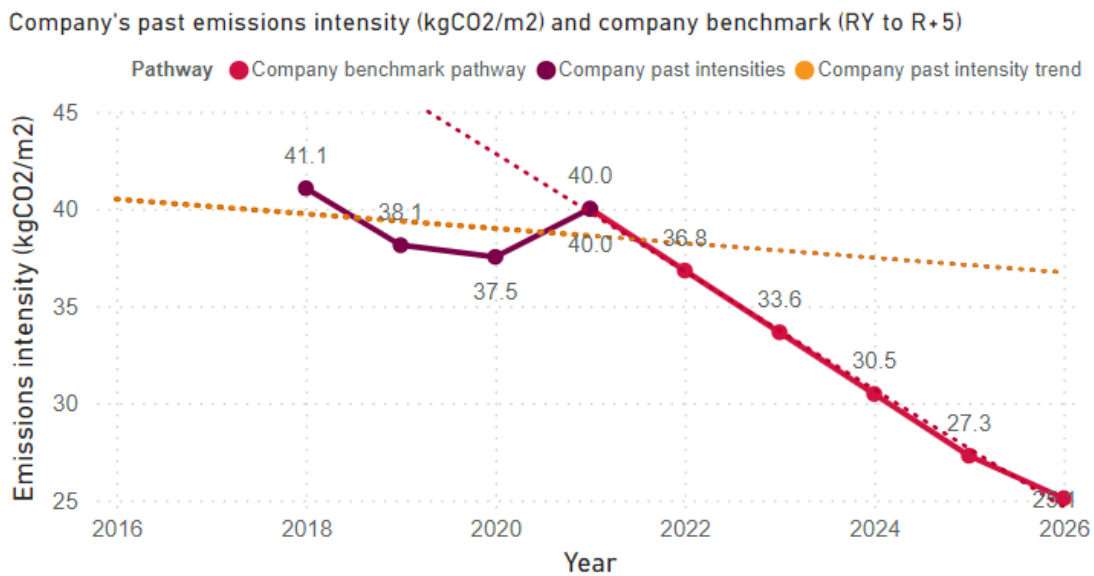


Figure 5. Example of the trend in past emissions intensity calculations compared to the company benchmark pathway.

The quantitative indicators of the 2023 Buildings Benchmark focus on the in-use emissions released by the buildings in a company's property management portfolio or the expected in-use emissions of buildings delivered by a property developer or construction company in a given year. To calculate emissions intensity, the in-use emissions are divided by the floor area of the managed or delivered buildings.

The ACT assessors collected emissions intensity values from companies' public disclosures for the reporting year and for the five prior years. The collected values were converted into the standard metrics of kgCO₂/m². Information on the company building floor area was collected for the same period. If emissions intensity values were unavailable, they were calculated using the absolute in-use emissions and floor area data.

Gaps in emissions intensity values per year were filled by applying linear trends - provided that data points for at least three years were available.

The gradients of the recent past overall company emissions intensity pathways were compared to the gradients of the ongoing 1.5°C scenario benchmarked decarbonisation pathways weighted by proportion of floor area for each building type (residential, services and industrial warehousing). Each company's benchmarked decarbonisation pathway starts from its reporting year emissions intensity value and follows the shape of the sector pathway mix to arrive at the 2050 value required by the scenario.

Q. How are the "locked-in emissions" assessed?

This metric measures the company's cumulative greenhouse gas (GHG) emissions from the reporting year to reporting year + 25 years. The indicator compares these emissions to the company's carbon budget.

Locked-in emissions

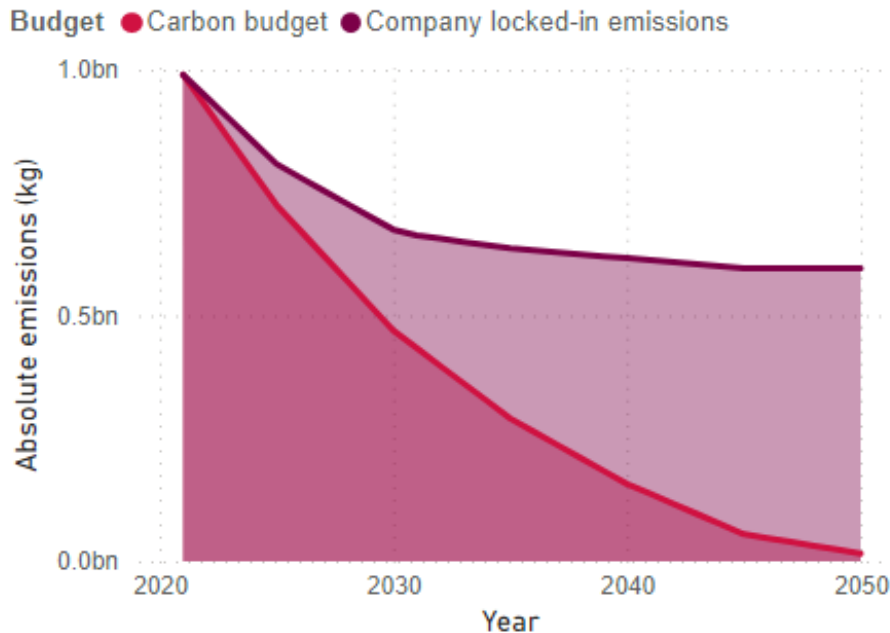


Figure 6. Example of locked-in emissions indicator's calculations. The ratio of 'cumulative emissions RY to RY+25' to 'cumulative carbon budget RY to RY+25' is 1.72. The company exceeds the cumulative carbon budget by 72%.

ACT assesses the locked-in emissions of buildings companies differently depending on which section of the value chain the company operates in.

For property management companies, the locked-in emissions of the company's current property portfolio are calculated based on the emissions released until the next planned renovation. If the company discloses the proportion of buildings it plans to renovate, but does not disclose expected emissions savings as a result of renovation, the reduction in emissions for the renovated buildings is set to a default of 25%. Expected changes to the company's portfolio size in the future are only applied if the company has disclosed clear and quantified portfolio size projections.

For property development and construction companies, locked-in emissions are calculated based on the assumption that the emissions intensity and floor area delivered in the reporting will continue year-on-year unless the company has disclosed clear and quantified projections of future building activity and expected emissions intensities.

The reduction of emissions due to the decarbonisation of the electricity grid is applied to the projected cumulative emissions of the companies. The proportion of emissions associated with electricity consumption is calculated using regional default factors for the energy share of electricity and fossil fuels. The assumed reduction in electricity consumption emissions is aligned with the company's benchmarked decarbonisation pathway.



The company's projected cumulative emissions are carried forward 25 years. The projected carbon budgets were calculated by multiplying the company's 1.5°C scenario benchmarked decarbonisation pathway intensities for each year by the company's floor area.

More Questions?

If you would like to discuss in more detail the Buildings Benchmark results, or the ACT methodologies, please contact the team at info.climate@worldbenchmarkingalliance.org