

The Science Based Targets initiative

What You Need to Know & How to Get Started

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- The SBTi Net-Zero Standard
- How to set an SBT
- SME Target-Setting route
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SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

INTRODUCTION TO SCIENCE-BASED TARGETS

INTRODUCTION TO THE SBTi

What is the Science Based Targets initiative?



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The Science Based Targets initiative (SBTi) is a **global body** enabling businesses to set **ambitious emissions reductions** targets in line with the **latest climate science**.



Founding Partners



United Nations
Global Compact



WORLD
RESOURCES
INSTITUTE

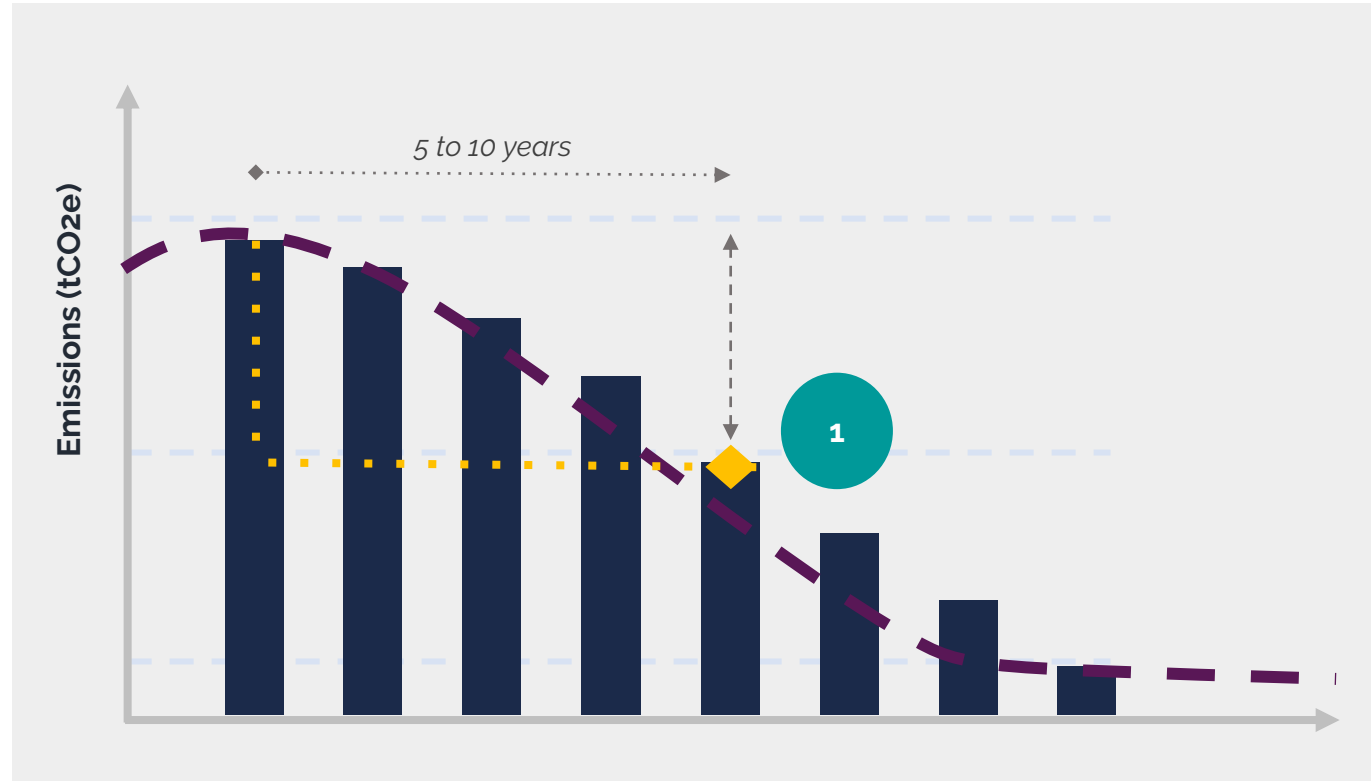


In collaboration with



WHAT ARE SCIENCE BASED TARGETS?

SBTS ON THE PATH TO NET ZERO



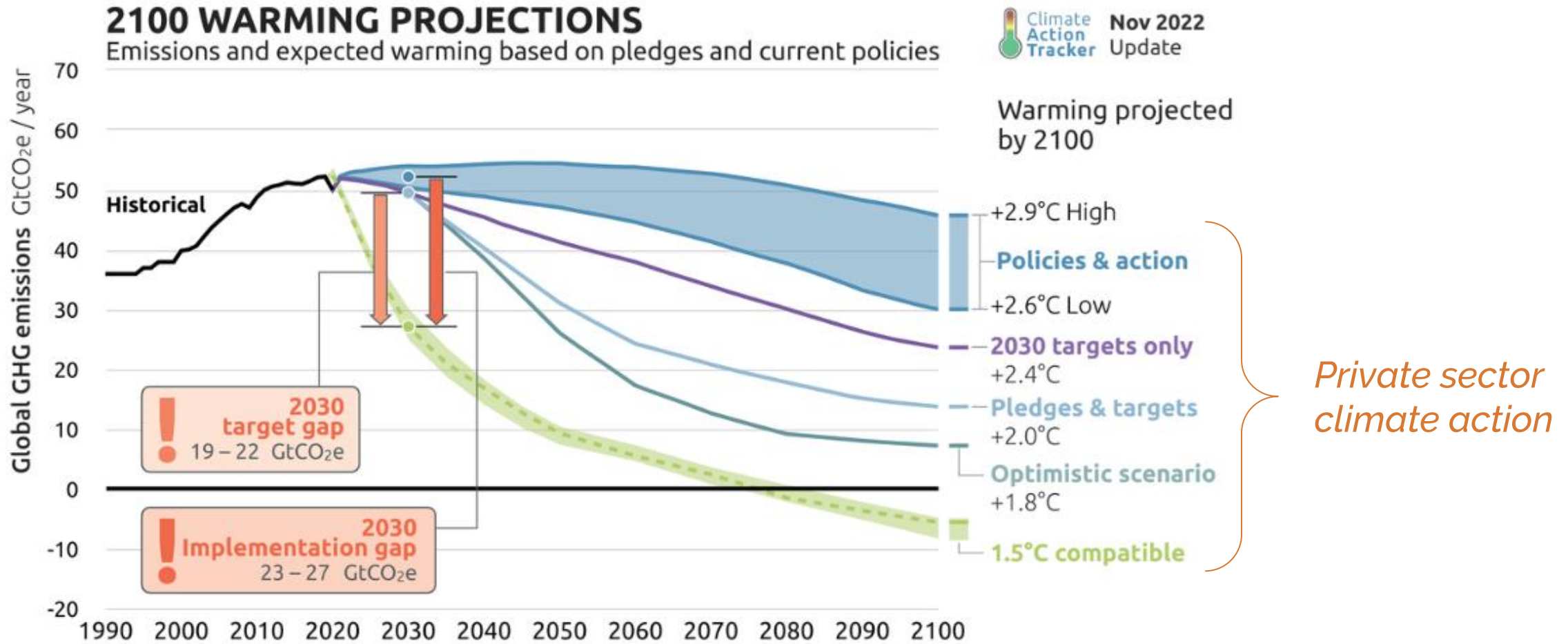
1 Science-based emission reduction target (SBTs)

Emissions pathway aligned to a Paris temperature goal

Science-based targets help companies determine **how much** and **how fast** they need to reduce GHG emissions to align with efforts to limit warming to **1.5°C**.

BUSINESS DRIVING THE LOW-CARBON TRANSITION

Closing the emissions gap



SBTi BUSINESS BENEFITS

Aligning to science is good for business

SEIZE OPPORTUNITIES IN THE LOW - CARBON TRANSITION
i.e., low - carbon products/services



63% of companies say science-based targets drive innovation

INCREASE COMPETITIVENESS
i.e., minimize energy and emissions-related costs



55% of companies have gained competitive advantage from science-based targets

ADDRESS STAKEHOLDER EXPECTATIONS
i.e., long term sustainability of business model



52% of companies have seen investor confidence in their business increase

ANTICIPATE REGULATORY, POLICY AND MARKET DEVELOPMENT
i.e., mitigate transition risks



35% of companies report that their SBTs increased regulatory resilience



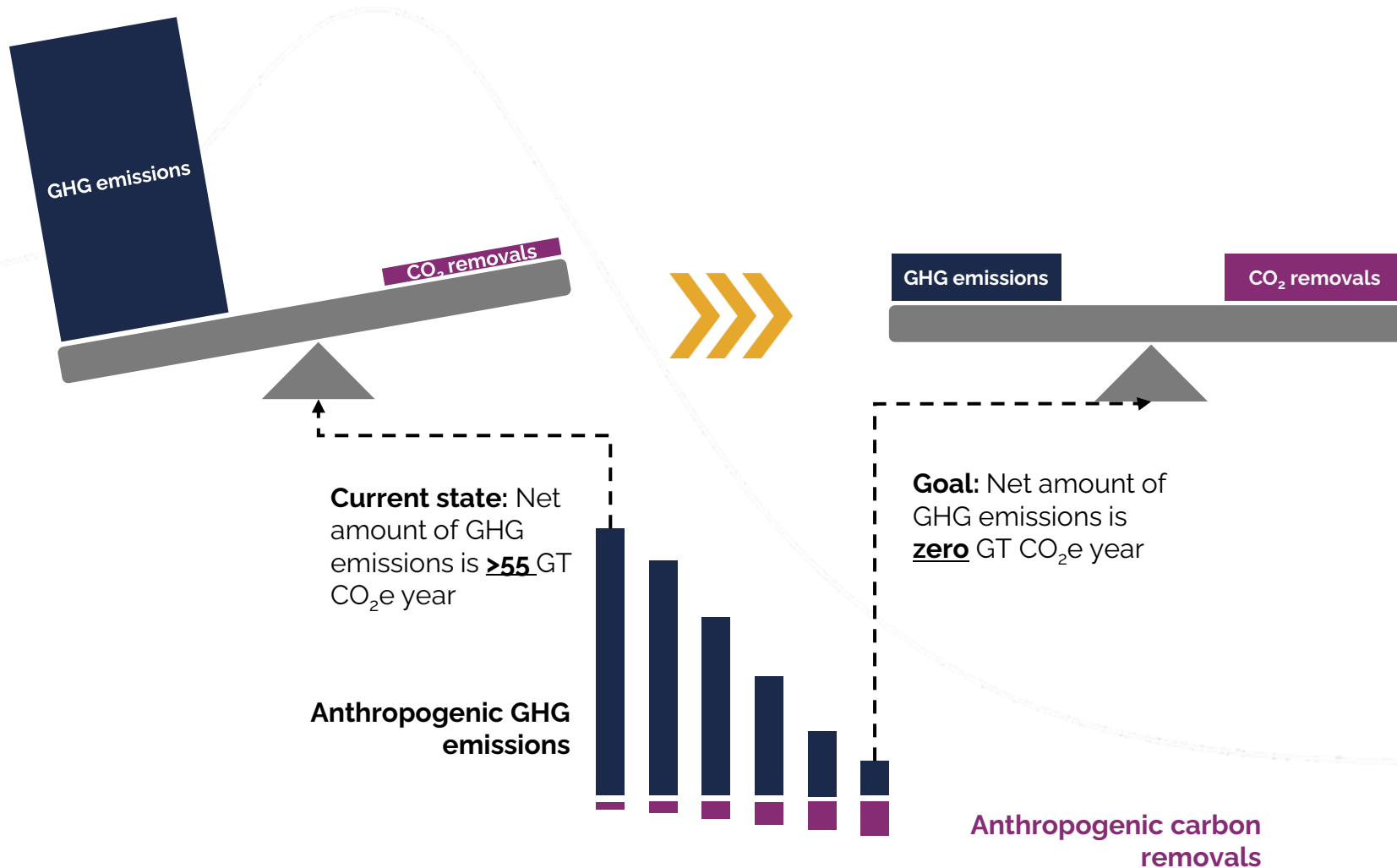
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THE NET-ZERO STANDARD

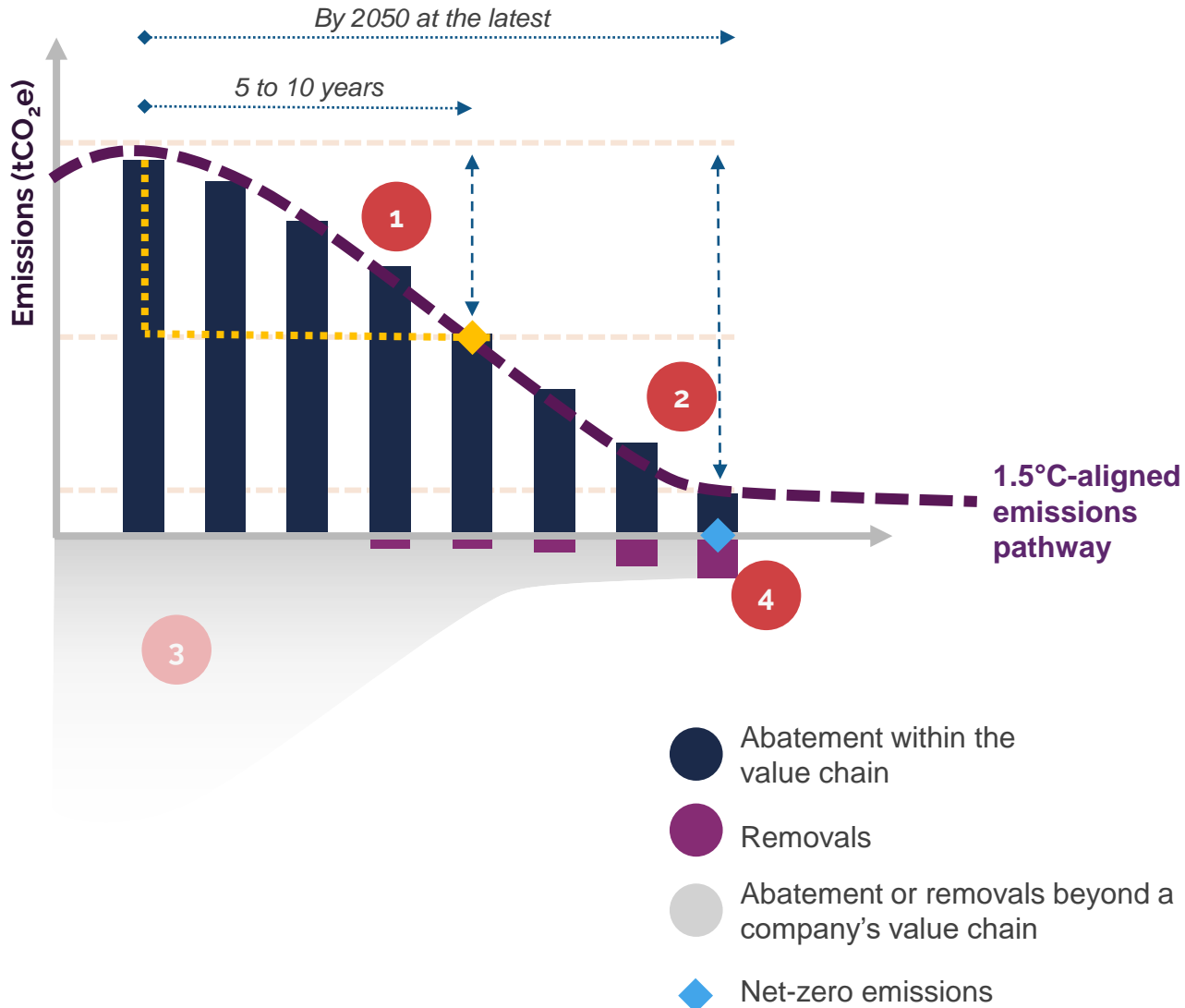
What does net-zero mean?

Understanding net-zero at the global level



To limit global warming to 1.5°C, we must reach net-zero carbon emissions **no later than 2050**.

KEY ELEMENTS OF THE SBTI NET ZERO STANDARD



1 Set near-term science-based targets:
5-10 year emission reduction targets in line with 1.5°C pathways

2 Set long-term science-based targets:
Target to reduce emissions to a residual level in line with 1.5°C scenarios by no later than 2050

Beyond value chain mitigation:
In the transition to net-zero, companies should take action to mitigate emissions beyond their value chains. E.g. purchasing high-quality, jurisdictional REDD+ credits or investing in direct air capture (DAC) and geologic storage

4 Neutralization of residual emissions:
GHGs released into the atmosphere when the company has achieved their long-term SBT must be counterbalanced through the permanent removal and storage of carbon from the atmosphere

Four considerations for setting near-and long-term science-based targets



Timeframe

What is the maximum timeframe to meet your targets?

5-10 years from date of submission



Ambition

What is the ambition level in terms of limiting temperature rise?

Scope 1 and 2: **1.5°C**
Scope 3: **Well-below 2°C**



Boundary

How much coverage or your emissions inventory is required?

Scope 1 and 2: **95%**
Scope 3: If >40% of total emissions, **67% coverage**



Methods

What are the eligible methods to set your targets?

1. **Absolute reduction**
2. **Sector-specific intensity convergence**
3. **Renewable electricity**
4. **Supplier or customer engagement**
5. **Scope 3 economic intensity reduction**
6. **Scope 3 physical intensity reduction**



Near-term science-based target



Long-term science-based target

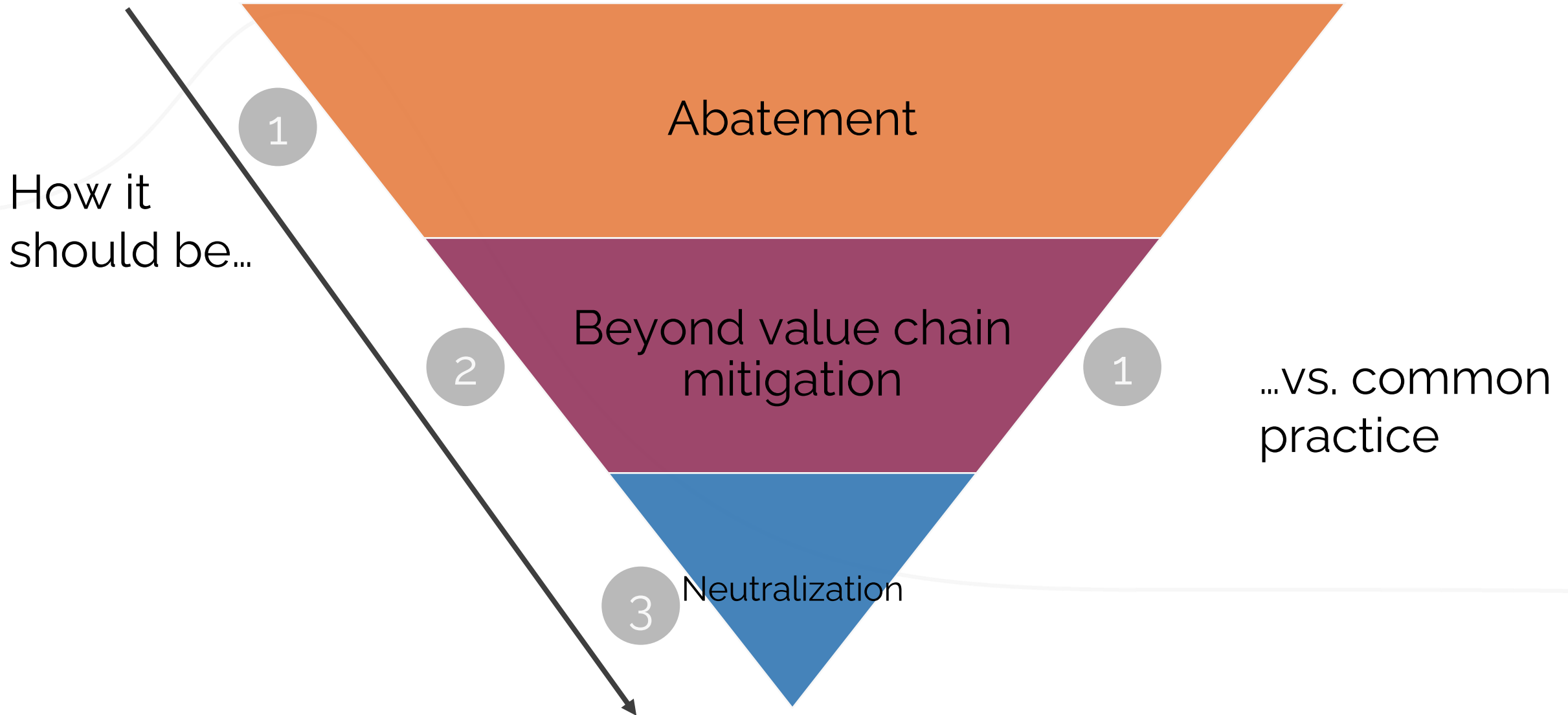
2050 latest

Scope 1, 2, and 3: **1.5°C**

Scope 1 and 2: **95%**
Scope 3: **90%**

1. **Absolute reduction**
2. **Sector-specific intensity convergence**
3. **Renewable electricity**
4. **Scope 3 economic intensity reduction**
5. **Scope 3 physical intensity reduction**

The Net-Zero Standard was developed with the mitigation hierarchy in mind

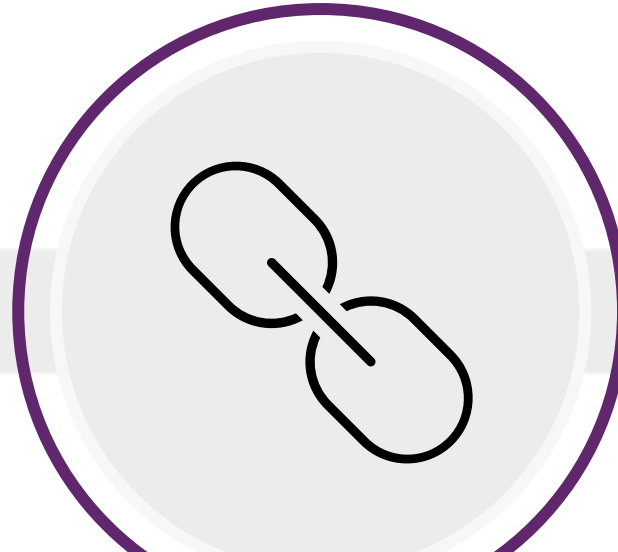


To follow on from the Net-Zero Standard, the SBTi has planned three projects to tackle challenges related to net-zero



Beyond Value Chain Mitigation

It is vital companies have clarity on how to take credible mitigation actions beyond their value chain. The SBTi is exploring models to incentivize this in a credible and robust way. See the 2 newly release reports [here](#).



Net-Zero Value Chains

The SBTi recognizes the challenges around scope 3 and is planning to further develop scope 3 target setting methods and explore other approaches to drive net-zero value chain alignment.



Measurement, Reporting & Verification

The SBTi will develop an MRV framework to ensure transparency and accountability around the progress and achievement of science-based emission reduction and net-zero targets.



HOW TO SET TARGETS

HOW TO SET A TARGET

TWO DIFFERENT ROUTES

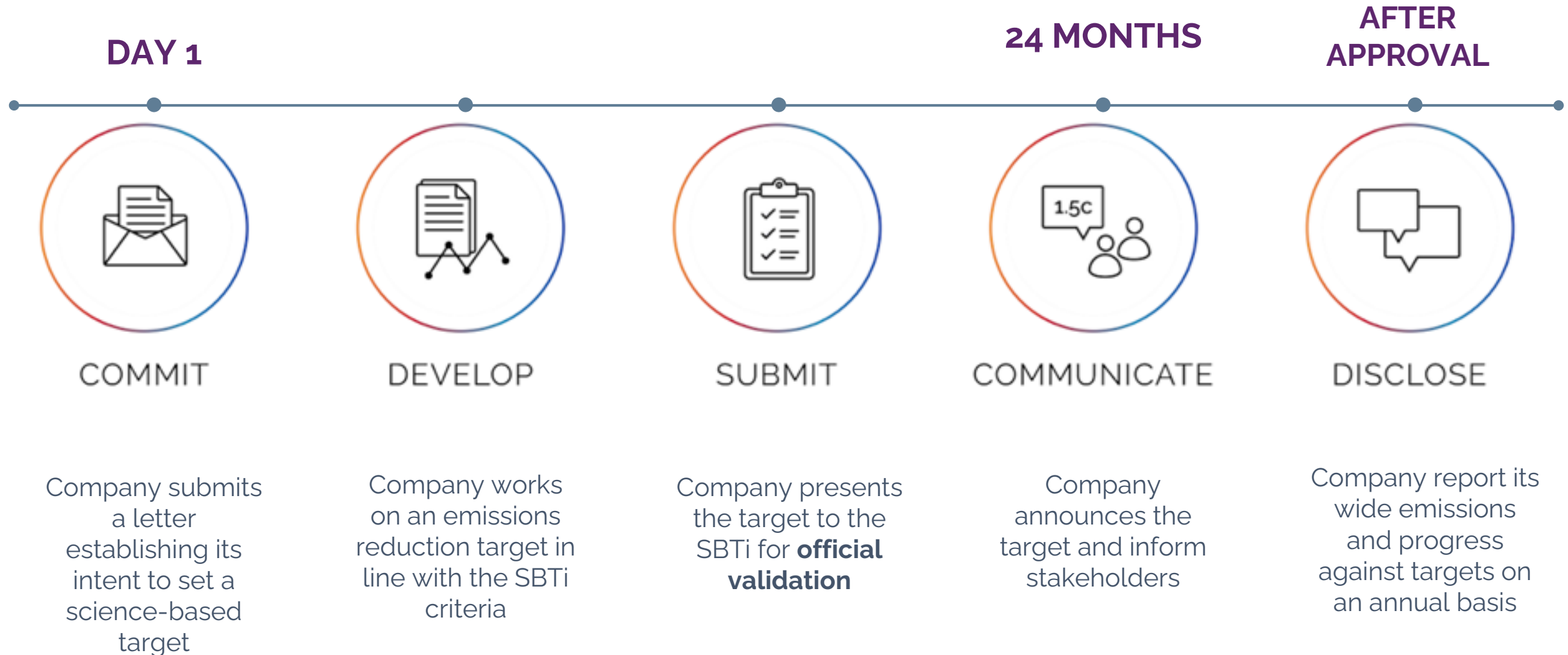
**LARGE COMPANIES & FINANCIAL
INSTITUTIONS**

STANDARD ROUTE

SMALL AND MEDIUM-SIZED ENTERPRISES

SME ROUTE

THE SBT-SETTING PROCESS

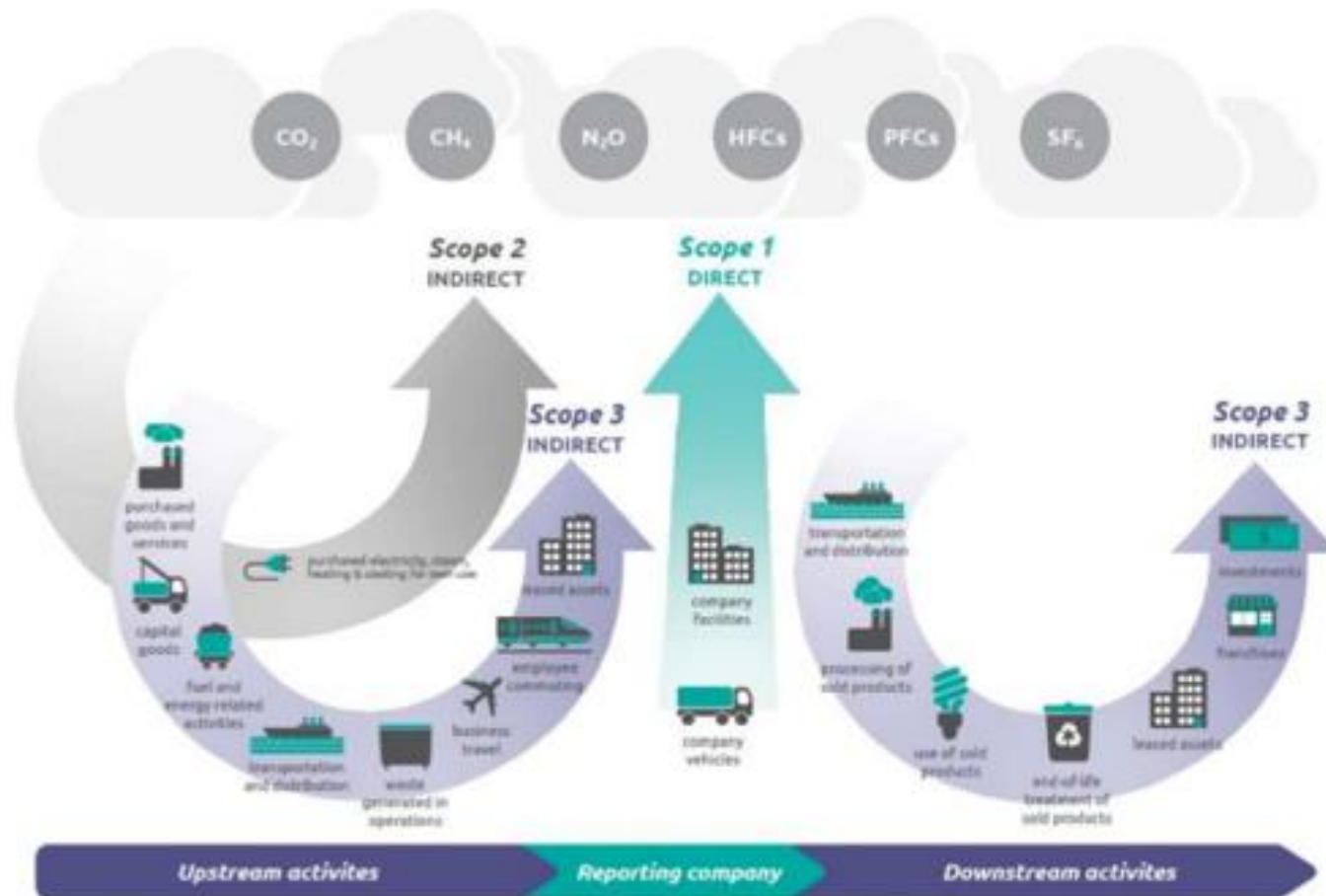


DEVELOP THE TARGET

GETTING READY TO SET A SBT



Scopes Across the Value Chain – GHG Protocol



Scope 1 – Direct emissions on site (e.g., on-site energy use)

Scope 2 – Emissions from purchased electricity, heat steam, water

Scope 3 – All other indirect emissions along the value chain

Note: All companies must complete at least a scope 3 screening for all relevant categories. If scope 3 is over 40% of total emissions, an emissions inventory must be provided (estimations at minimum).

SBTi SCOPE 1 & 2 CRITERIA OVERVIEW

SBTi CRITERIA VERSION 5



- **Level of ambition (Scope 1+2):** At a minimum – consistent with the level of decarbonization required to keep temperature increase to 1.5°C.



- **Progress:** Both the target timeframe ambition (base year to target year) and the forward-looking ambition (most recent year to target year) must meet the ambition criteria.

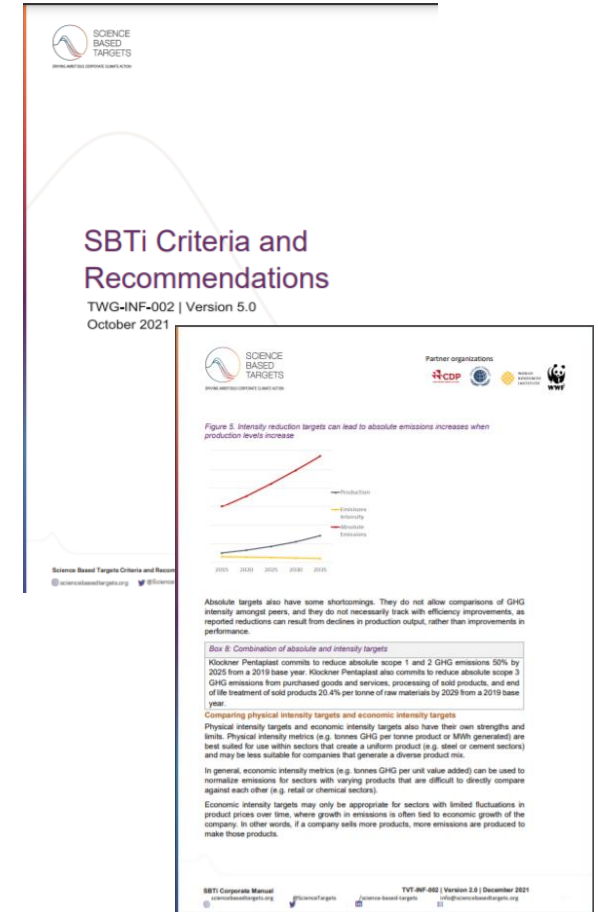


- **Boundary:** All company-wide Scope 1 and 2 GHG emissions (> 95%).



- **Timeframe:** 5-10 years into the future.

- **Reporting:** Disclose GHG emissions inventory on an annual basis.



SBTi SCOPE 3 OVERVIEW

SBTi CRITERIA VERSION 5

Acknowledging challenges of data availability and lack of direct influence, the SBTi allows for greater flexibility on scope 3 target setting when compared with scopes 1 & 2:



- **Scope 3:** A Scope 3 screening is required and an ambitious, measurable Scope 3 target is required when Scope 3 emissions cover more than 40% of total emissions



- **Boundary:** Companies must set one or more targets that collectively cover at least 2/3 of scope 3 emissions.



- **Timeline:** 5-10 years into the future; from date target is submitted to SBTi for official validation



- **Ambition:**
 - Minimum level of ambition: well-below 2°C
 - Various target-setting methods for scope 3. Multiple methods can be used and combined.

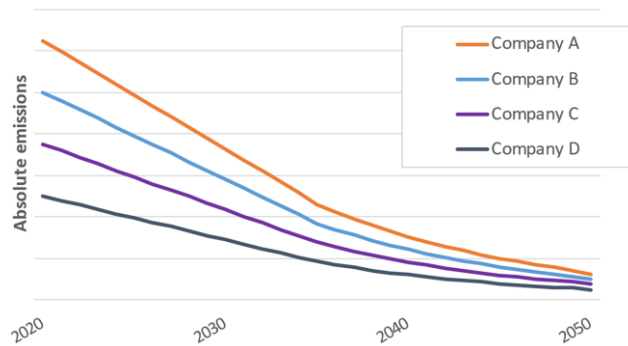


SBTi TARGET-SETTING APPROACHES

METHODS ELIGIBLE FOR ALL SCOPES

Absolute reduction

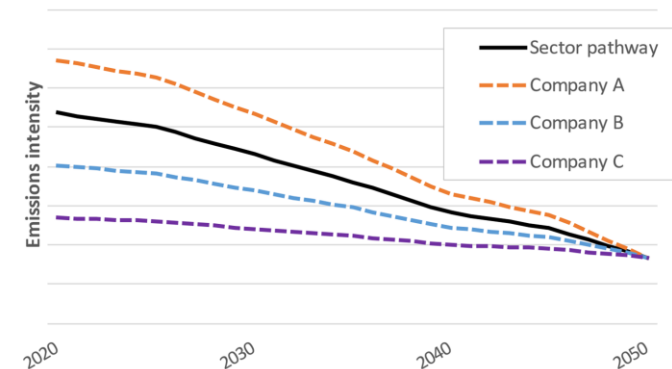
Absolute emissions are reduced by an amount that is, at minimum, consistent with the cross-sector or sector-specific pathway



- Targets may cover a mix of activities and emissions sources
- Applicable to all sectors except power generation and timber/forestry

Sector-specific intensity convergence

Emissions intensity targets are calculated based on all companies in a sector converging to a sector-specific emissions intensity by 2050 or sooner



- Targets cover a specific sector, physical output, or activity
- Applicable to homogenous sectors and activities¹

1. This includes Power Generation, Industry sectors (Cement, Iron & Steel), Transport sectors (Road Transport, Aviation, Maritime Transport), Buildings, and Agricultural Commodities

SBTi Sectoral Decarbonization Approaches (SDAs)



Aviation

- Interim SDA aligned with 1.5°C available; guidance update pending
- [SBTi's Aviation webpage](#)



Buildings

- SDA for buildings' in-use and embodied emissions is being pilot tested
- [SBTi's Buildings webpage](#)



Cement

- 1.5°C SDA available
- [SBTi's Cement webpage](#)



Chemicals

- Sub-sector SDA pathways and guidance being developed for high-impact chemicals ; priority project for 2024
- [SBTi's Chemicals webpage](#)



Transport & Transport OEMs

- SDA needs to be updated to 1.5°C; priority project for 2024
- [SBTi's Transport webpage](#)



FLAG (Forest, Land Use, and Agriculture)

- 1.5°C SDA available for specific commodities, include overall demand side pathway (required*)
- [SBTi's FLAG webpage](#)



Financial Institutions

- Framework available for banks, investors, insurance companies, pension funds and others to set 1.5C-aligned targets covering lending and investment activities
- [SBTi's FI webpage](#)



Maritime

- 1.5°C SDA available
- [SBTi's Marine Transport webpage](#)



Power Generation

- 1.5°C SDA available; priority project for 2024
- [SBTi's Power Sector webpage](#)



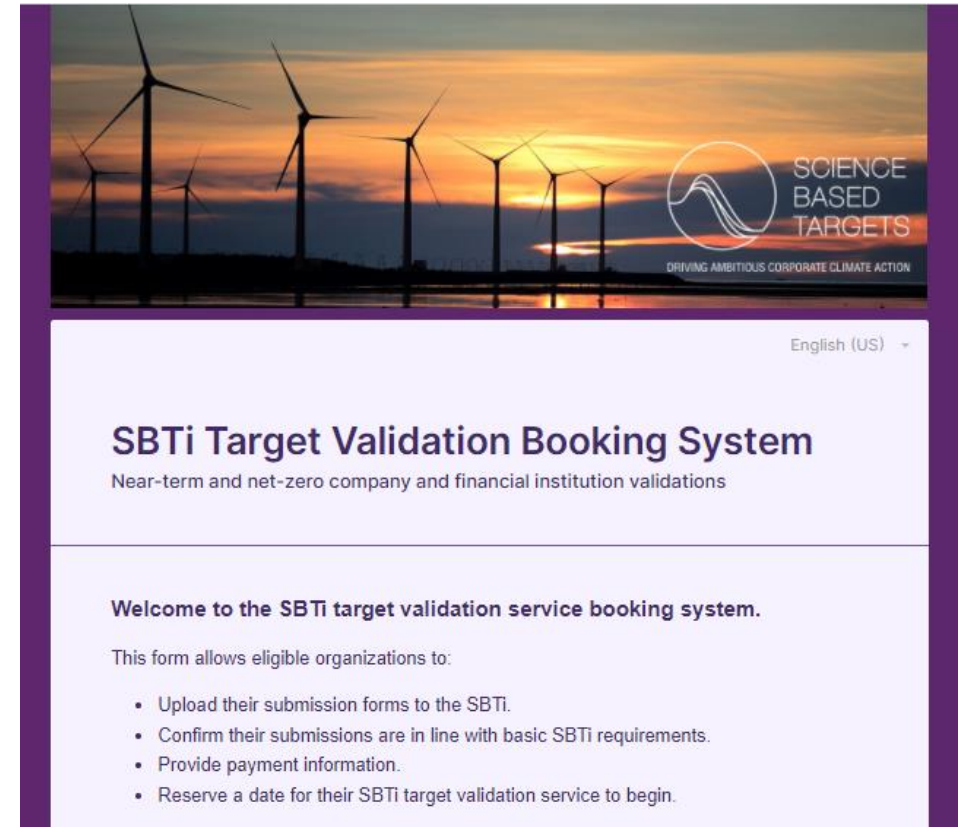
Steel

- 1.5°C SDA available
- [SBTi's Steel webpage](#)

SUBMIT AND BOOK A VALIDATION SLOT

The SBTi target-validation [booking system](#):

- For both near-term and net-zero corporate target validations
- Via the system, companies upload completed [target submission forms](#);
- Reserve a date for target validation;
- Provide payment information





SME Target Setting Route

THE SBTi JOURNEY

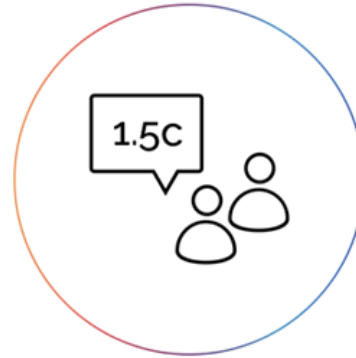
SME ROUTE

DAY 1



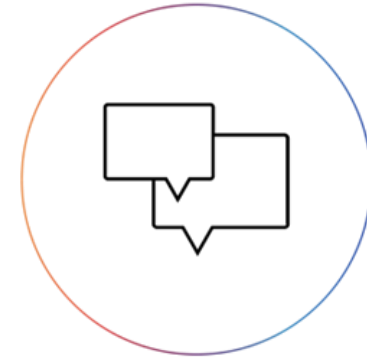
The company **completes the SME Target Validation Booking System form**, for the SBTi to review the information submitted

ONCE COMPANY RECEIVES
FORMAL APPROVAL



And, upon payment, the company's **target is published** on the website

AFTER APPROVAL



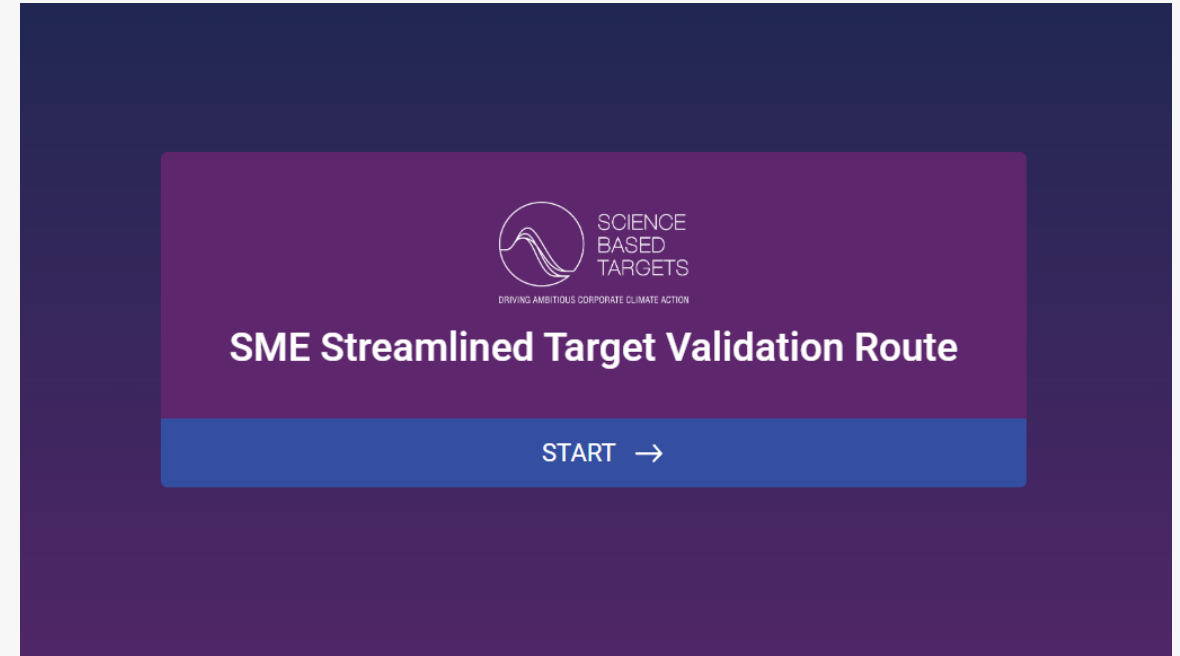
Company **reports its GHG inventory and progress** against target on an annual basis

THE SBTi JOURNEY

SME ROUTE

- The SBTi has developed an exclusive route for SMEs
- This route enables SMEs to bypass the regular target validation process and to **immediately** set a science-based target for **scope 1 and 2**;
- SMEs must choose one of the **predefined options** available in the SME Target Setting Form;
- SMEs must communicate their targets and **publicly disclose their emissions** inventory and progress against targets on an annual basis.
- SMEs can now also set **Net-Zero targets**.

SME Target Setting Online Form



SME Target Setting Form available [here](#).

SME Definition

Since January 2024, companies are eligible to use the SME route if they:

1. Have <10,000 tCO₂e across scope 1 and location-based scope 2
2. Are not classified in the Financial Institution (FI) Sector or Oil & Gas (O&G) Sector
3. Are not required to set targets using sector-specific criteria (such as the Sectoral Decarbonization Approaches) developed by the SBTi (see the SBTi's sector guidance documents for requirements)
4. Are not a subsidiary of a parent company whose combined businesses fall into the standard validation route

And three or more are true:

1. Employ <250 employees*
2. Turnover of <less than €50 million*
3. Total assets of <€25 million*
4. Are not in a mandatory FLAG sector

Companies which are classified as an SME may choose to set targets through the standard validation route.

**Aligned to the EU's Corporate Sustainability Reporting Directive (CSRD) SME criteria.*



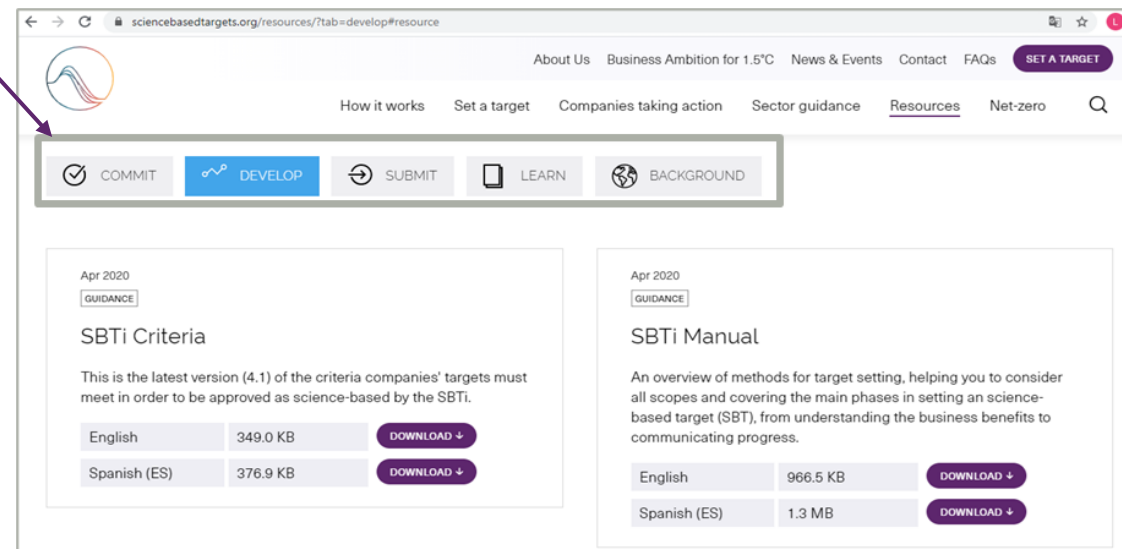
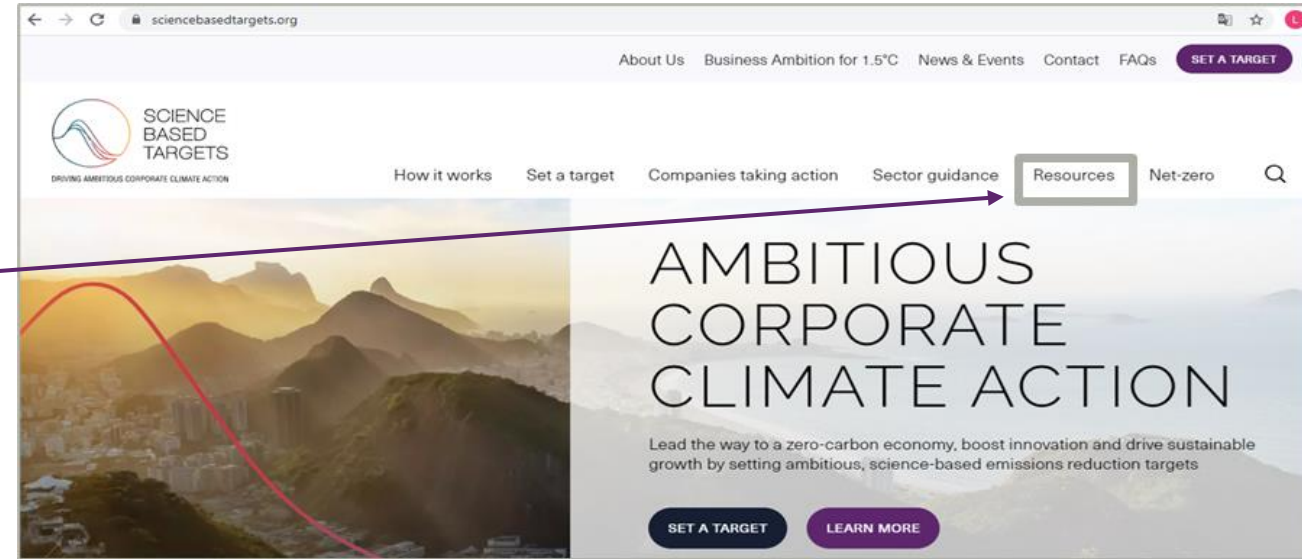
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Resources

REVIEW SBTi RESOURCES

1. Access the initiative's website:
www.sciencebasedtargets.org
2. On the main menu, click on "*Resources*"
3. Scroll down to resources, which are presented according to the stage in which they will be used: commit, develop, submit, learn and background
4. Click on the corresponding menu to access the relevant resources





Thank you!