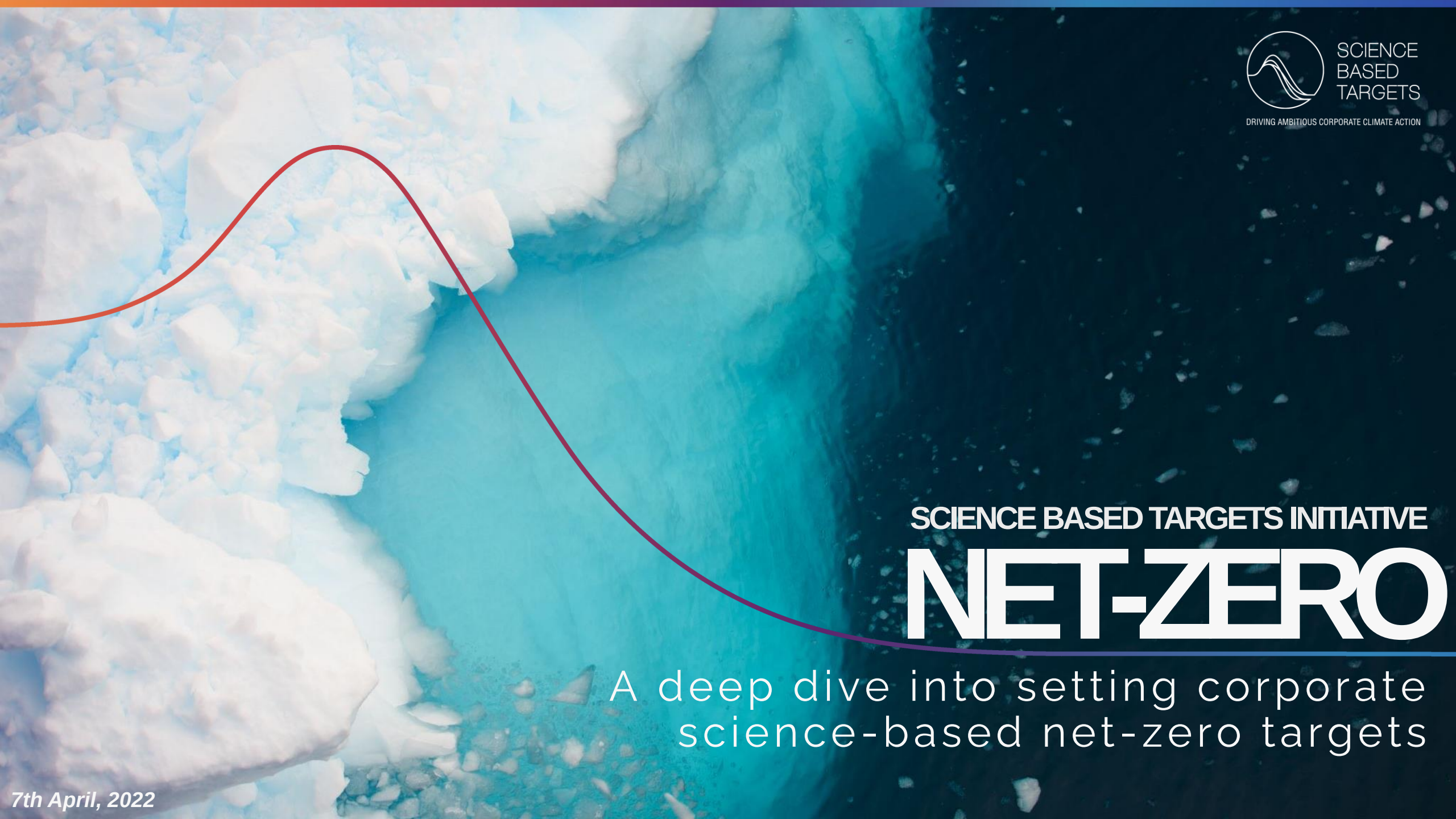

SCIENCE
BASED
TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION
SCIENCE BASED TARGETS INITIATIVE
NET-ZERO
A deep dive into setting corporate science-based net-zero targets
7th April, 2022

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

WELCOME & HOUSEKEEPING

- This session is being recorded.
- We will share a copy of the presentation and the recording.
- Please ask your questions in the Q&A box.

Speakers – Session 1

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

EMMA WATSON

Net-Zero Senior Manager

Science Based Targets initiative

PHOEBE HOLMES

Target Analyst

Science Based Targets initiative

OLWEN SMITH

Regional Lead, UK & WW

Commit to Action, CDP
Science Based Targets initiative

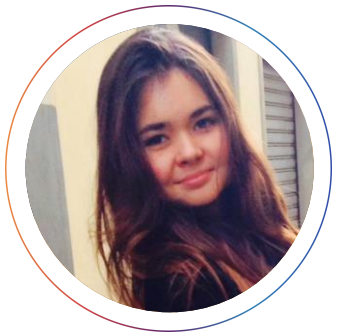
Speakers – Session 2

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

EMMA WATSON

Net-Zero Senior Manager

Science Based Targets initiative



PAULINA TARRANT

Net-Zero Engagement Manager

Science Based Targets initiative

ZOLA BERGER-SCHMITZ

Target Analyst

Science Based Targets initiative

DIANA FARMER

Regional Lead, NA

Commit to Action, CDP
Science Based Targets initiative

AGENDA

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

1. Introduction to the SBTi
2. Why and how has the SBTi developed the Net-Zero Standard?
3. What is a science-based net-zero target?
4. A closer look at methods & criteria, and how to navigate sector-specific requirements
5. Beyond value chain mitigation explainer
6. The SBTi Journey: What to expect from commitment to target validation
7. Wrap-up: Resources and next steps

INTRODUCTION TO THE SBTi

INTRODUCTION TO THE SBTi

What is the Science Based Targets initiative?

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

CDP DISCLOSURE INSIGHT ACTION

United Nations Global Compact

WORLD RESOURCES INSTITUTE

WWF

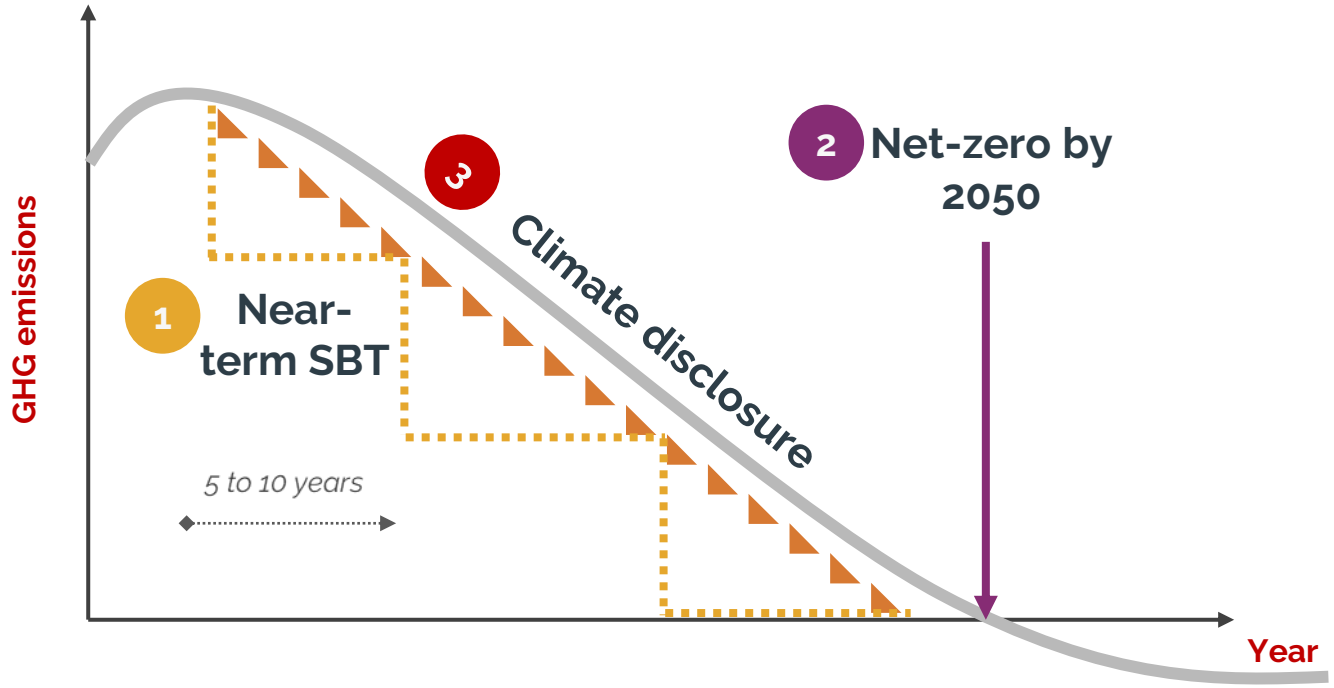
In collaboration with

WE MEAN BUSINESS COALITION

INTRODUCTION TO THE SBTI

What are science-based targets?

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



1. **(Near-term) science-based target:** Ensures that the company is taking near-term action to reduce emissions at a pace that is consistent with keeping warming below 1.5°C;

2. **Long-term net-zero target:** Provides clarity about the direction that the company will follow and serves as a north-star for long-term strategic and investment decisions;

3. **Annual disclosure:** Gives visibility on how the climate strategy is being implemented and provides transparency on progress against targets

Science-based targets show companies **how much** and **how quickly** they need to reduce their greenhouse gas (GHG) emissions to prevent the worst effects of climate change

INTRODUCTION TO THE SBTi

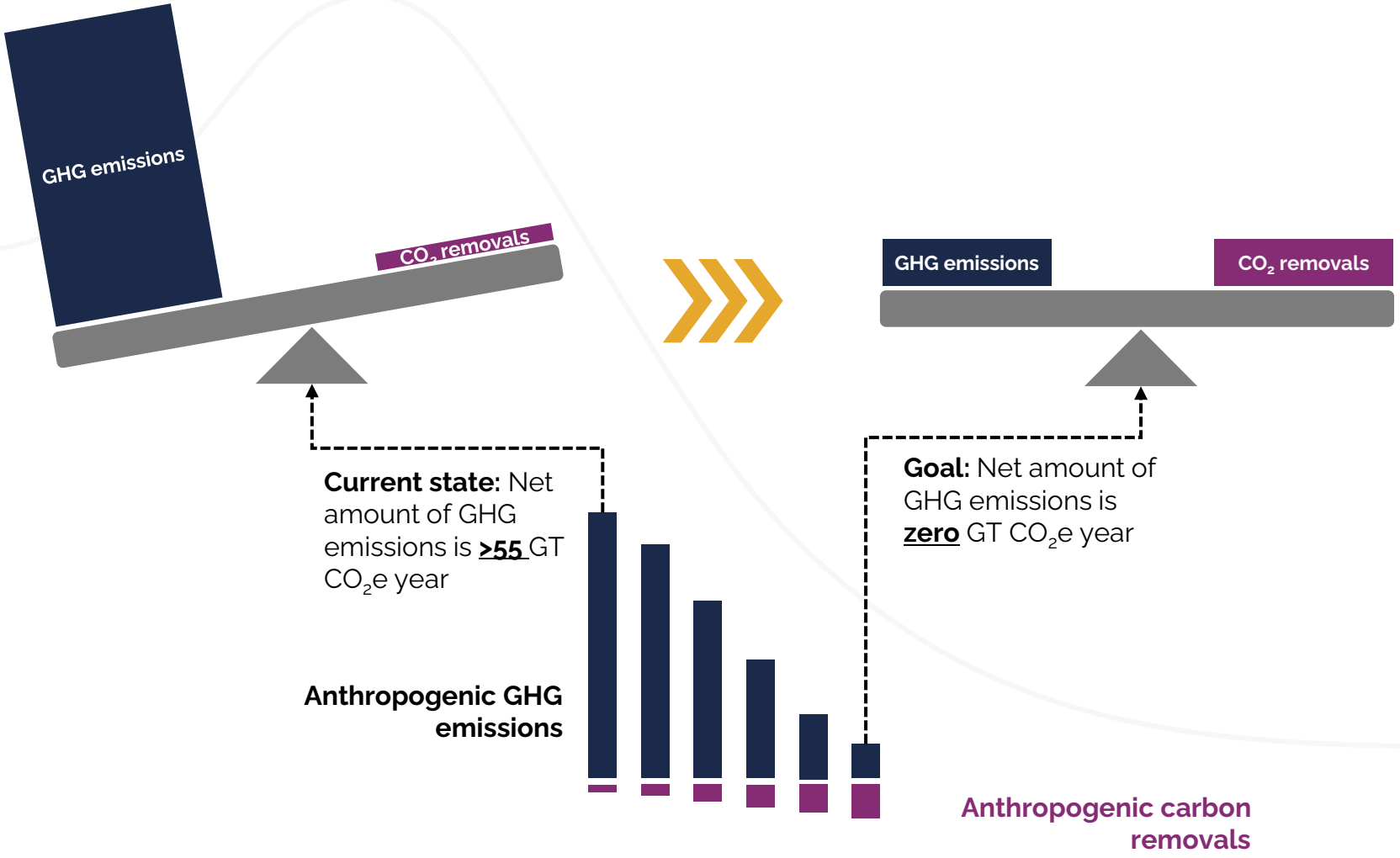
Progress to date

To learn more about the progress of the initiative, consult the SBTi Progress Report 2020.

WHY AND HOW HAS THE SBTI DEVELOPED 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**.

Why has the SBTi developed a Net-Zero Standard?

Since the release of the IPCC Special Report on 1.5°C, there has been rapid growth in the adoption of net-zero pledges.

Net-zero coverage

1 in 3 of the largest listed companies in G20 countries now have net-zero targets, up from 1 in 5 last year

Source: ECIU, November, 2021

Growth in UNFCCC Race to Zero campaign

Source: Race to Zero, Sep, 2021

Corporate net-zero targets can play a critical role in addressing the climate emergency, but **the lack of a robust benchmark triggered scepticism around net-zero**.

Common criticisms included:

- **Incomplete boundary:** Selective inclusion of emission sources in corporate net-zero targets
- **Delayed action:** Lack of. interim milestones for long-term targets.
- **Mitigation deterrence:** Focus on offsetting instead of on reducing emissions.
- **Poor accountability:** Lack of scrutiny and accountability on voluntary commitments.

The Net-Zero Standard development process: thorough, transparent, and inclusive, and engaged over 800 stakeholders.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

2020

Sep

Publication of the Net-Zero Foundations Paper

Oct

Set up of Expert Advisory Group

A balanced and diverse group of 42 experts from civil society, academia, & business has guided the development of the standard

2021

Jan

Initial draft of criteria

Feb-Mar

1st public consultation

Nearly 400 participants from 37 different countries and a variety of sectors participated in the first public consultation

Jul-Aug

Road-testing process

84 companies participated to trial the target setting tool, review the criteria and guidance, and provide feedback

Sep-Oct

2nd public consultation

167 stakeholders participated in the pre-launch consultation

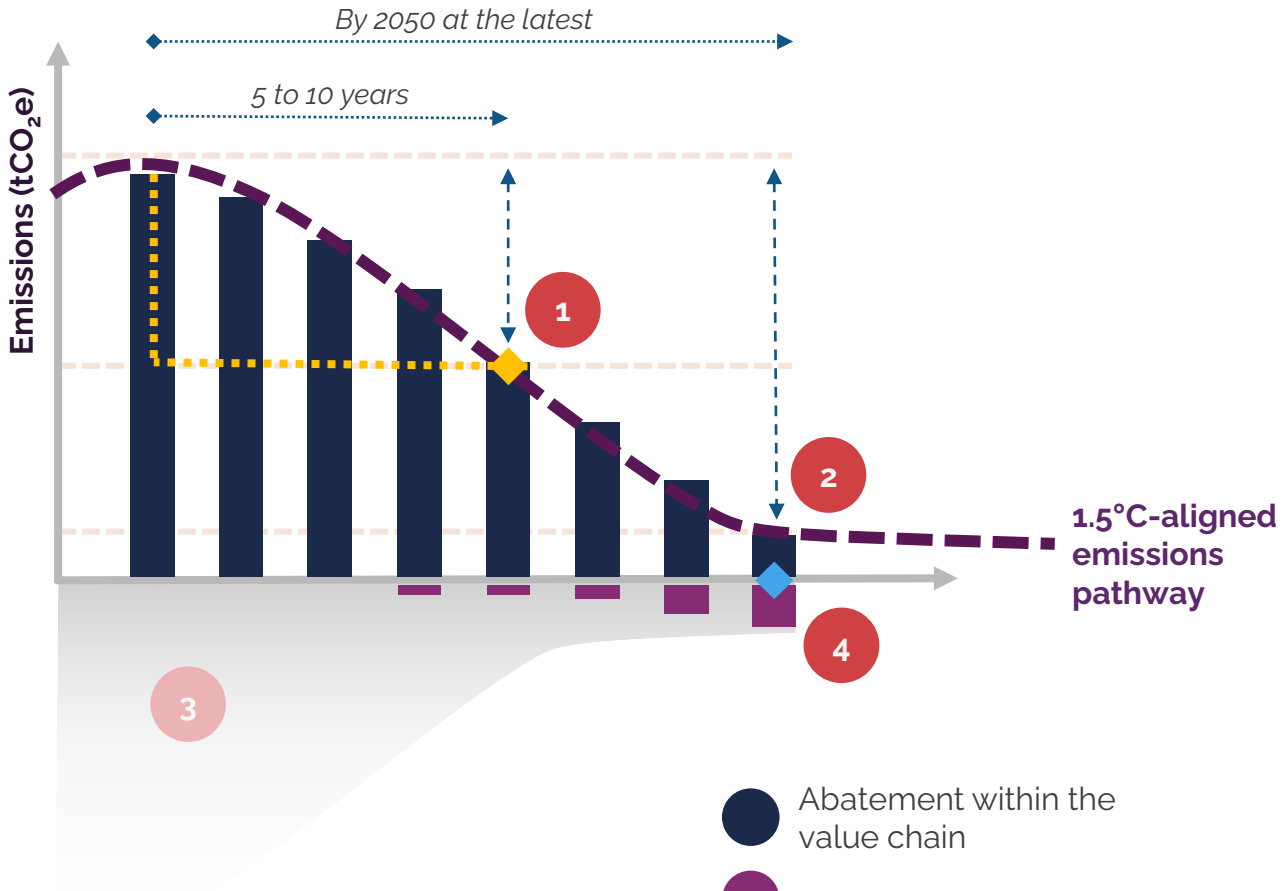
Oct-Nov

Launch

01-12 NOV 2021 GLASGOW COP26 IN PARTNERSHIP WITH ITALY

WHAT IS A SCIENCE-BASED NET-ZERO TARGET?

Four key elements make up the Net-Zero Standard framework

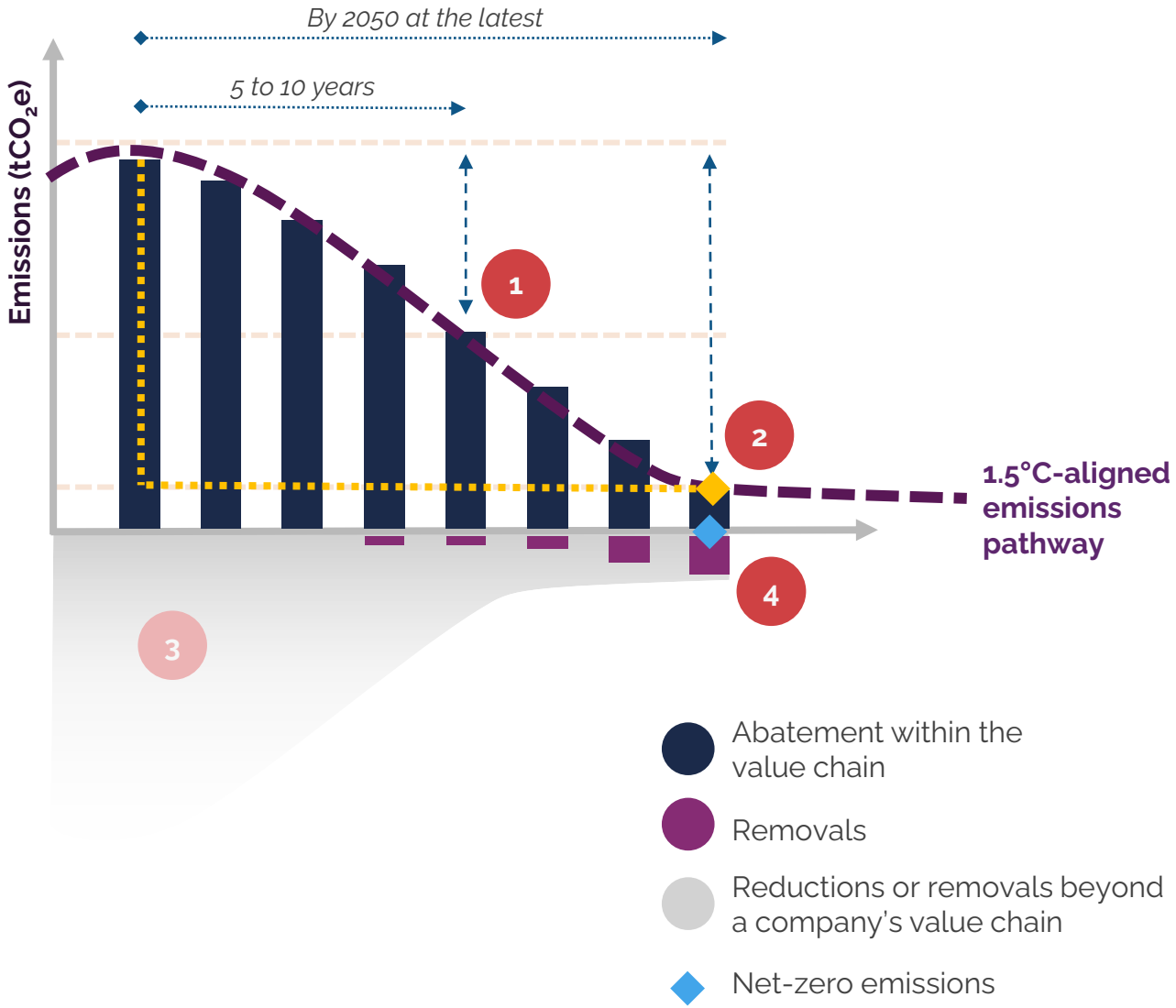


1 **To set near-term science-based targets**: 5-10 year emission reduction targets in line with 1.5°C pathways

Required

Recommended

Four key elements make up the Net-Zero Standard framework



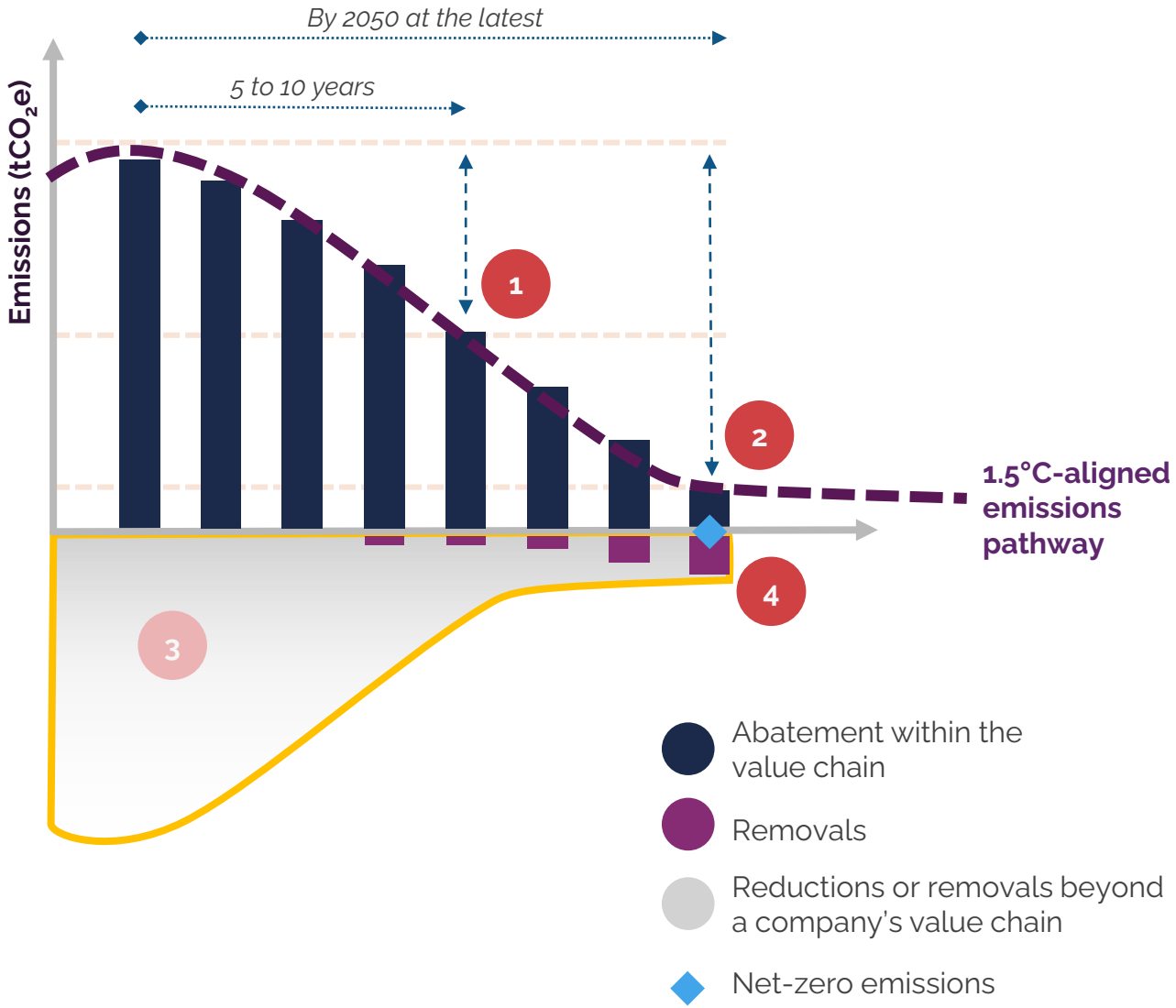
1. **To set near-term science-based targets**: 5-10 year emission reduction targets in line with 1.5°C pathways

2. **To 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

Most companies will be required to reduce emissions by 90% or more before reaching net-zero.

Required Recommended

Four key elements make up the Net-Zero Standard framework



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

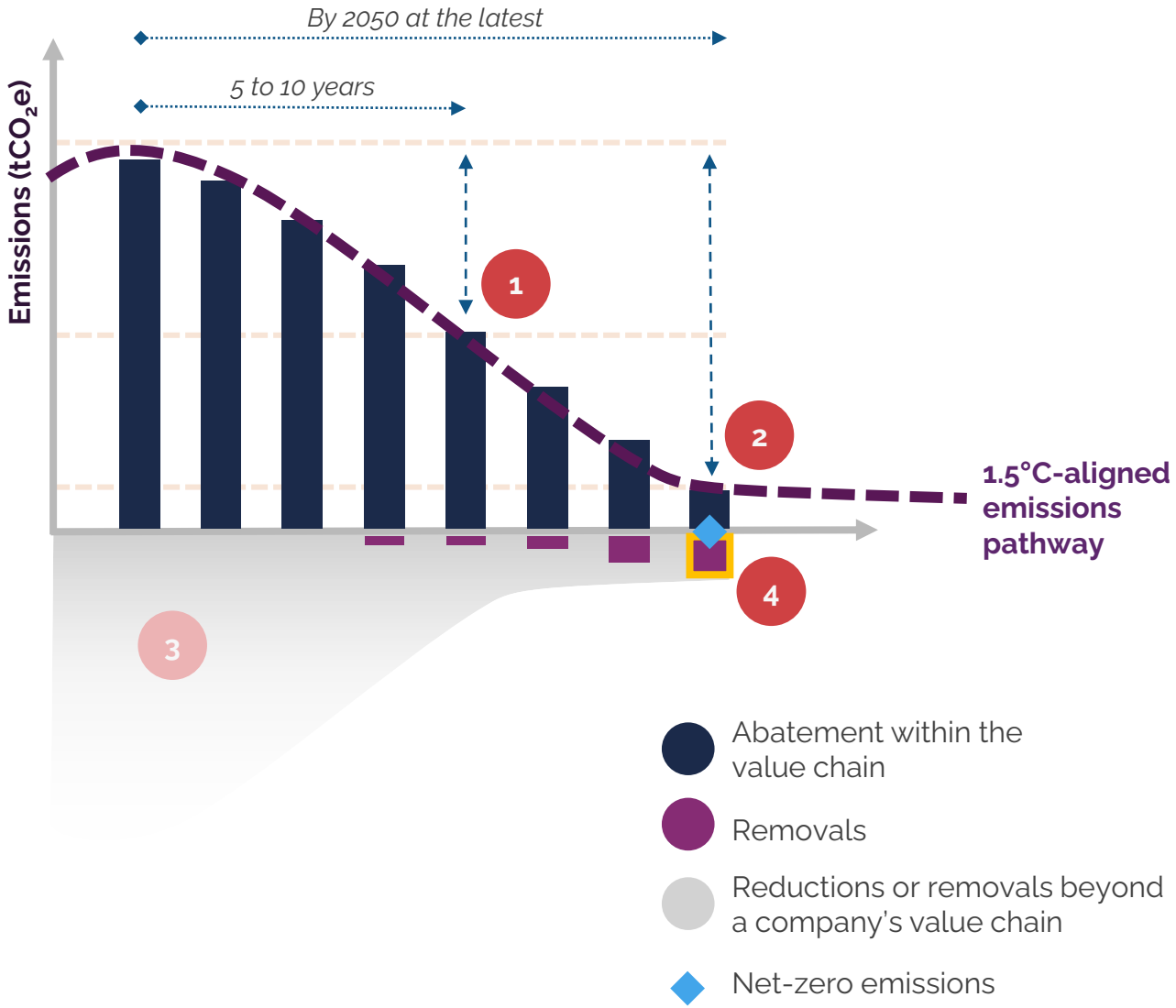
2 **To set long-term science-based targets:** Target to reduce emissions to a residual level in line with 1.5°C scenarios by no later than 2050

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

Required

Recommended

Four key elements make up the Net-Zero Standard framework



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

2 **To 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

3 **Beyond value chain mitigation:** In the transition to net-zero, companies should take action to mitigate emissions beyond their value chains. For example, 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

Required

Recommended

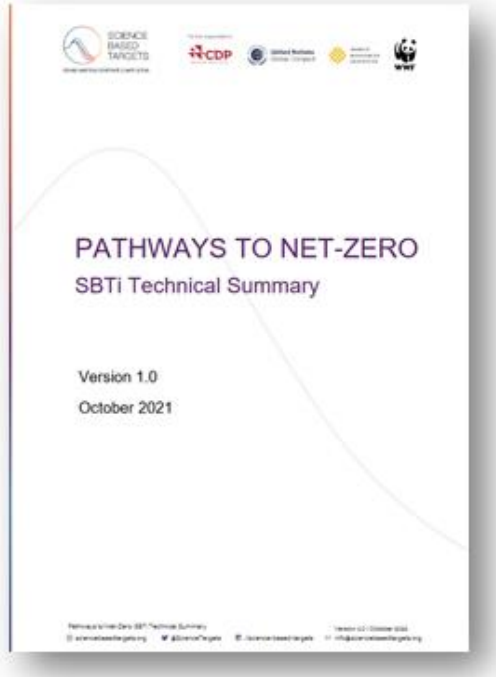
Under the Net-Zero Standard, most companies must reduce emissions at least 90% to reach net-zero. How did you come up with this figure?

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- Evidence shows that we can near-fully decarbonize the economy by 2050 and, if done correctly, it's the best way to meet our climate and sustainability goals[1]

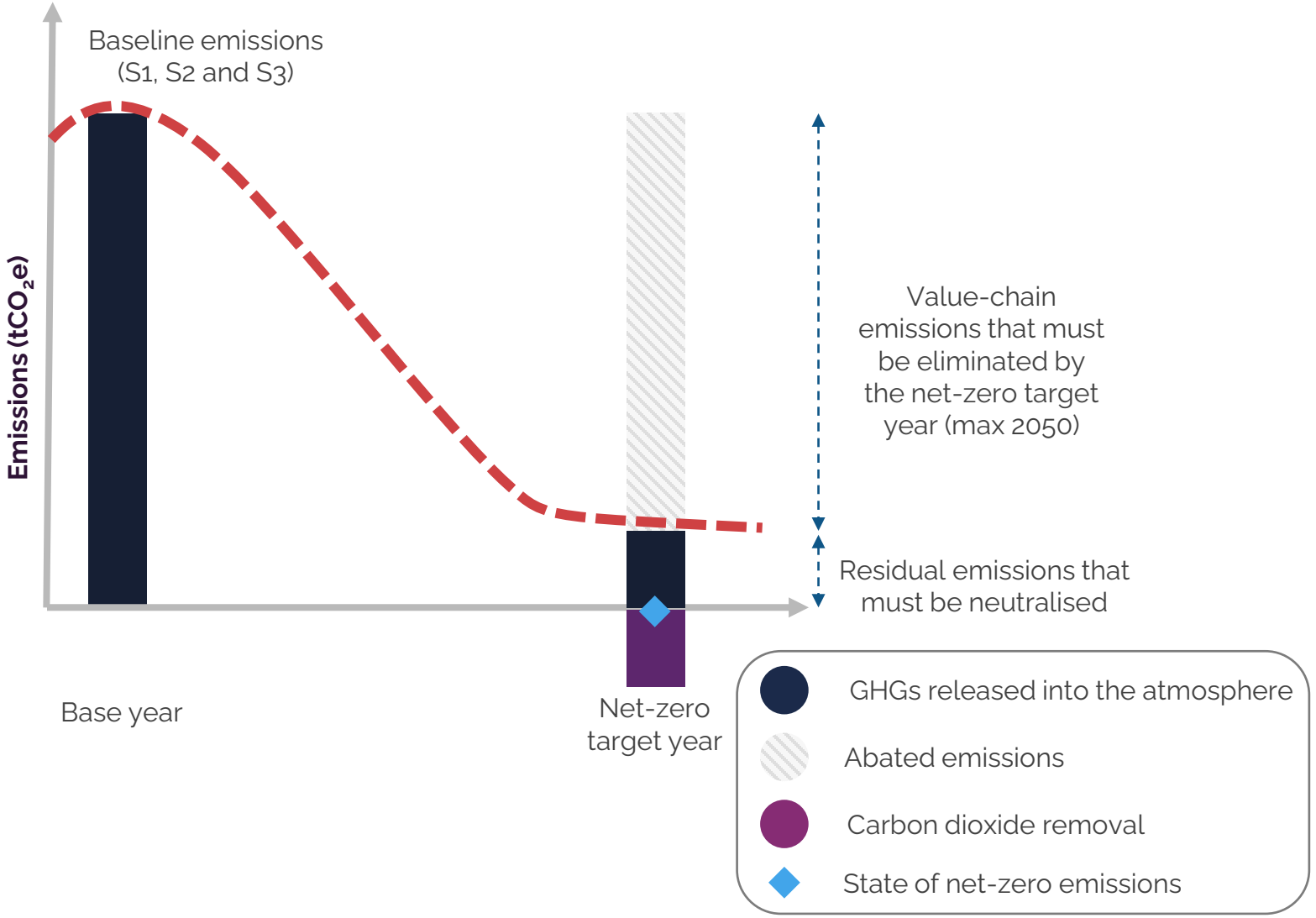
- The 90% reduction shows companies what's needed to align with net-zero at the global level, even if CO2 removal proves to be more challenging than we expect

- The IEA Net-Zero scenario—where gross fossil CO2 emissions are reduced 95% between 2019 and 2050—was an important reference. However, our approach is holistic, building from an expansive scientific review and development with the SBTi Scientific Advisory Group



1. Energy efficiency improvements, infrastructural innovation, and phasing-out fossil fuels—characteristic of IPCC "low energy demand" scenarios—can help meet the 1.5˚C goal with the fewest adverse impacts. The IPCC states with *high confidence* that low energy demand scenarios have the most pronounced synergies with sustainable development and the SDGs (IPCC SR15, Summary for Policymakers D.4.2). They also reduce dependence on CO2 removal, which can pose risks to biodiversity, food security, water resources and human rights.

When can a company claim that it has reached a state of net-zero emissions?



Reaching a state of net-zero emissions for a company involves achieving a state in which the company continues to create value to society and to shareholders without causing the accumulation of GHG in the atmosphere.

According to the SBTi Net-Zero Standard, a state of net-zero is reached when the following two conditions are met:

1. **Condition 1 – Science-based abatement:** Scope 1, 2 and 3 emissions have been reduced to zero or to a residual level that is consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C scenarios or sector pathways;

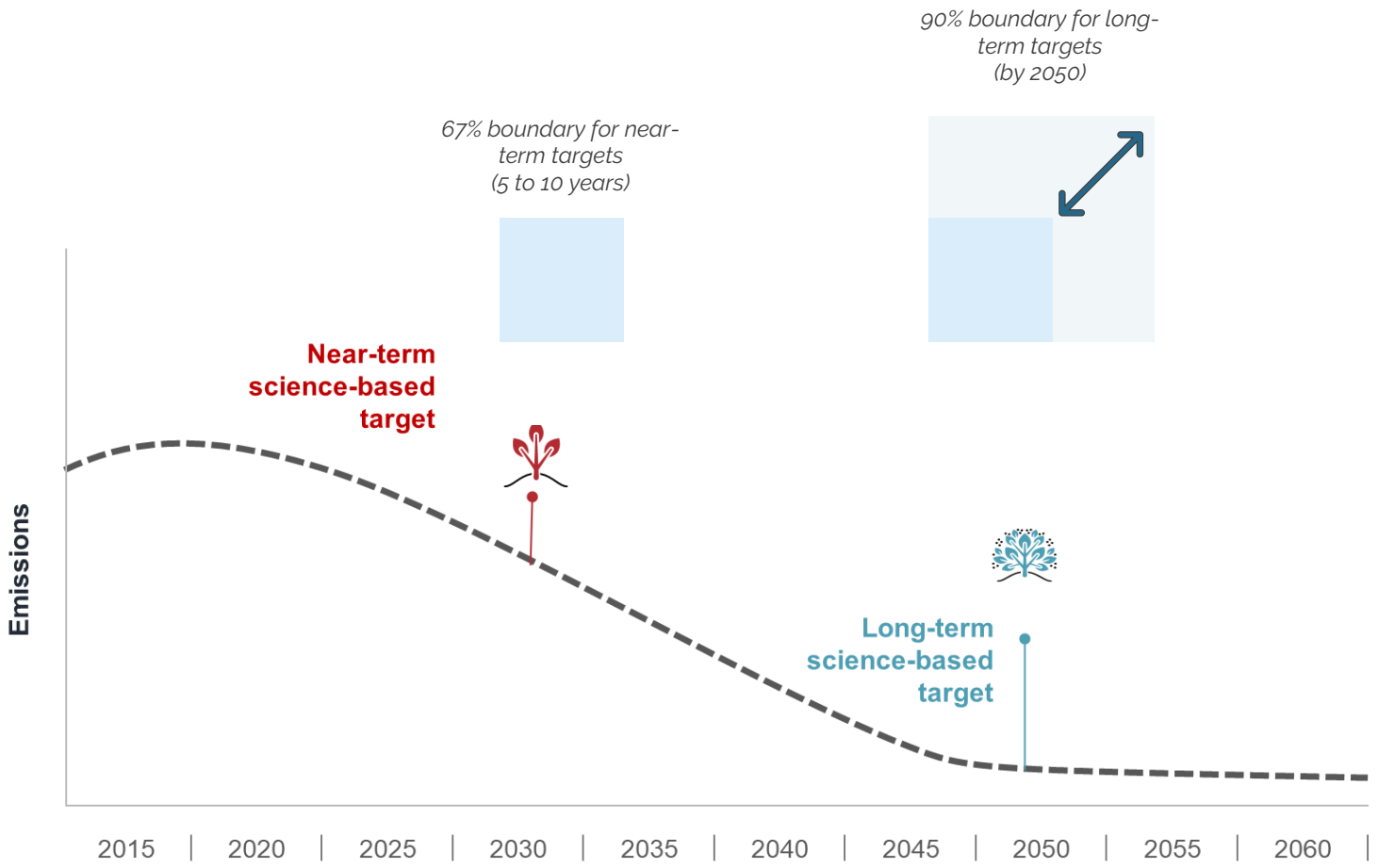
2. **Condition 2 – Neutralization:** The company neutralizes any residual GHGs released into the atmosphere at the net-zero target date and thereafter

DEEP DIVE INTO METHODS & CRITERIA

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

	Timeframe *What is the maximum timeframe to meet your targets?*	Ambition *What is the ambition level in terms of limiting temperature rise?*	Boundary *How much coverage or your emissions inventory is required?*	Methods *What are the eligible methods to set your targets?*
Near-term science-based target	**5-10 years from date of submission**	Scope 1 and 2: **1.5˚C** Scope 3: **Well-below 2˚C**	Scope 1 and 2: **95%** Scope 3: If >40% of total emissions, **67% coverage**	**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**
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**

Acknowledging challenges with Scope 3, the Standard is following an expansive boundary approach



A comprehensive target boundary is necessary for companies to make credible net-zero claims.

Acknowledging the challenges with Scope 3, **the SBTi is following an expansive boundary approach.**

This gradual increase in ambition:

- Allows companies to focus on making steep cuts in their **most material emissions** now
- Affords **time to work through the complexity** of scope 3
- Provides opportunities to **collaborate across the whole value chain** to support suppliers and customers to decarbonize

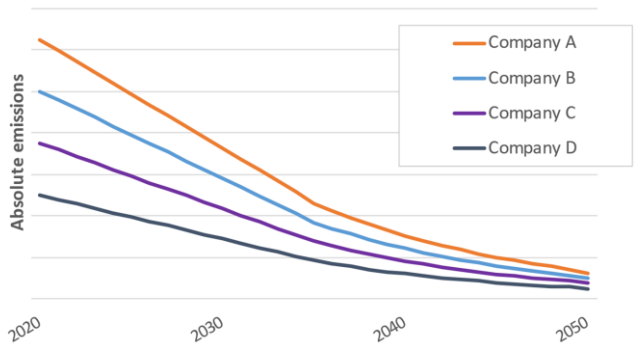
Science-based target setting methods (1/2)

Eligible for all scopes

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Absolute reduction

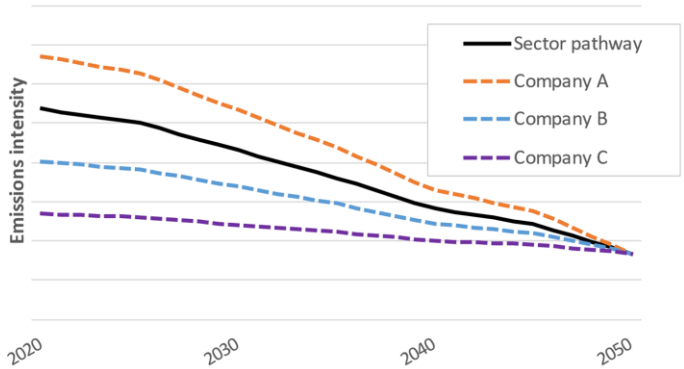
Absolute emissions are reduced by an amount that is, at minimum, consistent with the cross-sector or sector-specific pathway



- 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 activities [1]

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

Science-based target setting methods (2/2)

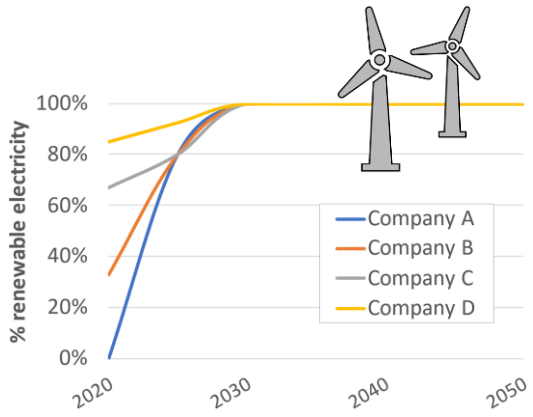
Eligible for specific scopes only

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Scope 2

Renewable electricity

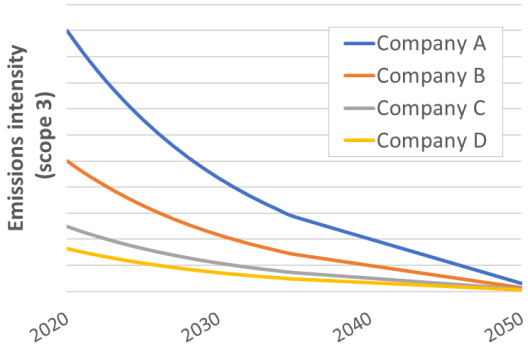
Companies actively procure at least 80% renewable electricity by 2025 and 100% renewable electricity by 2030



Scope 3

Scope 3 economic intensity reduction

Economic emissions intensity is reduced by an amount that is, at minimum, consistent with well-below 2C for near-term targets and 1.5C for long-term targets (based on the cross-sector pathway)

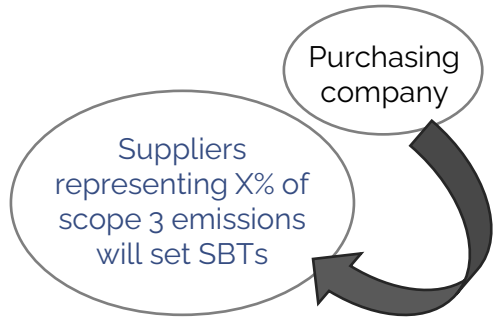


Scope 3 physical intensity reduction

Same as "Scope 3 economic intensity reduction" but for physical intensity targets

Engagement (only eligible for near-term SBTs)

Companies set a target for suppliers or customers representing a certain percent of emissions to set their own SBTs



Target year is a maximum of 5 years from the purchasing company's date of submission

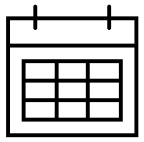
What data is required to model net-zero targets?

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Data needed to calculate net-zero target with the Net-Zero Tool

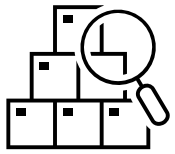
Scope 1, 2 & 3 emission inventory

Broken down by activity/sector if modelling multiple targets



Base year

No earlier than 2015 and the same as the near-term base year



Base year output (e.g. tonnes of crude steel)

Absolute method data input tab

1. ABSOLUTE EMISSIONS BASED TARGET SETTING METHODS

Section 1.1. Input data (absolute targets)

Target coverage	Scopes 1,2 & 3	
Target setting method	Absolute contraction	*To calculate intensity targets, please use Section 2.1. Input data (intensity targets)*
Base year	2018	
Target year	2040	
Sector pathway	Cross-sector pathway	*Please select sector pathway*
Scope 1 emissions	1500	*tCO2e*
Scope 2 emissions	1500	*tCO2e*
Scope 3 emissions	7000	*tCO2e*
Total emissions in Scopes 1,2 & 3 (tCO2e)	10,000.00	*tCO2e*

Section 1.2. Absolute target results

	Base year (2018)	Target year (2040)	% Absolute Reduction
Company | Scopes 1,2 & 3 (tCO2e)	10,000.00	1,000.00	90.0%
Long Term SBT formulation	Company X commits to reduce Scopes 1,2 & 3 emissions 90% by 2040 from a 2018 base year		

Intensity method data input tab

2. INTENSITY BASED TARGET SETTING METHODS

Section 2.1 Input data (intensity targets)

Target coverage	Scope 3	
Target setting method	Physical intensity convergence	*To calculate absolute targets, please use Section 1.1. Input data (intensity targets)*
Base year	2018	
Target year	2040	
Sector pathway	Iron and steel	*Please select sector pathway*
Scope 1 emissions		*tCO2e*
Scope 2 emissions		*tCO2e*
Scope 3 emissions	2000	*tCO2e*
Total emissions in Scope 3 (tCO2e)	2000	*tCO2e*
Base year ouput | Iron and steel	3000	*Tonnes of crude steel*

SECTOR SPECIFIC GUIDELINES

Overview of available and planned sector-specific pathways and guidance

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Companies in the **FLAG** and **power** sectors are *required* to use sector-specific pathways.

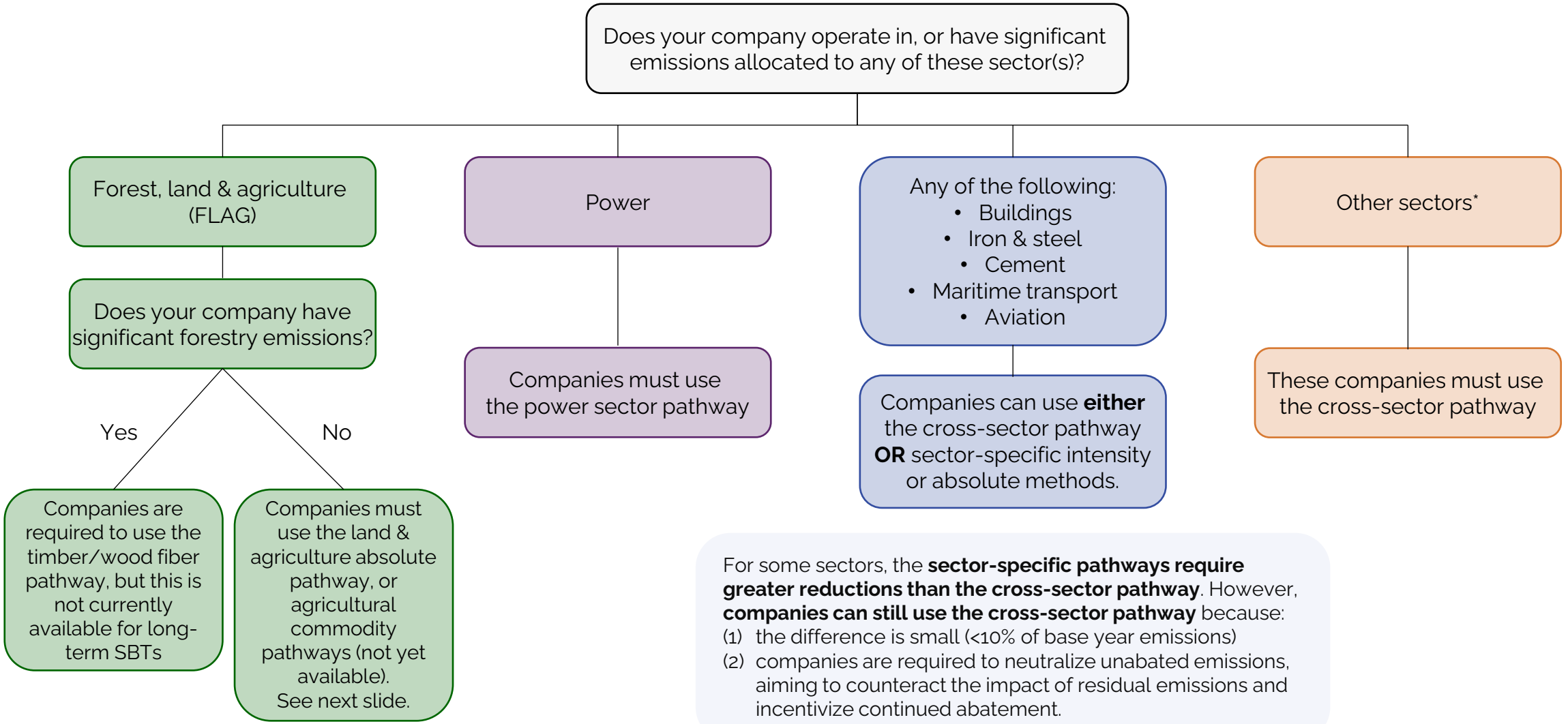
All other sectors can use the cross-sector pathways.

Please see "*Sector Guidance for Long-term Science-based Targets*" within the Net-Zero Standard for more information.

*The SBTi is currently unable to accept commitments or validate targets for companies in the oil and gas or fossil fuels sectors. Please view our new policy and project update here.

Should my company use the cross-sector pathway or the sector-specific option to set long-term SBTs?

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



For some sectors, the **sector-specific pathways require greater reductions than the cross-sector pathway**. However, **companies can still use the cross-sector pathway** because:

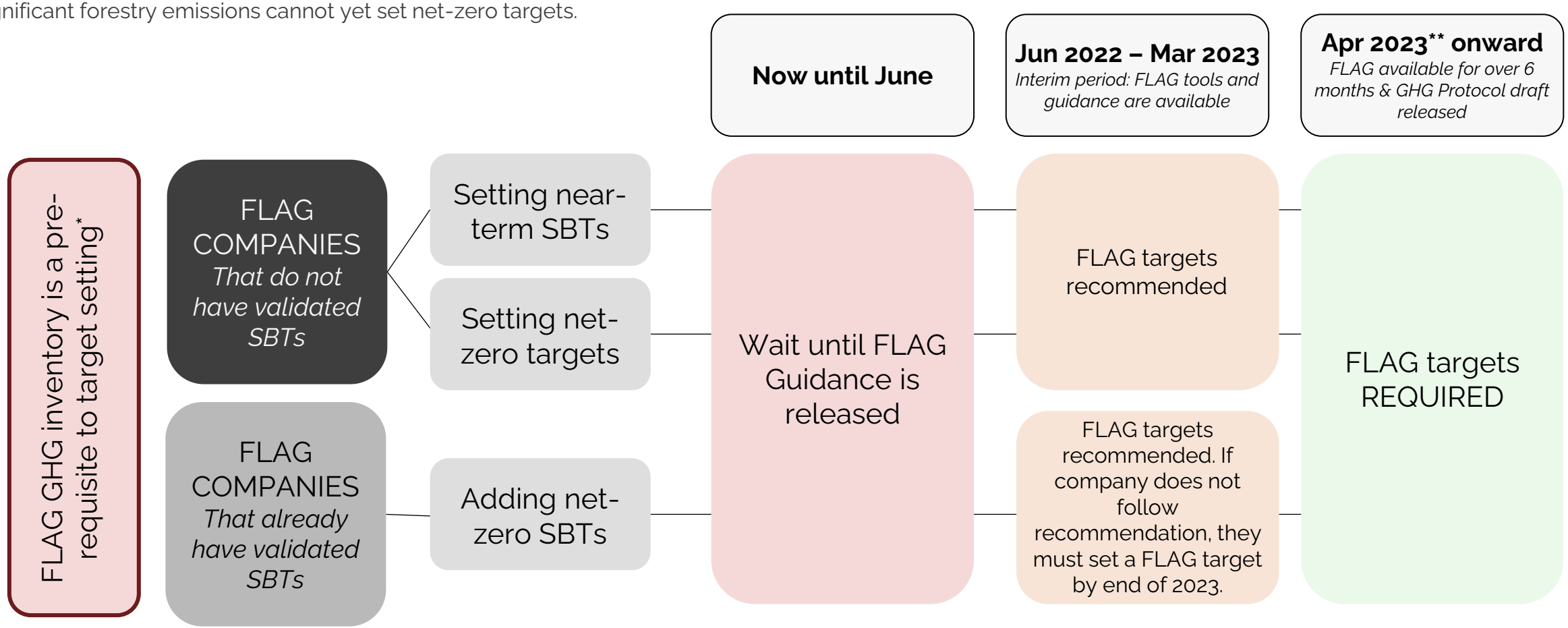
(1) the difference is small (<10% of base year emissions)
(2) companies are required to neutralize unabated emissions, aiming to counteract the impact of residual emissions and incentivize continued abatement.

**The SBTi is currently unable to accept commitments or validate targets for companies in the oil and gas or fossil fuels sectors. Please view our new policy and project update here.*

Can companies with land and agricultural emissions set net-zero targets?

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Forestry (timber/wood fiber) long-term SBT pathways are not yet available, so companies with significant forestry emissions cannot yet set net-zero targets.



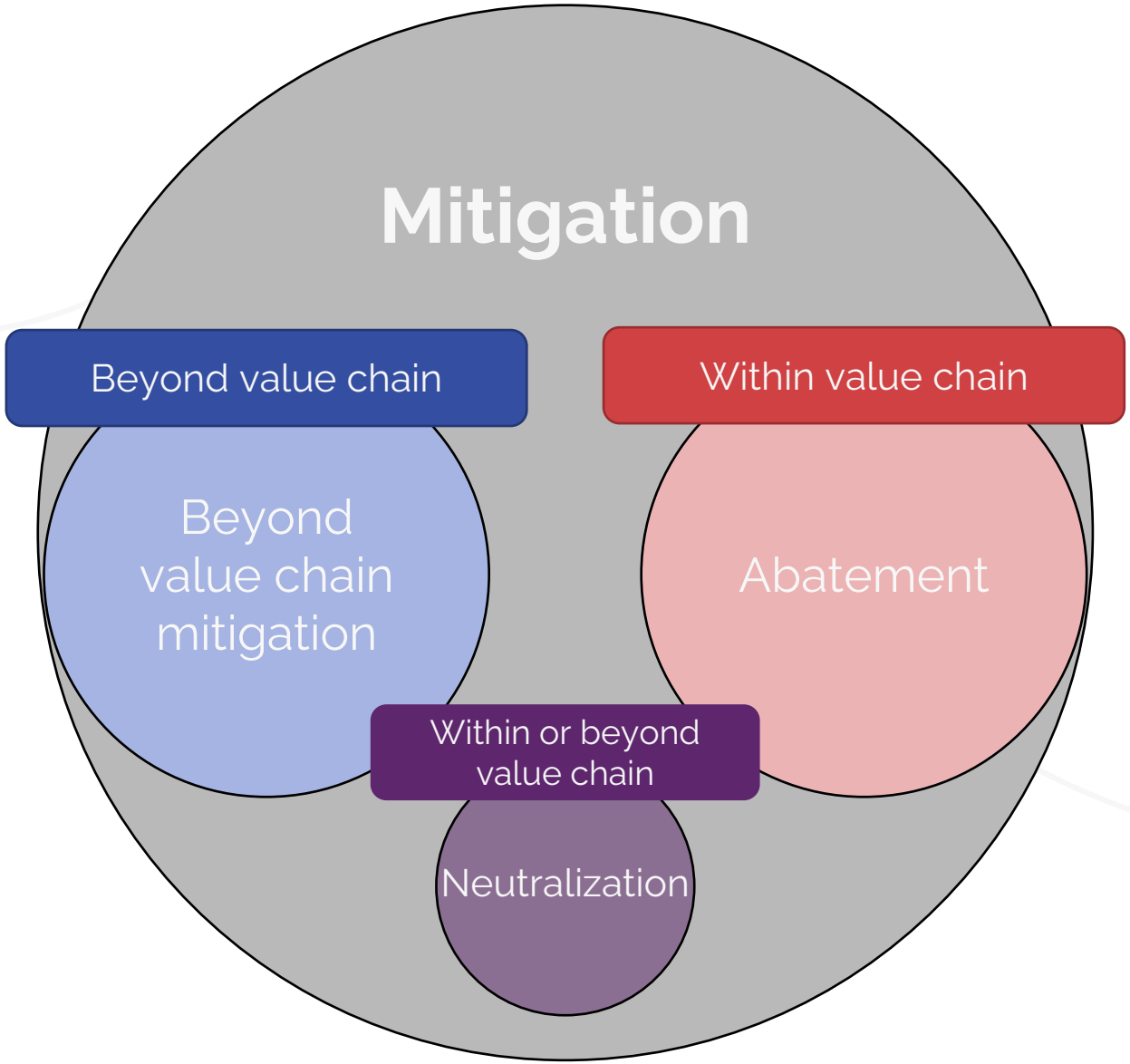
*Please refer to Table 5 in draft FLAG Guidance for GHG accounting guidance.

** Assuming GHG Protocol draft is released in April 2023

“BEYOND VALUE CHAIN MITIGATION” EXPLAINER

SBTi has evolved its terminology, phasing out compensation & moving towards “beyond value chain mitigation”

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

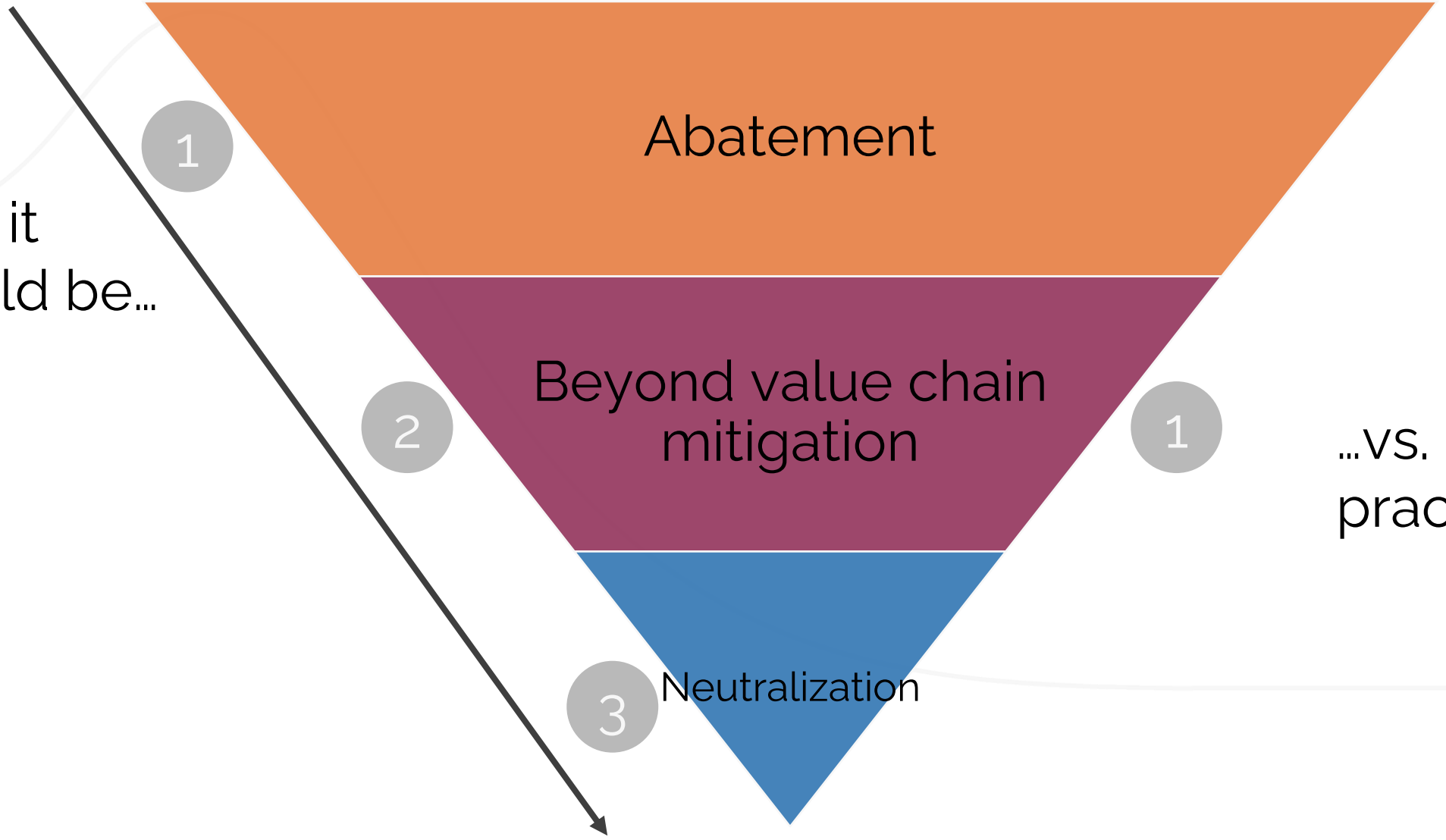


Term	Definition (as per SBTi Net Zero Standard
Mitigation	A human intervention to reduce emissions or enhance the sinks of greenhouse gases (IPCC).
Abatement	Measures that companies take to prevent, reduce or eliminate sources of GHG emissions **within their value chain**. Examples include reducing energy use, switching to renewable energy and retiring high-emitting assets.
Beyond value chain mitigation (BVCM)	Mitigation action or investments that fall outside a company's value chain. This includes activities outside of a company's value chain that **avoid or reduce** greenhouse gas emissions, **or that permanently remove and store** greenhouse gases from the atmosphere.
Compensation (legacy terminology)	Actions that companies take to help society avoid or reduce emissions outside of their value chain.
Neutralization	Measures that companies take to **remove** carbon from the atmosphere and permanently store it to **counterbalance** the impact of emissions that remain unabated.

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

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

How it should be…



…vs. common practice

Abatement must be prioritised; however, companies are increasingly expected to go beyond their SBTs

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Reduce emissions

Either by avoiding release or reducing the amount of GHG emitted

Remove emissions

by (re) capturing emitted GHG from the atmosphere

Within value chain

Abatement

Emit less GHG across the value chain through e.g.,

New technologies (e.g. CCUS, H_2DRI[1])

Switch to renewable energy

Sustainable transport

Outside value chain

Reductions beyond the value chain

Help others emit less GHG e.g.,

Prevent deforestation

Finance to projects / technology

Within or beyond value chain

Removals[2]

CO2 removal through nature-based or engineered solutions e.g.,

Direct air carbon capture and storage

Enhanced weathering

Bioenergy with carbon capture and storage

Afforestation[3]

Coastal blue carbon

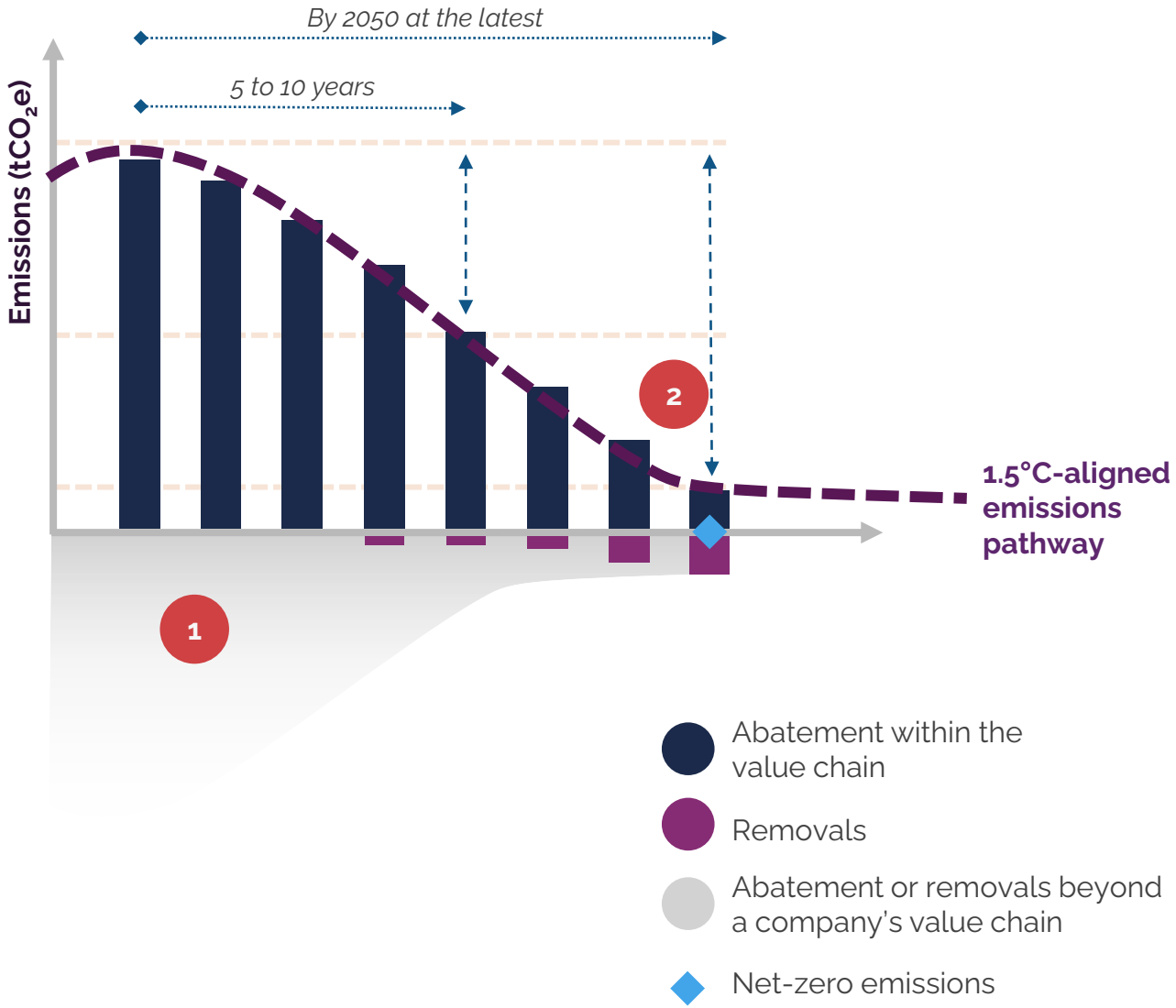
Others approaches

Please refer to the **SBTi's Beyond Value Chain Mitigation FAQ** for more information.

The Net-Zero Standard requires that these removals are permanent. We expect that frameworks to assess CO2 removal permanence, as well as resolving social and environmental concerns, will develop over time

1. CCUS = carbon capture, utilization and storage, H_2DRI = hydrogen direct-reduced iron (both technologies prevent GHGs from entering the atmosphere and therefore count towards emission reductions); 2. Removals contribute towards "beyond value chain mitigation", or "neutralization", depending on whether they are used to counterbalance remaining residual emissions; 3. Can also count towards emissions reductions for companies with forestry, land-use and agricultural emissions in their supply chains

What role do carbon credits play in the SBTi Net-Zero Standard?



Purchasing high-quality carbon credits in addition to reducing emissions along a science-based trajectory can play a critical role in accelerating the transition to net-zero emissions at the global level. Generally speaking, carbon credits can play two roles in science-based net-zero strategies:

1. **In the transition to net-zero (i.e., now onwards)**
   Companies can purchase carbon credits while they transition towards a state of net-zero emissions (i.e., in addition to science-based abatement of value chain emissions) to support society to achieve net-zero emissions by 2050

2. **At net-zero**
   Companies with **residual emissions** within their value chain are expected to neutralize those emissions with an equivalent amount of carbon dioxide removals at their net-zero target date, and these removals can be sourced from carbon credits.

THE SBTi JOURNEY: COMMITTING TO NET-ZERO

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

What route should my organization take to committing to net-zero?

- **Companies with 500+ employees** take the regular commitment route.
- **SMEs**: a simplified route is available for SMEs, allowing companies to commit and set targets at the same time.
- **Financial institutions**: Can commit to net-zero now through the regular route but cannot have their targets validated yet. The SBTi is developing a specific Net-Zero standard for financial institutions due for completion in Q1 2023.

THE SBTi JOURNEY*

STEP BY STEP

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

DAY 1

COMMIT

Company submits a letter establishing its intent to set a science-based target

DEVELOP

Company works on an emissions reduction target in line with the SBTi criteria

SUBMIT

Company presents the target to the **SBTi for official validation**

24 MONTHS

COMMUNICATE

Company announces the target and inform stakeholders

AFTER APPROVAL

DISCLOSE

Company report its wide emissions and progress against targets on an annual basis

*This process is for large companies. SBTi offers a streamlined route for SMEs.

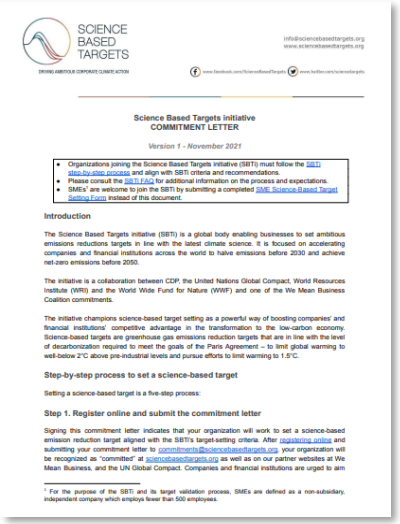
CALL-TO-ACTION

SBTI COMMITMENT LETTER

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

997 companies have already committed to net-zero through the Business Ambition for 1.5˚C Campaign.

Companies can commit by signing the SBTi commitment letter*.



SCIENCE BASED TARGETS

Science Based Targets initiative
COMMITMENT LETTER

Version 1 - November 2021

- Organizations joining the Science Based Targets initiative (SBTi) must follow the SBTi step-by-step process and align with SBTi criteria and recommendations.
- Please consult the SBTi FAQ for additional information on the process and expectations.
- SMEs' are welcome to join the SBTi by submitting a completed SME Science-Based Target Setting Form instead of this document.

Introduction

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. It is focused on accelerating companies and financial institutions across the world to halve emissions before 2030 and achieve net-zero emissions before 2050.

The initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments.

The initiative champions science-based target setting as a powerful way of boosting companies' and financial institutions' competitive advantage in the transformation to the low-carbon economy. Science-based targets are greenhouse gas emissions reduction targets that are in line with the level of decarbonization required to meet the goals of the Paris Agreement – to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

Step-by-step process to set a science-based target

Setting a science-based target is a five-step process:

Step 1. Register online and submit the commitment letter

Signing this commitment letter indicates that your organization will work to set a science-based emission reduction target aligned with the SBTi's target-setting criteria. After registering online and submitting your commitment letter to commitments@sciencebasedtargets.org, your organization will be recognized as "committed" at sciencebasedtargets.org as well as on our partner websites at We Mean Business, and the UN Global Compact. Companies and financial institutions are urged to aim

[1] For the purpose of the SBTi and its target validation process, SMEs are defined as a non-subsidiary, independent company which employs fewer than 500 employees.

Commitment Process

1. Fill in and sign the SBTi commitment letter
2. Register via the online commitment form and upload your completed SBTi commitment letter
3. SBTi performs due diligence and approves commitment
4. Announce your commitment

In addition, to align with the most ambitious aim of the Paris Agreement and to what science dictates is necessary to reduce the destructive impacts of climate change on human society and nature - to reach net-zero global emissions by 2050 at the latest in order to limit global warming to 1.5°C - my company is committing to:

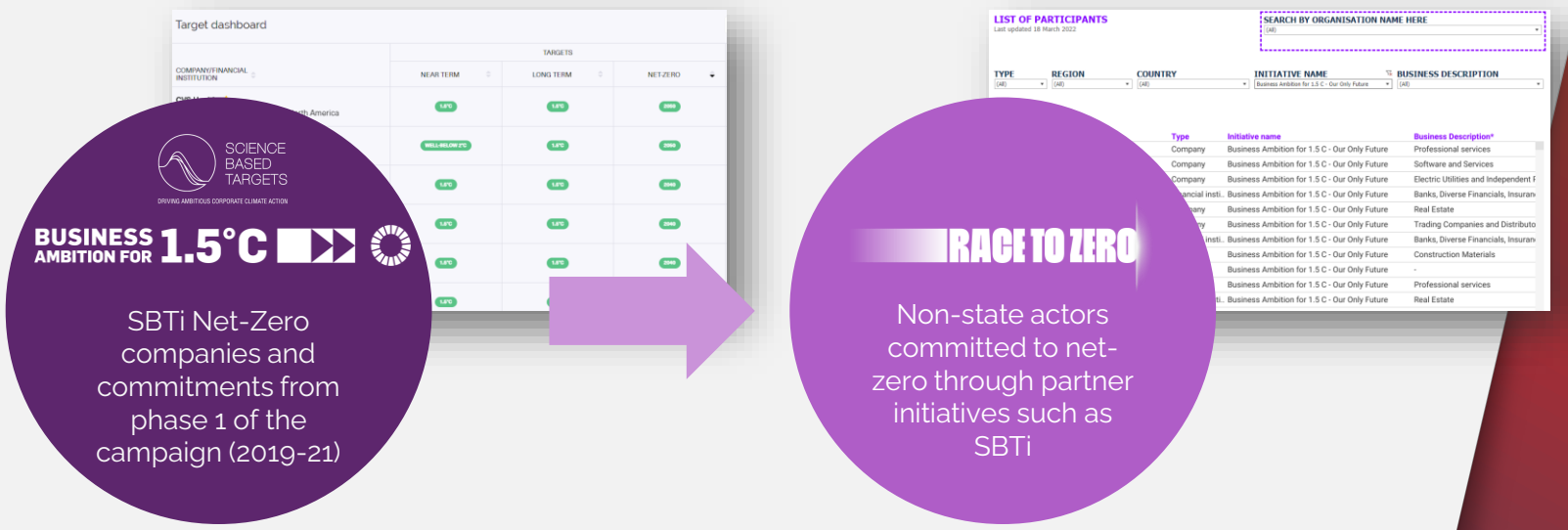
☐ **Set net-zero targets, including a long-term science-based target:** My company commits to set a long-term science-based target to reach net-zero value chain GHGs emissions by no later than 2050 in line with the SBTi Net-Zero Standard, submit it for SBTi validation and publish it, all within a maximum of 24 months. By committing to set a net-zero target, I also acknowledge that my company will be part of the Business Ambition for 1.5°C campaign. My company will also join the Race to Zero campaign.[3,4,5]

**Companies that already have approved SBTs can also sign the SBTi commitment letter to commit to setting net-zero targets.*

A GLOBAL MOVEMENT FOR NET ZERO

BUSINESS AMBITION FOR 1.5°C & RACE TO ZERO CAMPAIGNS

- Since 2019, SBTi has called on companies to align with 1.5°C and net-zero through **Business Ambition for 1.5°C**. Since COP26 (Nov 2021), companies join the campaign by making a SBTi **Net-Zero commitment.**
- **Race to Zero** is a global campaign rallying companies, cities, regions, financial, educational, and healthcare institutions. Each member is committed to the same overarching goal: reducing emissions, across all scopes, in line with the Paris Agreement.
- Race to Zero is a partnership of networks and initiatives, such as SBTi. **With Business Ambition for 1.5°C being the entry point to Race to Zero, all companies that commit to Net-Zero through the SBTi are welcomed into the Race to Zero.**



"We urge businesses and investors to join the Race to Zero, align their portfolios with the goals of the Paris Agreement and set science-based net zero targets of 2050 at the latest."

G7 Climate and Environment Ministers, May 2021.

THE SBTi JOURNEY: TARGET VALIDATION AND COMMUNICATION

Net-Zero Target Validation Process

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

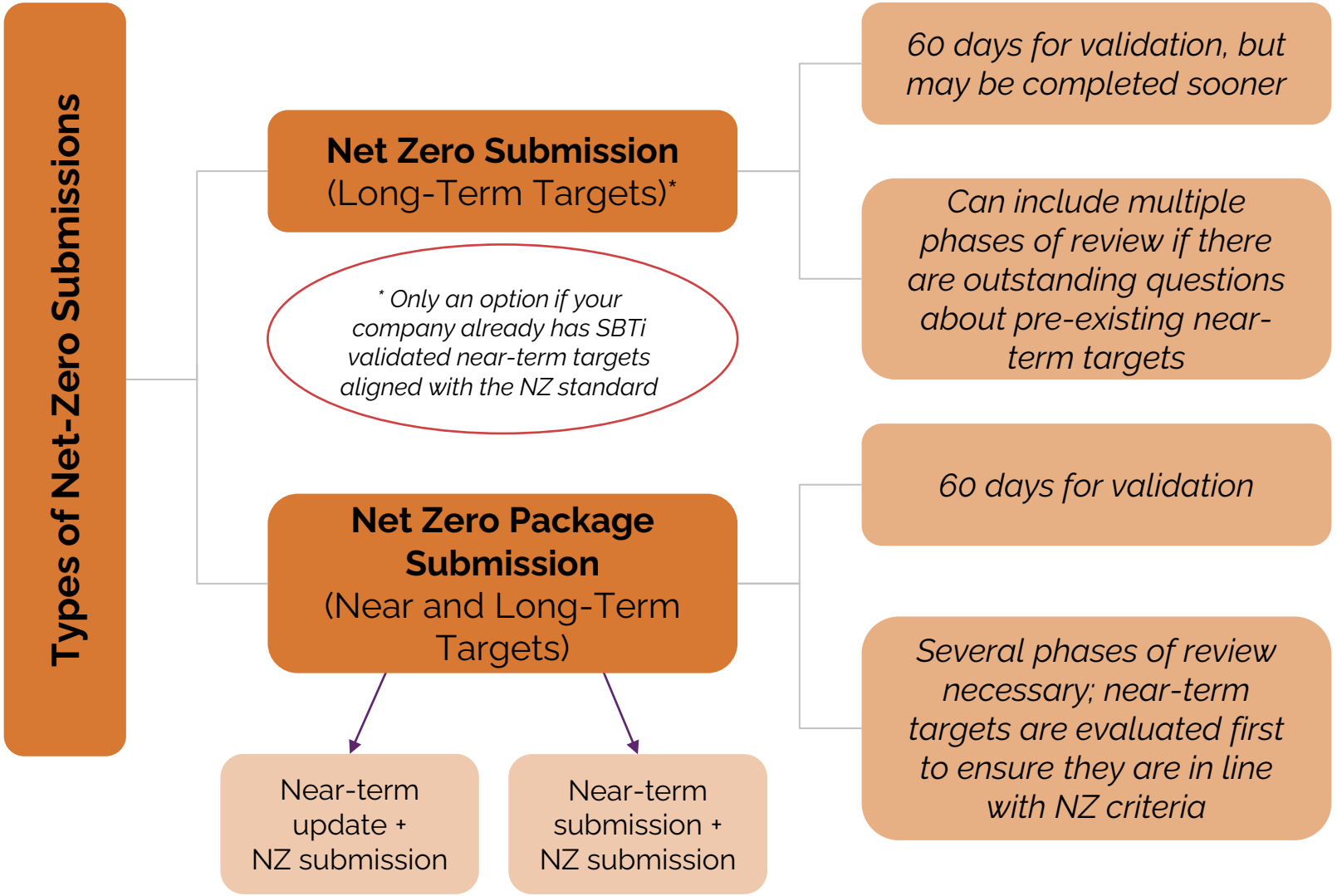
1. Decide which Validation Service is best suited for your company (NZ Submission or NZ Package Submission)

2. Prepare and compile the necessary documents for NZ target submission

3. Book a slot for NZ Validation on the SBTi Website

Net-Zero Validation Service Options

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Top tips for preparing a successful Net-Zero Target submission

Scrutinize your base year GHG inventory to verify it is fully representative. If you have pre-existing targets, ensure that your inventory has been re-baselined to address any significant changes or sector developments.

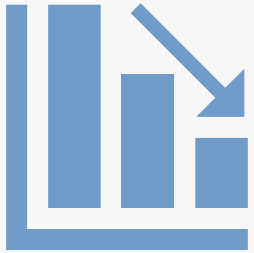
ACTION TO TAKE

- Review your company's inventory in light of structural changes or sectoral developments
- If needed, re-baseline inventory so that it reflects current business activities.

Check the validity of your company's near-term targets against the SBTi net-zero criteria. Even companies with previously approved targets **may want and/or need to update near-term targets**.

ACTION TO TAKE

- Review pages 10-12 of the Net-Zero Getting Started Guide
- Complete SBTi Near-Term Target Update Form to update your existing science-based target.



Ensure you've assessed the **relationship between your company's near and long-term targets** and understood the various criteria that apply to each type of target.

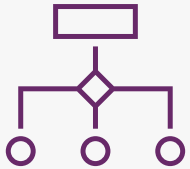
ACTION TO TAKE

- Model near and long-term targets with appropriate methods using the SBTi near-term and net-zero tool; verify ambition/coverage for both

In some cases, companies must recalculate current near-term SBTs. Common triggers for recalculation are…

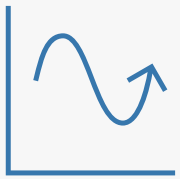
SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Base year of current near-term SBT is before 2015



Significant changes in company structure and activities

Current near-term SBT is aligned to well-below 2˚C for S1&2 or 2˚C for S3



Significant changes in data used to calculate the targets or base year GHG inventory

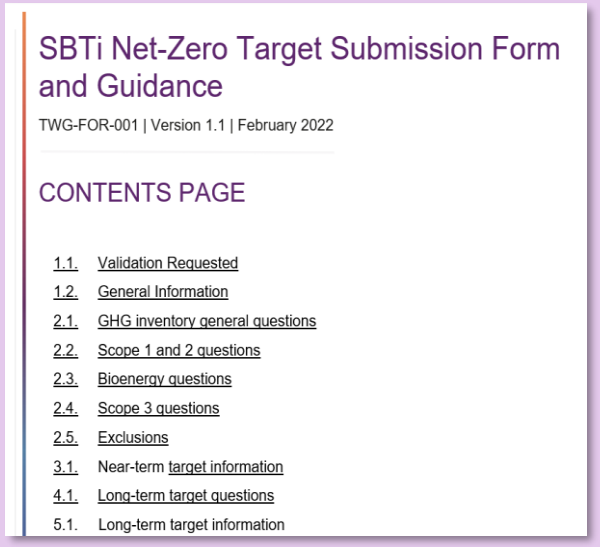
The SBTi defines significant as having an impact of 5% or more on the base year GHG inventory.

This is not an exhaustive list, please review pages 10-12 of the Net-Zero Getting Started Guide

Documents for Net-Zero Target validation

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Net-Zero Target Submission Form Part I (Word)



SBTi Net-Zero Target Submission Form and Guidance

TWG-FOR-001 | Version 1.1 | February 2022

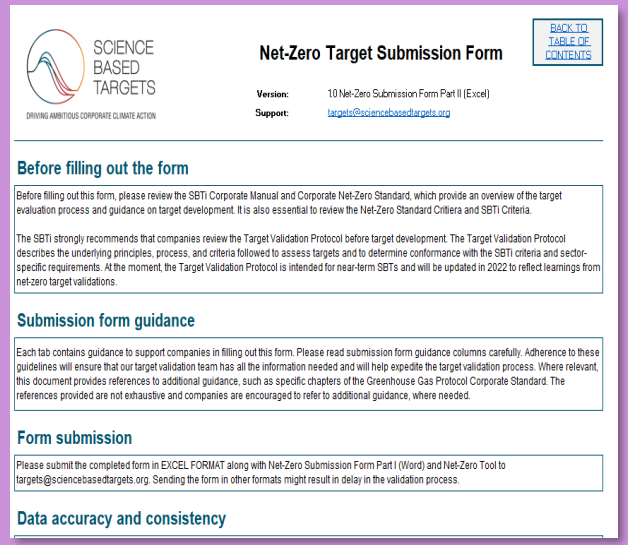
CONTENTS PAGE

Contains questions about:

- Validation type
- Business activities
- Bioenergy emissions
- Exclusions
- Near-term and long-term target
- Neutralization/Beyond Value Chain Mitigation

+

Net-Zero Target Submission Form Part II (Excel)



SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Net-Zero Target Submission Form

BACK TO TABLE OF CONTENTS

Version: 1.0 Net-Zero Submission Form Part II (Excel)
Support: targets@sciencebasedtargets.org

Before filling out the form

Before filling out this form, please review the SBTi Corporate Manual and Corporate Net-Zero Standard, which provide an overview of the target evaluation process and guidance on target development. It is also essential to review the Net-Zero Standard Criteria and SBTi Criteria.

The SBTi strongly recommends that companies review the Target Validation Protocol before target development. The Target Validation Protocol describes the underlying principles, process, and criteria followed to assess targets and to determine conformance with the SBTi criteria and sector-specific requirements. At the moment, the Target Validation Protocol is intended for near-term SBTs and will be updated in 2022 to reflect learnings from net-zero target validations.

Submission form guidance

Each tab contains guidance to support companies in filling out this form. Please read submission form guidance columns carefully. Adherence to these guidelines will ensure that our target validation team has all the information needed and will help expedite the target validation process. Where relevant, this document provides references to additional guidance, such as specific chapters of the Greenhouse Gas Protocol Corporate Standard. The references provided are not exhaustive and companies are encouraged to refer to additional guidance, where needed.

Form submission

Please submit the completed form in EXCEL FORMAT along with Net-Zero Submission Form Part I (Word) and Net-Zero Tool to targets@sciencebasedtargets.org. Sending the form in other formats might result in delay in the validation process.

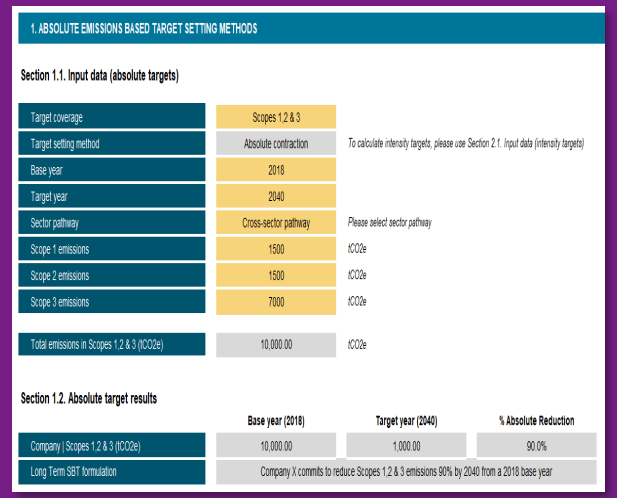
Data accuracy and consistency

Companies enter full GHG inventory for base year and most recent year (including optional, bioenergy, and FLAG emissions)

Auto-calculates boundary coverage of targets

+

Net-Zero Tool



1. ABSOLUTE EMISSIONS BASED TARGET SETTING METHODS

Section 1.1. Input data (absolute targets)

Target coverage	Scopes 1,2 & 3	
Target setting method	Absolute contraction	*To calculate intensity targets, please use Section 2.1. Input data (intensity targets)*
Base year	2018	
Target year	2040	
Sector pathway	Cross-sector pathway	*Please select sector pathway*
Scope 1 emissions	1500	tCO2e
Scope 2 emissions	1500	tCO2e
Scope 3 emissions	7000	tCO2e
Total emissions in Scopes 1,2 & 3 (tCO2e)	10,000.00	tCO2e

Section 1.2. Absolute target results

	Base year (2018)	Target year (2040)	% Absolute Reduction
Company	Scopes 1,2 & 3 (tCO2e)	10,000.00	1,000.00	90.0%
Long Term SBT formulation	Company X commits to reduce Scopes 1,2 & 3 emissions 90% by 2040 from a 2018 base year		

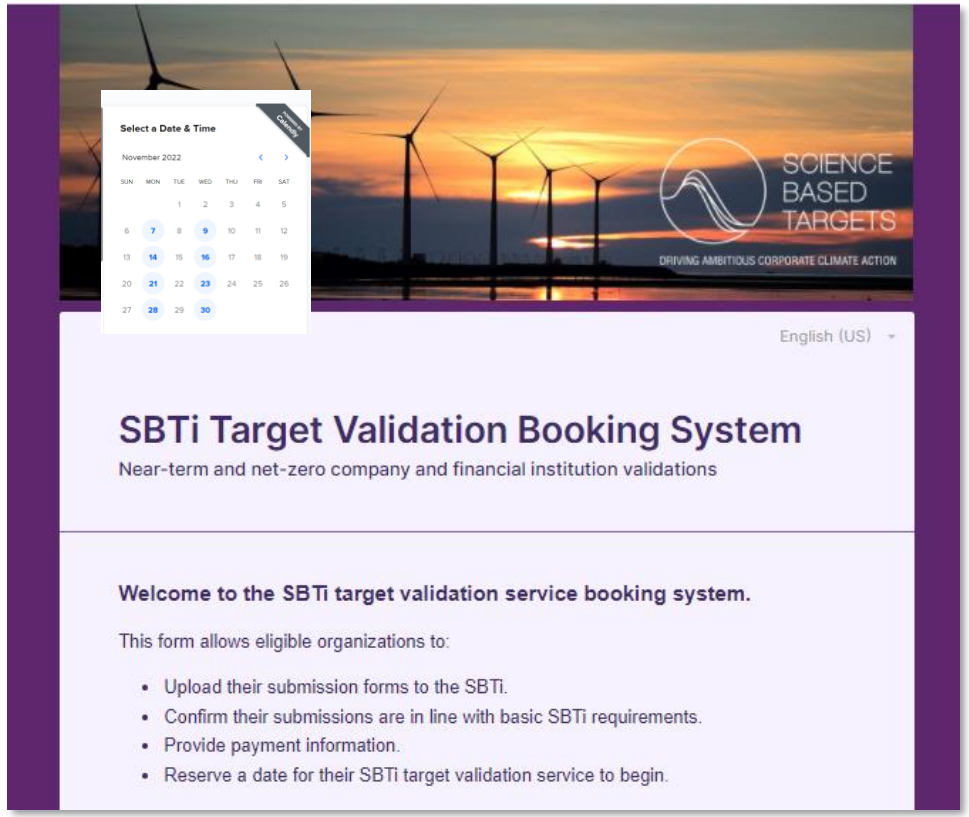
Data needed to calculate net-zero target with the SBTi Tool:

Scope 1, 2 & 3 emission inventory (broken down by activity/sector if modelling multiple targets)

Base Year and Base Year Output

✦ Companies pursuing net-zero package submissions must also submit a near-term target update/ submission form.

The SBTi officially began validating net-zero targets in January 2022



Companies reserve a slot to have targets validated through the validation booking system.

The booking system allows companies to:

- Upload their complete submission forms to the SBTi.
- Screening questions to confirm submission is in line with basic SBTi requirements.
- Reserve a date for their SBTi target validation service to begin.
- Provide payment information*.

Companies have booked NZ slots until Sep 2022. The SBTi is expanding resourcing and working diligently to move companies forward.

*To support our operating costs, the fee for the target validation service is USD 9,500 (+ applicable VAT) or USD 1,000 (+ applicable VAT) for SMEs. Net zero package submissions cost USD 14,500.

Net-Zero for SMEs

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Target Options for SMEs

- **Near-term** science-based targets for SMEs are absolute scope 1 and 2 GHG emissions reduction targets that should be achieved by 2030, from a predefined base year.

- **NEW: Net-zero targets** for SMEs include:
  - Near-term and long-term targets that must be aligned to 1.5°C pathways.
  - Long-term science-based targets which are absolute scope 1, 2 and 3 GHG emissions reduction targets that should be achieved by 2050, from a predefined base year.
  - A commitment to neutralize any unabated emissions when the long-term science-based target is achieved.

Streamlined Route For SMEs

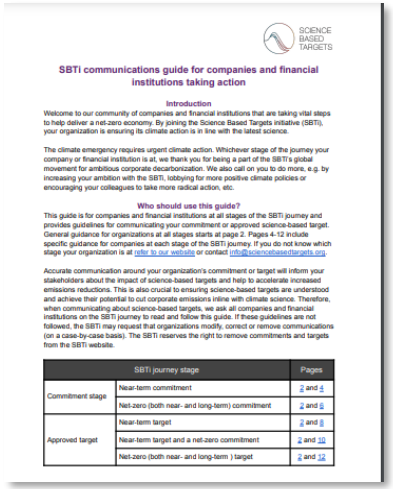
SMEs can submit targets through a **streamlined target validation route**. This route enables SMEs to bypass the initial step of committing to set SBTs, and to immediately set near-term or net-zero SBTs by choosing one of several predefined target options. See SME FAQs for more info.

SMEs submit net zero targets through the **SBTi Target Validation Application for SMEs** to:

- Confirm their eligibility for this streamlined process.
- Select their desired approved target-setting option(s) in line with SBTi requirements.
- Provide payment information.
- Submit completed package to the SBTi for final screening and review before approval.

Communicating Net-Zero Commitments and Targets

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



SBTi communications guide for companies and financial institutions taking action

Introduction

Welcome to our community of companies and financial institutions that are taking vital steps to help deliver a net-zero economy. By joining the Science Based Targets initiative (SBTi), your organization is ensuring its climate action is in line with the latest science.

The climate emergency requires urgent climate action. Whichever stage of the journey your company or financial institution is at, we thank you for being a part of the SBTi's global movement for ambitious corporate decarbonization. We also call on you to do more, e.g. by increasing your ambition with the SBTi, lobbying for more positive climate policies or encouraging your colleagues to take more radical action, etc.

Who should use this guide?

This guide is for companies and financial institutions at all stages of the SBTi journey and provides guidelines for communicating your commitment or approved science-based target. General guidance for organizations at all stages starts at page 2. Pages 4-12 include specific guidance for companies at each stage of the SBTi journey. If you do not know which stage your organization is at refer to our website or contact info@sciencebasedtargets.org.

Accurate communication around your organization's commitment or target will inform your stakeholders about the impact of science-based targets and help to accelerate increased emissions reductions. This is also crucial to ensuring science-based targets are understood and achieve their potential to cut corporate emissions inline with climate science. Therefore, when communicating about science-based targets, we ask all companies and financial institutions on the SBTi journey to read and follow this guide. If these guidelines are not followed, the SBTi may request that organizations modify, correct or remove communications (on a case-by-case basis). The SBTi reserves the right to remove commitments and targets from the SBTi website.

SBTi journey stage		Pages
Commitment stage	Near-term commitment	2 and 4
	Net-zero (both near- and long-term) commitment	2 and 6
Approved target	Near-term target	2 and 8
	Near-term target and a net-zero commitment	2 and 10
	Net-zero (both near- and long-term) target	2 and 12

The [SBTi communications guidelines]:

- Help companies accurately communicate at all stages of their SBTi journey
- Should be carefully reviewed before booking a slot for validation.
- Are particularly useful for companies that have previously made net-zero or carbon neutral claims and are now adjusting those claims to align with the Net-Zero Standard.

False Net-Zero Claim	Accurate Net-Zero Claim
Our company has already achieved net-zero emissions because we offset our entire emissions footprint.	*In addition to our net-zero emissions targets that promote direct reductions, our company has invested in beyond value chain mitigation.*
Our company will be net-zero as soon as we reduce emissions 90% across scopes 1 and 2.	*Our company will reach net-zero once we've directly reduced emissions 90% or more across scope 1, 2, and 3, and permanently neutralized any residual emissions.*
Our company has SBTi approved near-term targets for 2030 that are 1.5 °C aligned and therefore we will be net-zero by 2030.	*Our company's targets to halve emissions by 2030 put us on the path to being net-zero by 2050.*

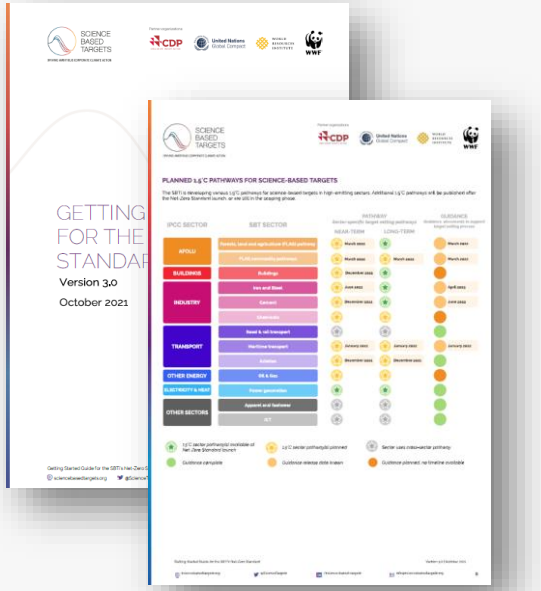
NEXT STEPS & WRAP-UP

Four key resources for companies to set net-zero targets

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Getting Started Guide

A simple, step-by-step guide that allows companies to understand how to set net-zero targets.



Link

SBTi Corporate Net-Zero Standard

Provides criteria, guidance and recommendations to support corporates in setting net-zero targets.

Link

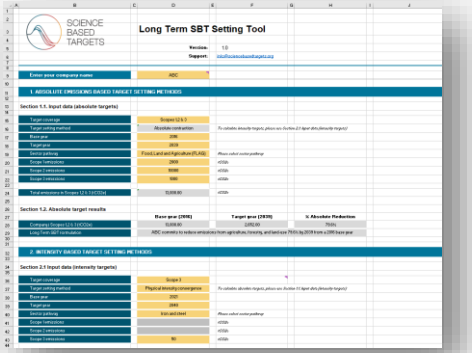
SBTi Corporate Net-Zero Criteria

The criteria companies' net-zero targets must meet to be approved by the SBTi.

Link

Net-Zero Tool

Target-setting tool to calculate long-term SBTs in line with the Net-Zero Standard.

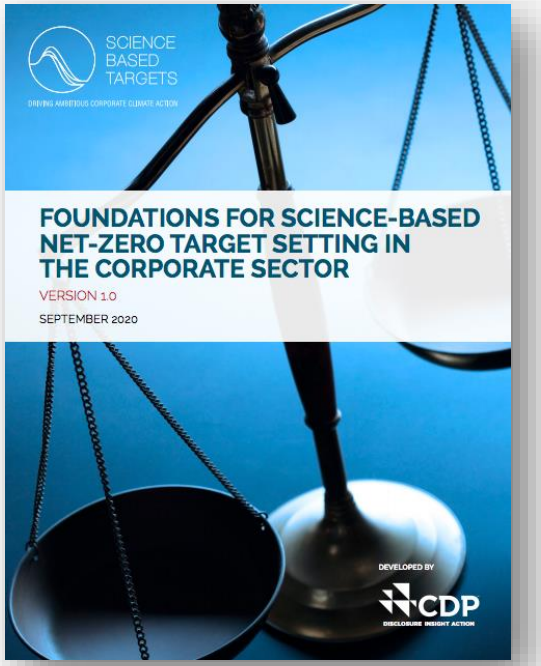


Link

Two key resources explain the Net-Zero Standard technical details

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

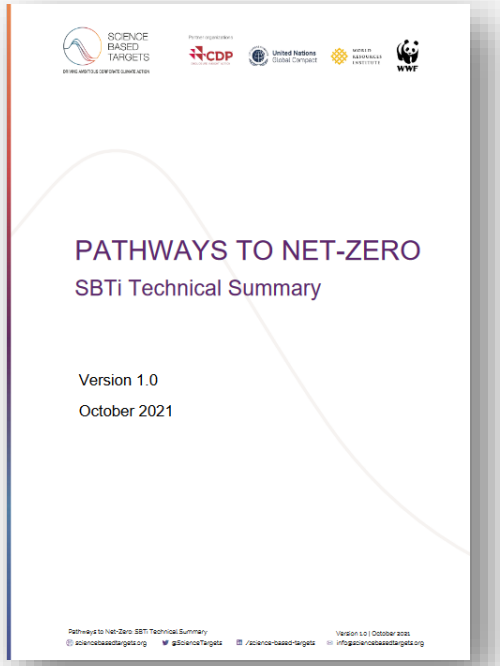
Net-Zero Foundations paper



This paper lays out the conceptual foundations for credible, science-based net-zero targets for the corporate sector.

Link

Pathways to Net-Zero



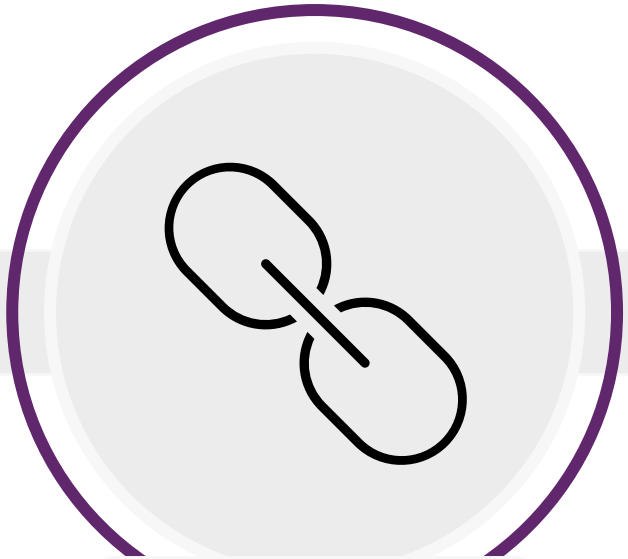
Produced in collaboration with more than a dozen pioneering academics, IPCC lead authors and mitigation experts, this technical summary provides an overview of how the SBTi selects mitigation pathways to steer action.

Link

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. In the interim, see these FAQs on the topic.



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 is developing an MRV framework to ensure transparency and accountability around the progress and achievement of science-based emission reduction and net-zero targets.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Thank you!

Any questions?

Please feel free to contact us at
info@sciencebasedtargets.org