



SCIENCE
BASED
TARGETS

Best Practices for Setting and Achieving Science- Based Targets

March 1, 2017
Climate Leadership Conference
Chicago, Illinois

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Science-based targets | Workshop Schedule

10-10:10	Welcome and Overview	Cynthia Cummis
10:10-10:30	Update on SBT initiative New criteria Emerging best practices Overview of mitigation levers	Nate Aden
10:30-10:40	Q&A	
10:40-11:00	Role of RE (Renewable Energy Buyers Alliance)	Celina Bonugli
11:00-11:20	Role of internal carbon pricing	Eliot Metzger
11:20-11:35	Case studies of Indian company implementation	Vivek Adhia
11:35-11:45	Break	
11:45-12:30	Company conversation: Strategies for implementing SBTs	Moderator: Cynthia Cummis J. Renée Morin, HPE Erin Augustine, Kellogg Mari Ovaskainen, Tetra Pak

Science-based targets I Presentation Outline

- 2017 update on SBT initiative
- Refined criteria
- Emerging best practices
- Overview of company mitigation levers

Science-based targets I 2017 Update

This year the SBT initiative is transitioning to new models to scale up impact:

- Continued SBTi company growth
- Fee-based and external target reviews
- Sector developments
- Refined target criteria

Science-based targets | 2017 Update

Since officially launching in June, 2015, up to Feb 2017:

212

Companies
have formally
joined the
SBTi

37

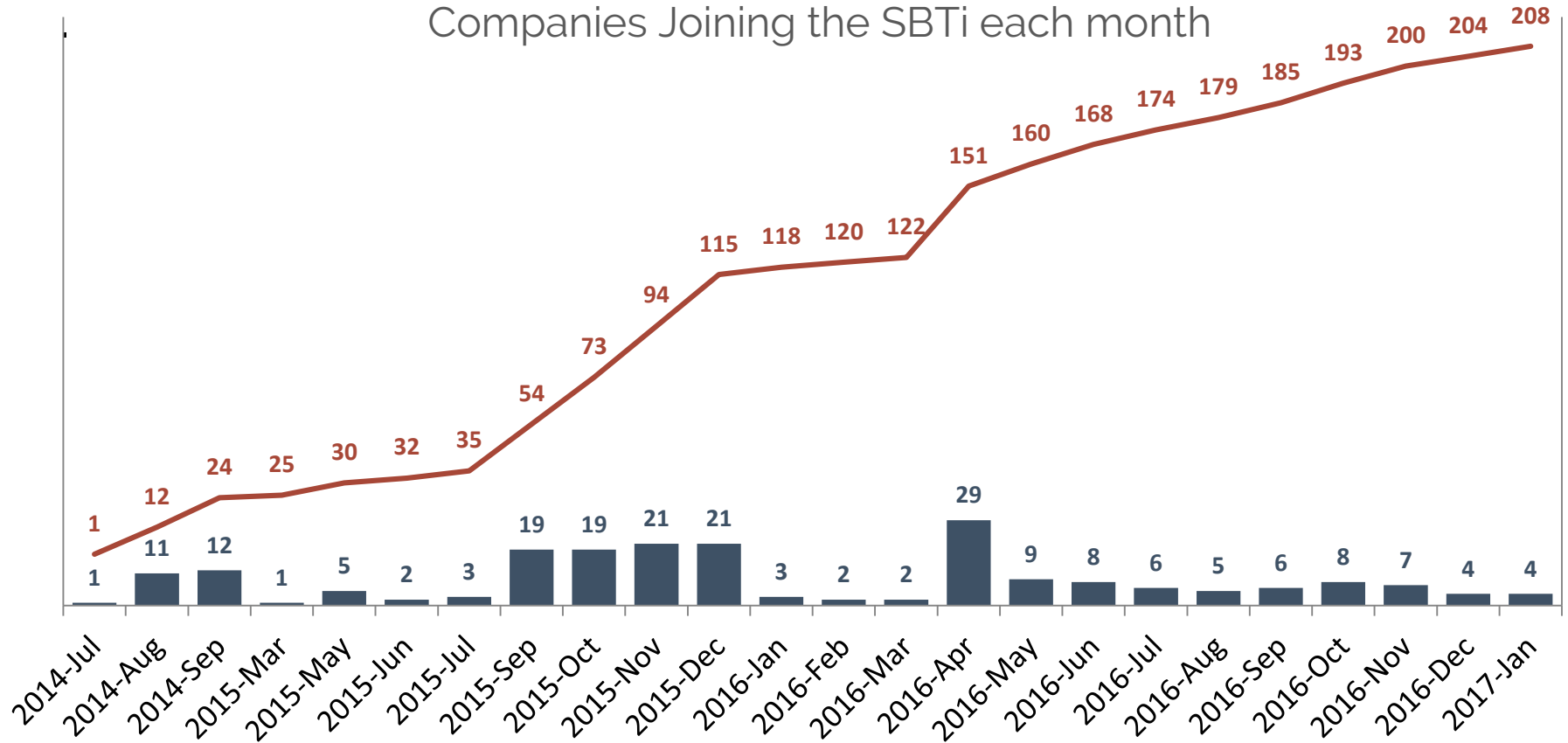
Companies
have
approved
targets

~2

Companies
joining the
initiative on
average every
week

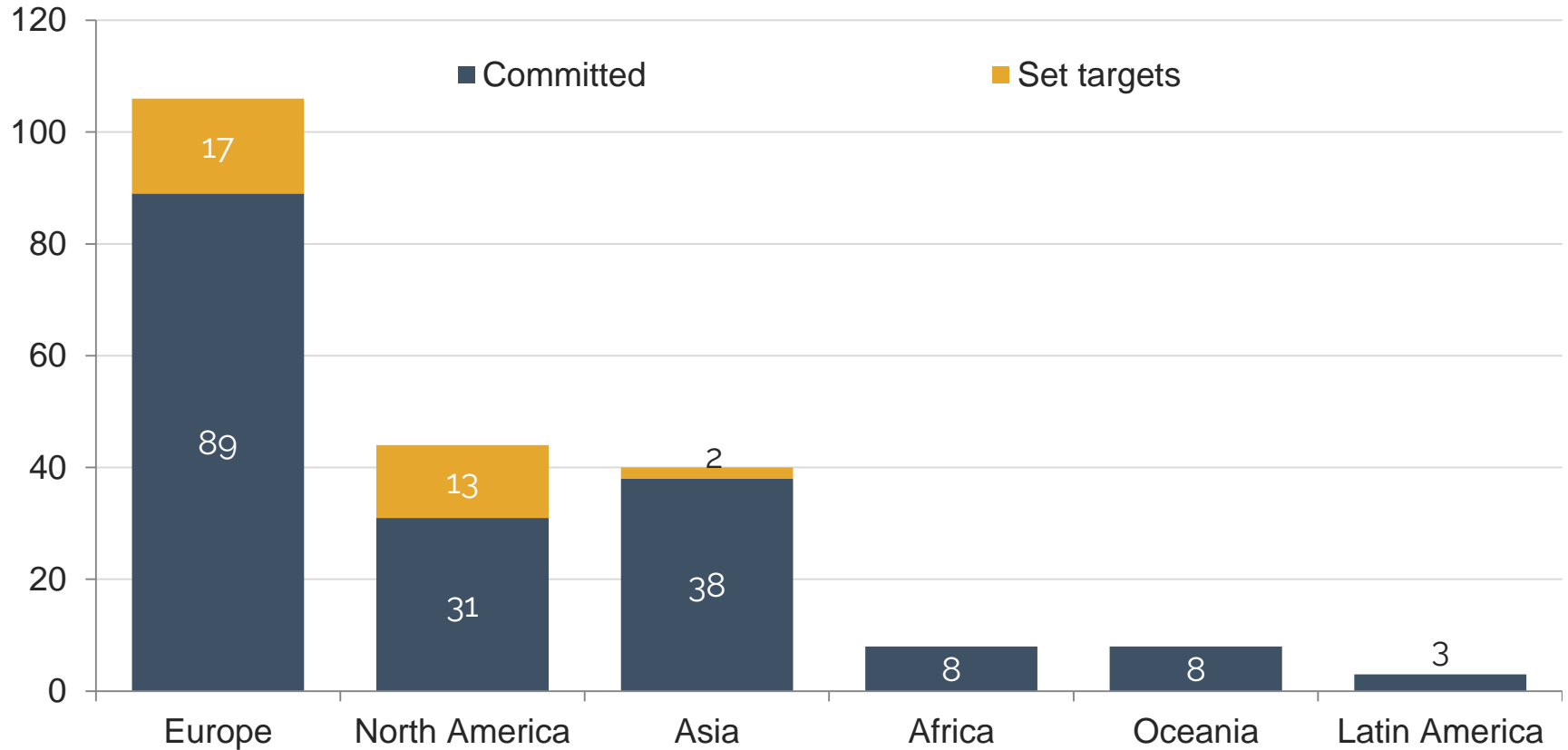
Science-based targets | 2017 Update

Companies Joining the SBTi each month



Science-based targets | 2017 Update

Companies in the SBTi by Region

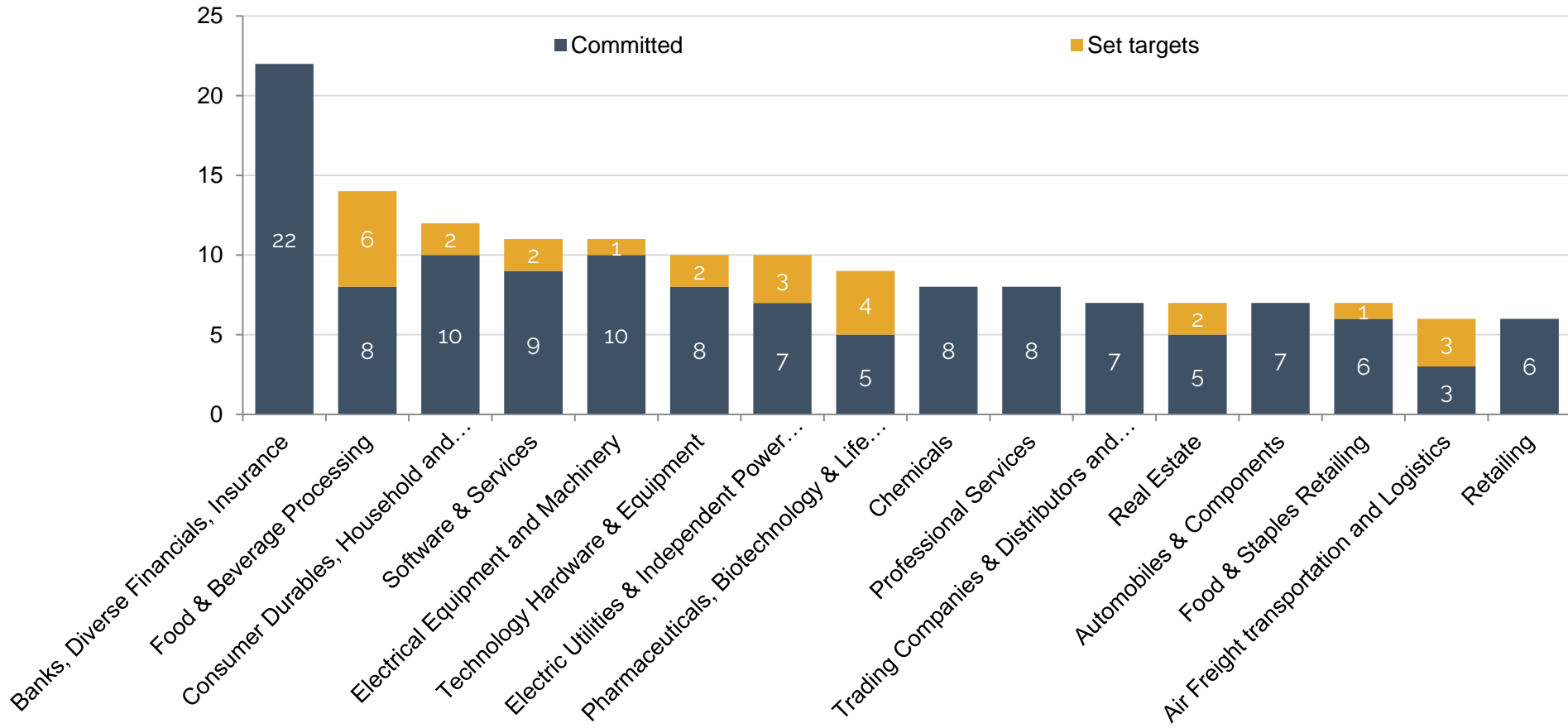


Science-based targets | 2017 Update



Science-based targets | 2017 Update

Companies in the SBTi by Sector



Science-based targets | New Criteria



Boundary

All company-wide Scope 1 and Scope 2 GHG emissions must be covered



Timeframe

5-15 years into the future



Level of ambition *

At a minimum - consistent with the level of decarbonization required to keep temperature increase to 2°C while we encourage efforts towards 1.5°C.



Absolute vs. intensity

Intensity targets are only eligible when they lead to absolute emission reductions or when they are based on an approved sector pathway or method (e.g. the SDA)



Scope 3 *

A scope 3 screening is required.

An ambitious and measurable Scope 3 target is required when Scope 3 emissions cover more than 40% of total emissions.



Reporting

Disclose GHG emissions inventory on an annual basis

Science-based targets | New Criteria

Ambition

Level of ambition: At a minimum, scope 1 and 2 targets must be consistent with the level of decarbonization required to keep global temperatures below 2°C compared to pre-industrial temperatures, though the SBTi encourages companies to pursue greater efforts toward a 1.5°C trajectory.

Absolute vs. intensity: Intensity targets are only eligible when they lead to absolute emission reduction targets in line with climate scenarios for keeping global warming below 2°C or when they are modelled using an approved sector pathway or method approved by the Science Based Targets initiative (e.g. the Sectoral Decarbonization Approach).

Method validity: Targets must be modelled using the latest version of methods and tools. Targets modelled using previous versions of the tools or methods can only be submitted to the SBTi for an official validation within six months of the revision.

Combined scope targets: Targets that combine scopes (e.g. 1+2 or 1+2+3) are permitted; however, when a company has a combined scope 1, 2, and 3 target the scope 1 and 2 portion of the target must be in line with climate science.

Science-based targets I New Criteria

Scope 2

Approaches: Companies shall disclose whether they are using a location or market-based approach as per the GHG Protocol Scope 2 Guidance to calculate base year emissions and to track performance against a science-based target.

Scope 3

Boundary: Companies must complete a scope 3 screening for all relevant scope 3 categories in order to determine their significance as per the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. If a company's scope 3 emissions are at least 40% of total scope 1, 2, and 3 emissions, a scope 3 target is required. The scope 3 target boundary must include the majority of value chain emissions; these are the top 3 categories or 2/3 of total scope 3 emissions.

Power generators that distribute fossil fuels: All electricity-generating companies that distribute natural gas or other fossil fuel products shall set scope 3 targets for the use of sold products.

Science-based targets | Emerging best practices

- **Overarching absolute emissions reduction targets supported by sector-specific intensity targets**

Capgemini UK PLC commits to reduce total scope 1, 2, and 3 greenhouse gas emissions by 40% by 2030 from 2014 levels. This commitment is driven by a target to reduce emissions intensity per employee by 40% over the same time period.
- **Combined medium and long-term targets**

Verbund commits to reduce GHG emissions 90% by 2021 from a 2011 base-year (Scope 1, Scope 2, and scope 3 emissions from fuel-and-energy related activities and business air travel). This is a milestone in the long term goal to achieve carbon neutrality by 2050.
- **Scope 3 category-specific targets**

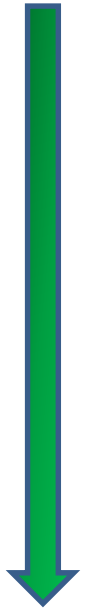
Panalpina commits to reduce its scope 1 and 2 emissions 20% by 2025 from 2013 levels. Panalpina also commits to reduce its scope 3 emissions from outsourced transportation and business travel by 15% over the same time period.

Science-based targets I Emerging best practices

Scope 3 target preference hierarchy

1. % absolute emissions targets (in line with 2 degree pathway when possible) or intensity target based on the SDA
2. Emissions based intensity target
3. Non- emissions target in absolute or intensity terms such as reducing kWh or reducing energy use per product
4. Targets that influence behavior of suppliers or customers (e.g., request suppliers to set SBT, educate customers on cold water washing)

Most preferred

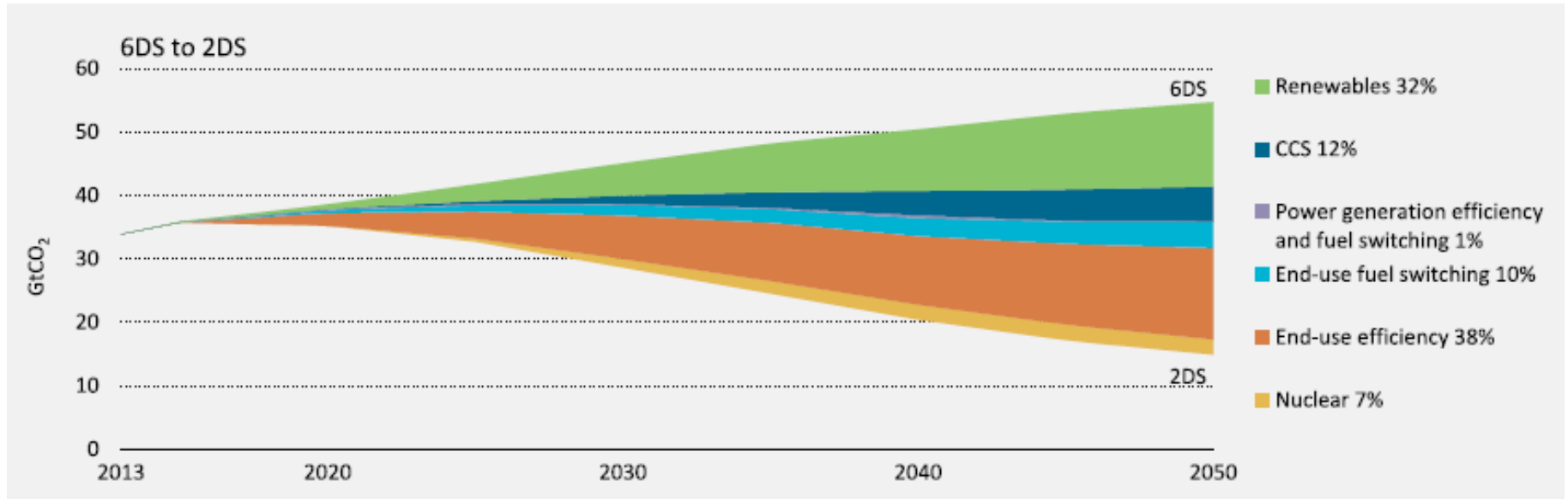


Least preferred

Science-based targets I Overview of company mitigation levers

Efficiency improvements and renewable energy are the largest global wedges

Global CO₂ reductions by technology area, 2013-50



Source: IEA, 2016

Science-based targets I Overview of company mitigation levers

Presentations and company panel discussion will cover:

- Company Carbon Pricing
- Renewable Electricity Purchasing
- Efficiency Improvements
- Innovative Business Models



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Science-based targets | Panel Company Targets



Hewlett Packard Enterprise

Hewlett Packard Enterprise commits to reduce scope 1 and 2 greenhouse gas emissions 25% by 2025 from a 2015 base year. In addition, the company commits to increasing the energy performance of its product portfolio 30x within the same timeframe, which equates to reducing the greenhouse gas emissions per operation by over 95 percent.



Kellogg Company commits to a 15% reduction in emissions intensity (tonne of CO₂e per tonne of food produced) by 2020 from a 2015 base-year (scopes 1 & 2). Kellogg commits to reduce absolute value chain emissions by 20% from 2015-2030 (scope 3). Kellogg also has a long-term target of a 65% absolute reduction in emissions by 2050 from a 2015 base-year (scopes 1 & 2) and to reduce absolute value chain emissions by 50% from 2015-2050 (scope 3).



Tetra Pak commits to reduce scope 1 and 2 emissions 42% by 2030, and 58% by 2040 from a 2015 base-year. In addition, the company commits to reduce GHG emissions 16% per unit of revenue by 2020 from a 2010 base-year (scope 1+2+3).