

The SBTi's Net-Zero Standard

Pre-Launch Public Consultation Webinar

20/09/21

Partner organizations



United Nations
Global Compact

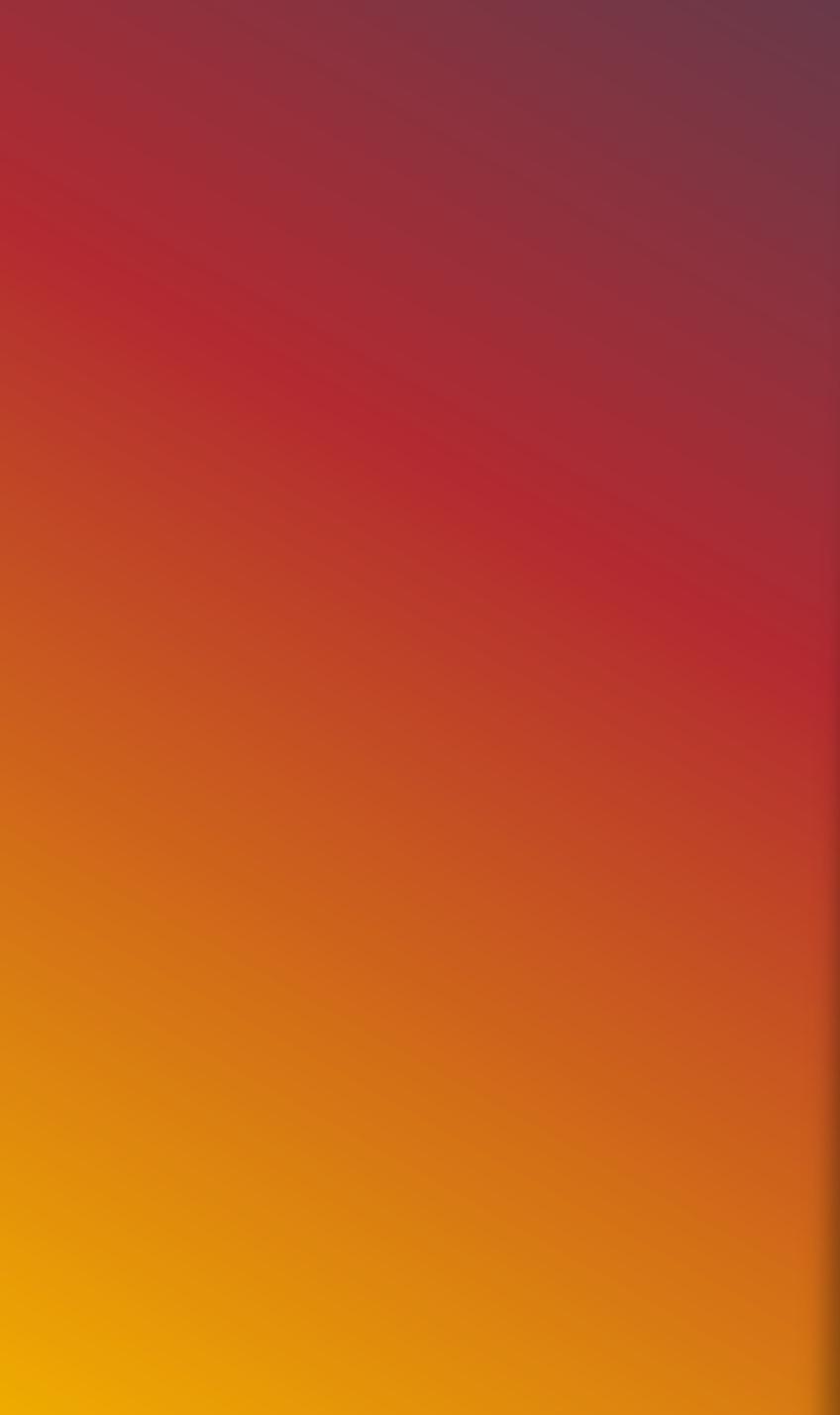


WORLD
RESOURCES
INSTITUTE



In collaboration with

WE MEAN
BUSINESS
COALITION



➤ Welcome and housekeeping

Introduction to the SBTi

The SBTi is raising ambition to 1.5°C

Net-Zero Standard development process

Pre-launch public consultation

Q&A

Wrap-up

WELCOME & HOUSEKEEPING



- This event is being recorded.
- We will send all registrants a copy of the presentation and the recording.
- Please put your questions in the Q&A box. Some will be answered by text during the presentation and others verbally in the Q&A.

TODAY'S SPEAKERS – EASTERN HEMISPHERE



ALBERTO CARRILLO PINEDA

Managing Director & Co-Founder



LEA FINK

Global Manager, Commit to Action



EMMA WATSON

Senior Manager, Net-Zero

TODAY'S SPEAKERS – WESTERN HEMISPHERE



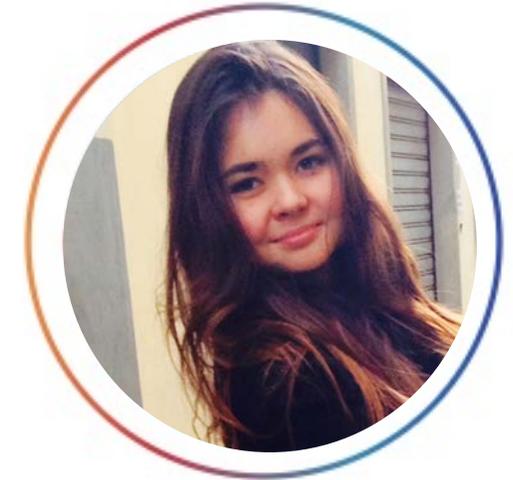
PAOLA DELGADO

Head of Engagement



EMMA WATSON

Senior Manager, Net-Zero



PAULINA TARRANT

Net-Zero Engagement Manager

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CORPORATE CLIMATE ACTION

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



In collaboration with



INTRODUCTION TO THE SBTi

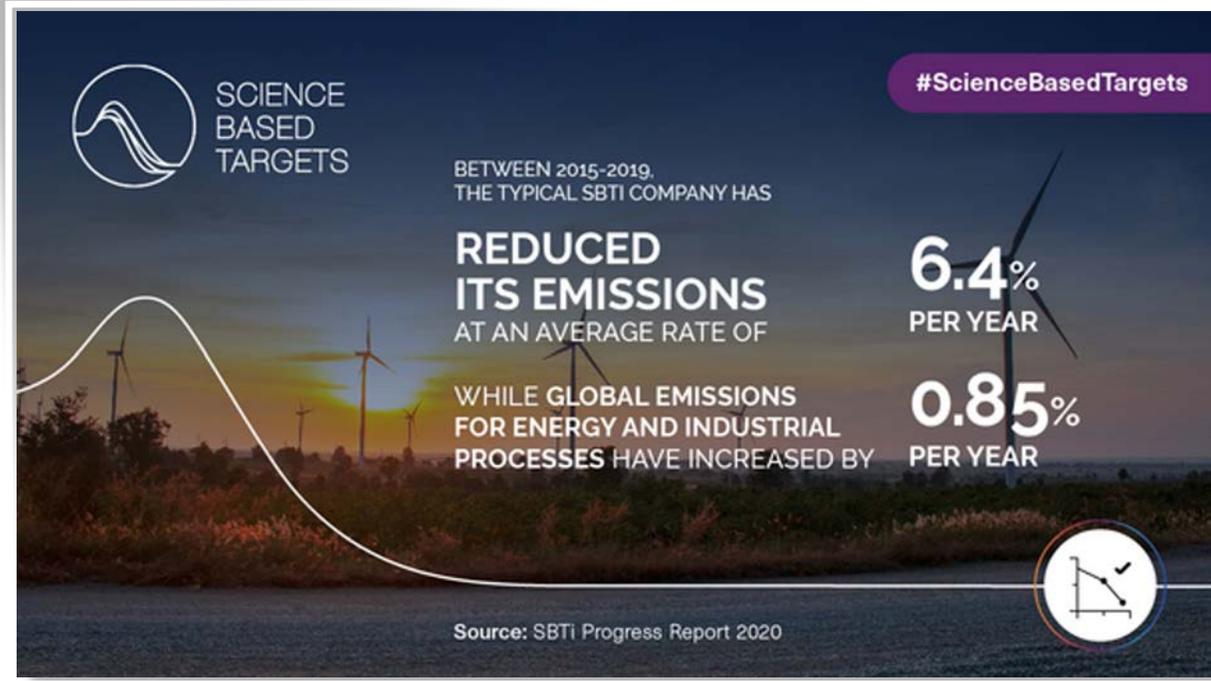
PROGRESS TO DATE



To learn more about the progress of the initiative, consult the [SBTi Progress Report 2020](#).

INTRODUCTION TO THE SBTi

PROGRESS TO DATE



Companies with science-based targets are delivering emissions reductions at scale.

- ▶ Companies with science-based targets reduced emissions by **25% between 2015-2020**, compared with **an increase of 3.4%** in global emissions from energy and industrial processes.
- ▶ The typical company with SBTs reduced direct (scope 1 and 2) emissions at a linear annual rate of **6.4%**. This **exceeds** the rate required by the SBTi's criteria to meet 1.5°C scenarios (4.2%).

Source: [SBTi Progress Report 2020](#).

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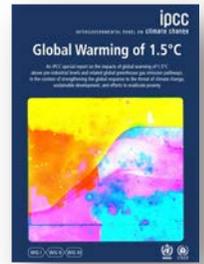
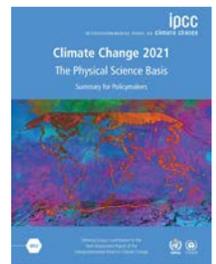
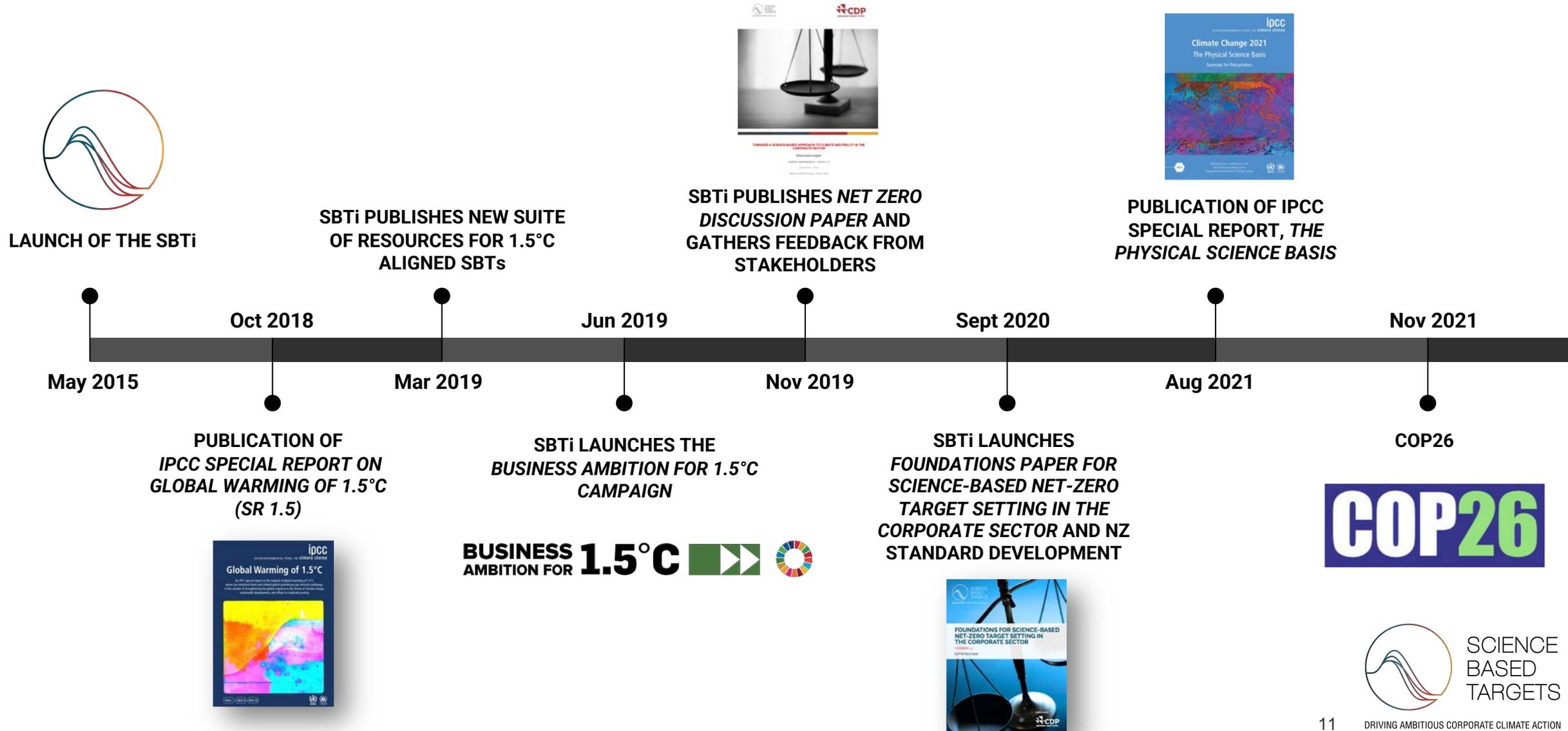
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EVOLUTION OF SCIENCE-BASED TARGETS

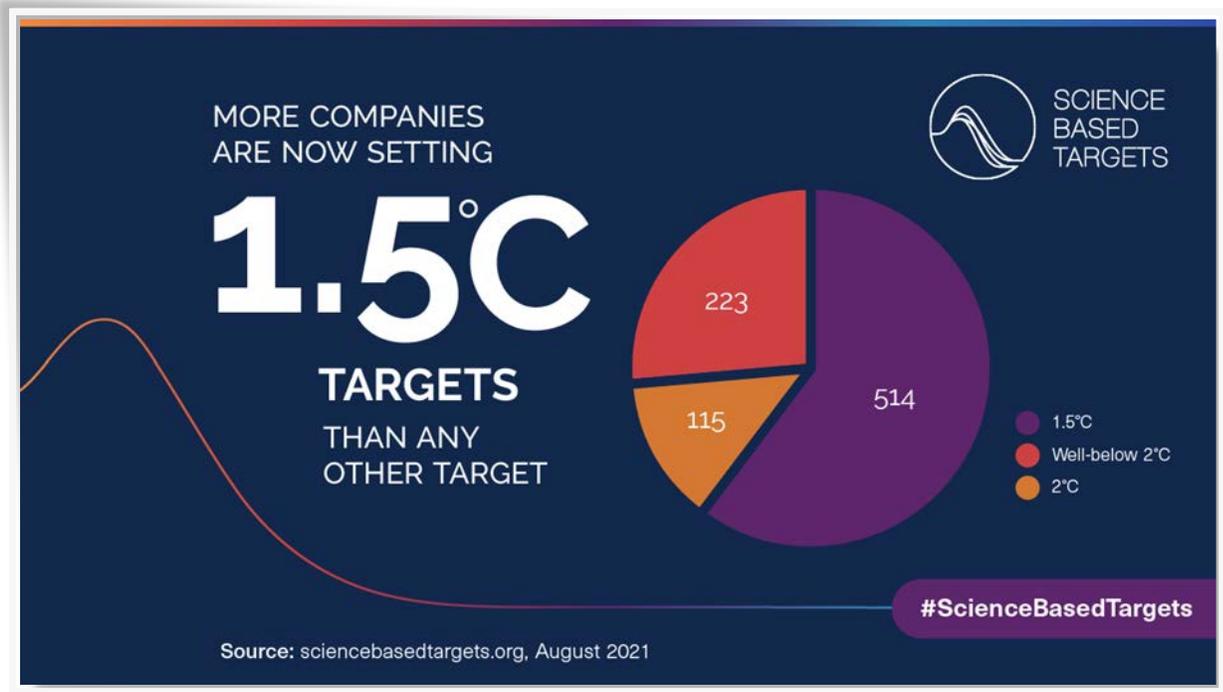
DEVELOPMENT IN RESPONSE TO CLIMATE SCIENCE



1.5°C IS THE NEW NORMAL

COMPANIES ARE RAISING CLIMATE AMBITION

- ▶ **66% of all science-based targets validated by the SBTi in 2021** have been 1.5°C-aligned for scope 1 and 2.
- ▶ Hundreds of companies have now committed to **achieving net-zero emissions by 2050** through the Business Ambition for 1.5°C campaign.



Source: [SBTi - Our new 2021-2025 strategy](#).

CLIMATE AMBITION: SBTi RAISES THE BAR TO 1.5°C

SBTi NEW STRATEGY

- On 15 July 2021, the SBTi unveiled its new strategy to increase minimum ambition in corporate target setting **from well below 2°C to 1.5°C** above pre-industrial levels.
- The new strategy is in response to **increasing urgency** for climate action and the success of science-based targets to date.
- All companies that submit targets **from 15 July 2022** will need to align to the new criteria.

To read the full announcement on the new SBTi strategy, [click here](#).



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➤ **Net-Zero Standard development process**

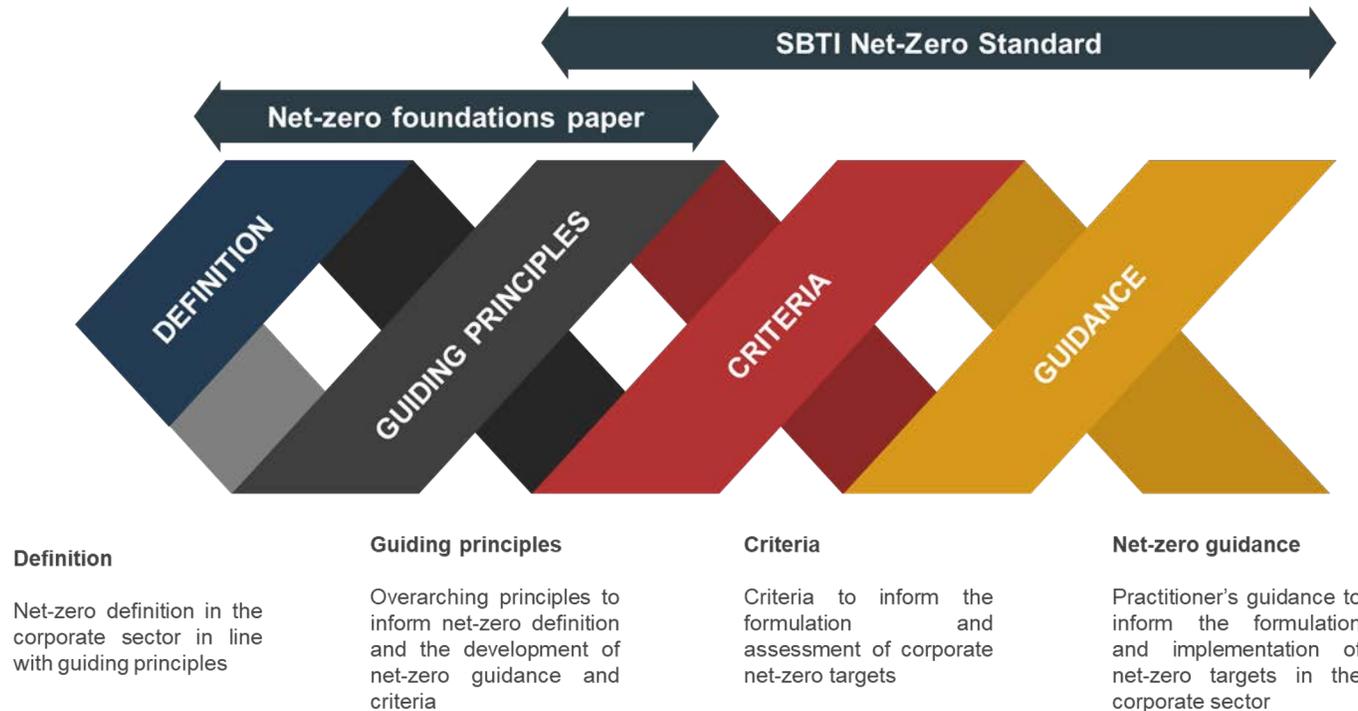
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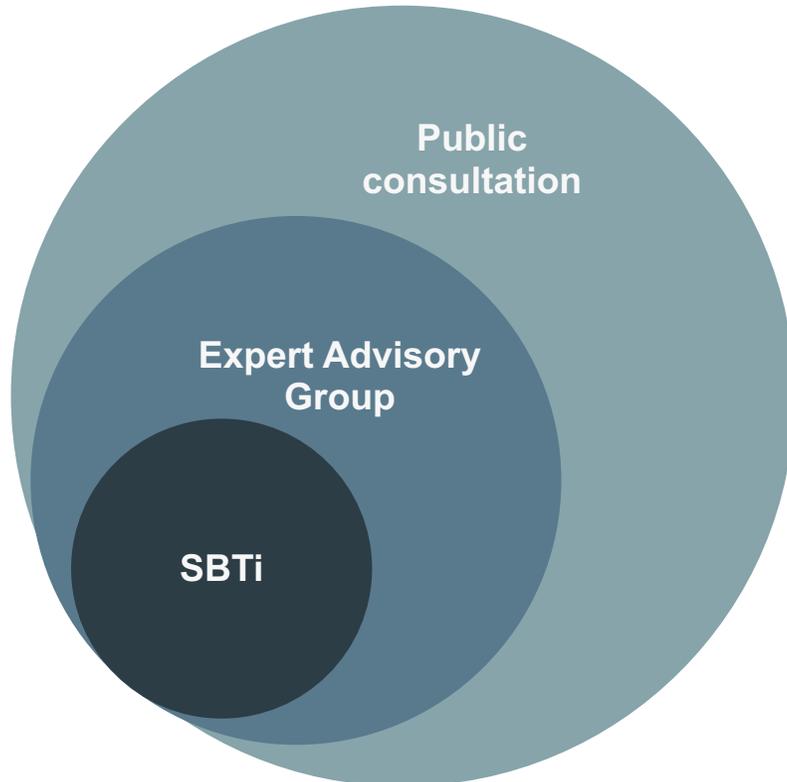
There is a lack of clarity in what it means for a company to be “net-zero”

The SBTi is developing the first global net-zero standard for company target setting



- The SBTi is conducting an inclusive, stakeholder-informed process to develop a framework to enable companies to set robust and credible net-zero targets in line with a 1.5°C future.
- It includes criteria and guidance, which will enable companies to have their targets validated by the SBTi.

Process to develop the SBTi Net-Zero Standard



- The SBTi is following a balanced, transparent, and inclusive stakeholder process to develop the Net-Zero standard, building upon the ISEAL Standard-Setting Code of Good Practice and the GHG Protocol standard setting process;
- As part of this process, the SBTi has convened an **Expert Advisory Group** with balanced representation from stakeholders to provide expert advice and direction throughout the development of the criteria;
- Two phases of public consultation have been included to gather feedback from a wider range of stakeholders
- Throughout the development process, the SBTi is engaging on a regular basis with our permanent advisory groups (TAG, SAG, etc.);
- Decisions are being developed through **building consensus** and all outputs are subject to comprehensive and rigorous reviews by stakeholders.

Net-Zero Project Governance

Governing bodies

Executive Board



- Provide partner input on **governance and strategy**
- Actively **engage in ratifying leadership and standard decisions**¹

Advisory bodies

<p>Technical Advisory Group</p>	<p>Scientific Advisory Group</p>	<p>Net Zero Expert Advisory Group</p>
<p>Diverse group of corporate sustainability experts – inputs only</p>	<p>Diverse group of climate change mitigation scientists – inputs only</p>	<p>Diverse group from civil society, academia and industry. Main consensus body for NZ criteria and key for external input.</p>
<p><i>Standing bodies</i></p>		<p><i>NZ project specific</i></p>

SBTi Governance

SBTi Staff

External advisors

Steering Committee



- Operates as de-facto standards/tech board
- Final decision authority on **technical criteria and methods**
- To be replaced ultimately by an independent Standards Board

Managing Director



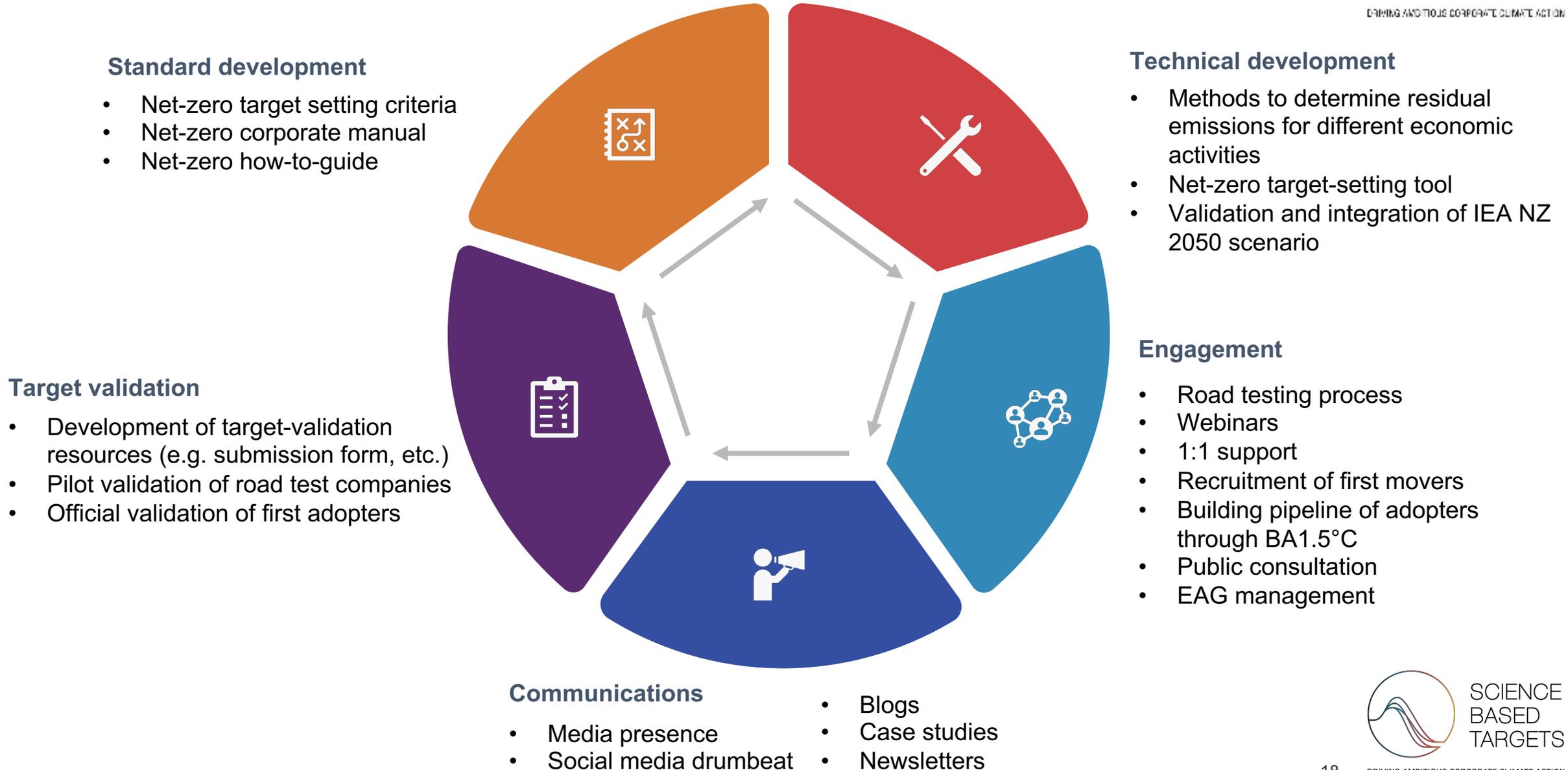
- Decision authority **on strategy and implementation** in consultation with the board

Project Execution team

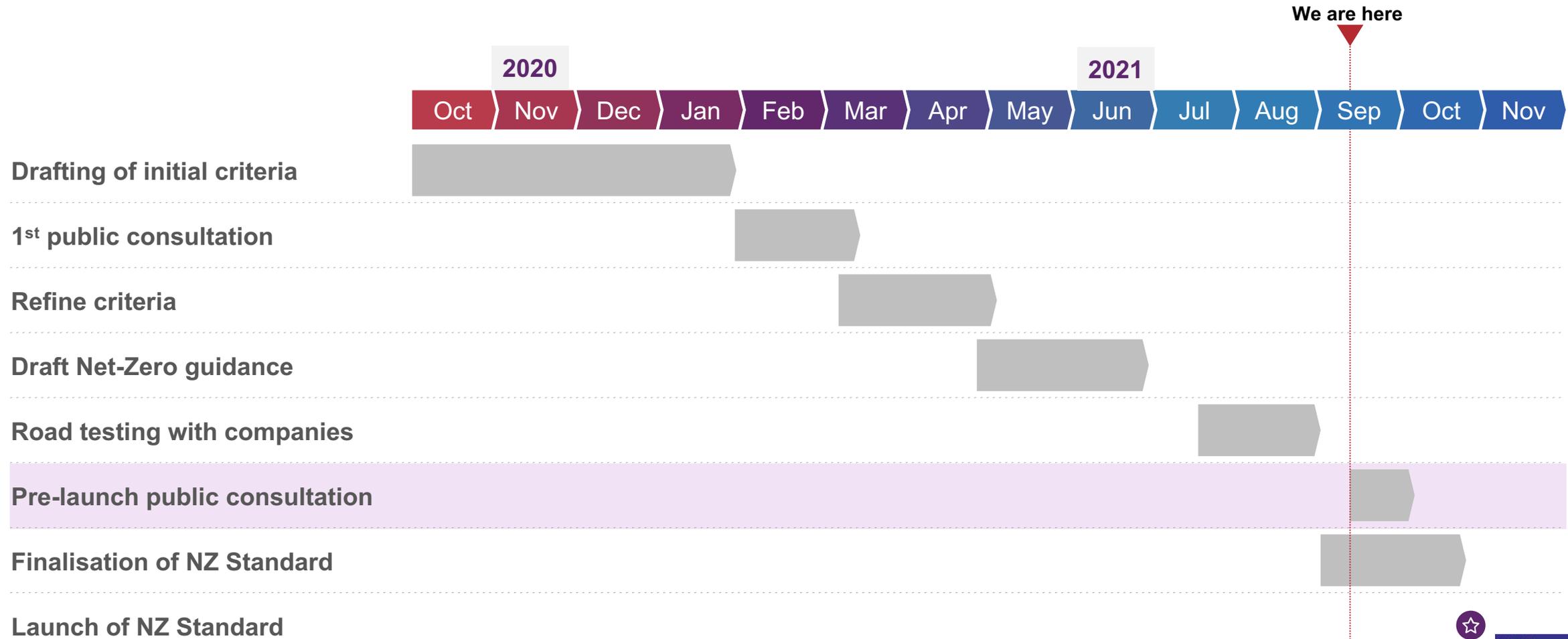
<p>NZ Project Team</p>	<p>NZ Working Group</p>	<p>SBTi Technical Team</p>
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- **Coordinates the NZ development process** across the multiple stakeholders driving the cadence from draft through to rollout
- Made up of the 4 Partner NGOs and **setup for quality assurance and consensus building** internally
- Internal technical team to **develop methods and criteria**

SBTi Net-Zero Project Overview



The Net-Zero Standard – where are we in the process?



☆ Standard launch date is planned for Thursday, 28th of October.



Almost 400 responses received from stakeholders during the first public consultation on the Net-Zero Criteria

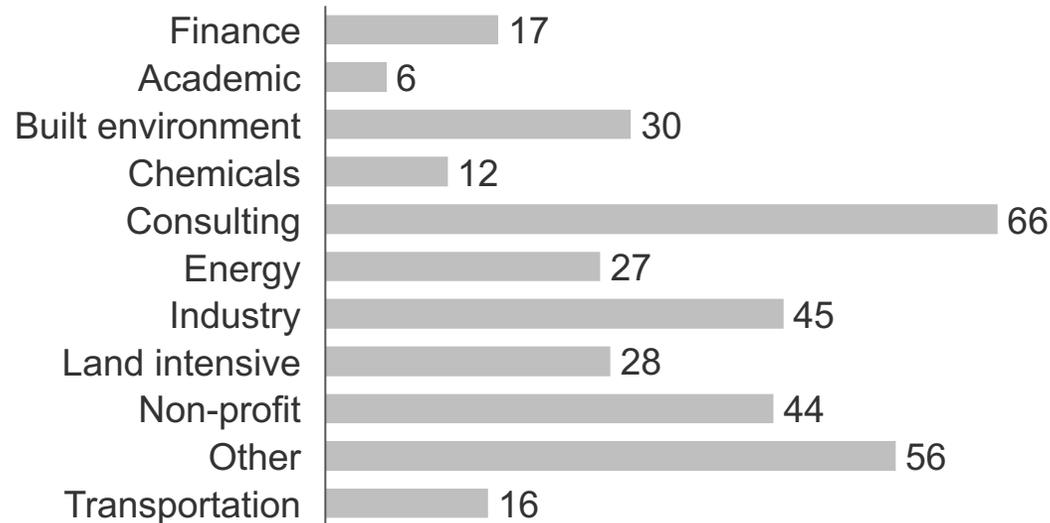
 **347**

Responses to the survey

 **39**

Responses through e-mail and one-on-ones

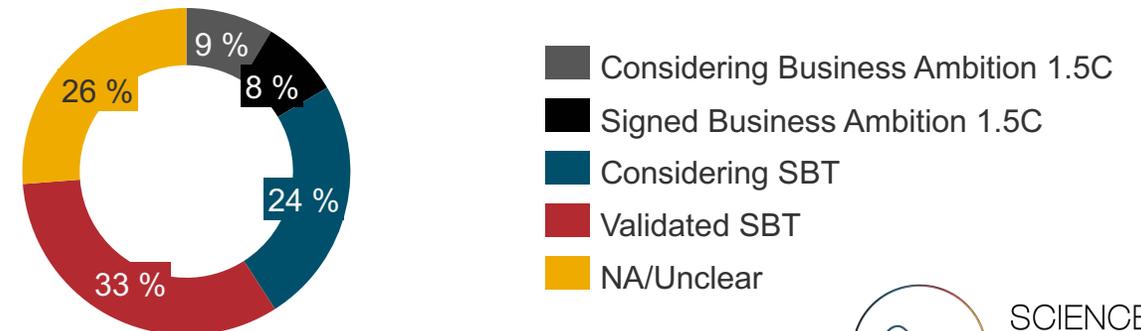
Industries



Geographies



Commitments



Key decisions based on the 1st public consultation summarized in 6 points



Timeframe

Maximum target year will be reduced to 10 for near-term SBTs, but SBTi is considering to allow a 15-year timeframe for sectors where short-term emission reductions are limited by long asset lifespans.



Near-term SBT

Minimum ambition of near-term SBTs will increase from WB2 °C to 1.5°C for scope 1 and scope 2, and when coverage of scope 3 is required, targets should at least be consistent with a well-below 2°C outcome



Long-term SBT ambition

Both absolute and intensity targets will be allowed, as will combined scope targets. The SBTi has developed approaches for long-term SBT setting to determine residual emissions. These methods were being piloted during the road test.



Long-term SBT boundary

As it is imperative that the residual emissions are based on the full company footprint, the full scope 3 target boundary must be covered for a true net-zero target to be set. Therefore, a requirement for at least 95% of scope 3 to be covered in the target boundaries was included, consistent with the treatment of scopes 1 and 2.



Neutralisation

Criteria on neutralisation need further refinement. The SBTi is collaborating closely with EAG members and other stakeholders and conducting further research to explore this area in more detail. In the meantime, the requirement for companies to have an explicit, quantitative neutralisation target has been removed



Compensation

Recommendations on compensation need further refinement. Feedback revealed that the current model would not incentivize companies to set compensation targets. The SBTi is collaborating closely with EAG members and other stakeholders and conducting further research to explore this area in more detail.

Open feedback | 170+ stakeholders took the opportunity to write feedback

Stakeholders underline the importance of the work SBTi has done so far in the development of the Net-Zero Standard, and encourage SBTi to further simplify, create flexibility, and provide sector-specific guidance

Selection of statements

- “ Corporate over-reliance on offsets in order to justify alignment with 1.5C is a risk to delivering 1.5C - one that has been highlighted by the IPCC. SBTi can play a key role in minimising this risk by limiting the amount that corporates can rely on offsets to deliver their short and medium-term targets to a minimum.
- “ The criteria should encourage industry to mobilize, rather than to analyze (...) the guidance needs more clarity around residual and hard to abate emissions, and how these definitions change over time, so that companies understand what they are getting into
- “ Key thing is to try to keep some level of practicality which would encourage companies to set net zero targets
- “ We believe current criteria would benefit from simplifying the language to cater not only to the scientific community (...) the current version of the document to be very valuable in terms of content but also difficult to digest
- “ Please take the final decision on what science says and not what's easy or preferable by business. You are after all science-based targets and the guardian of the integrity of corporate climate agenda

Net-Zero Standard Road Test Overview

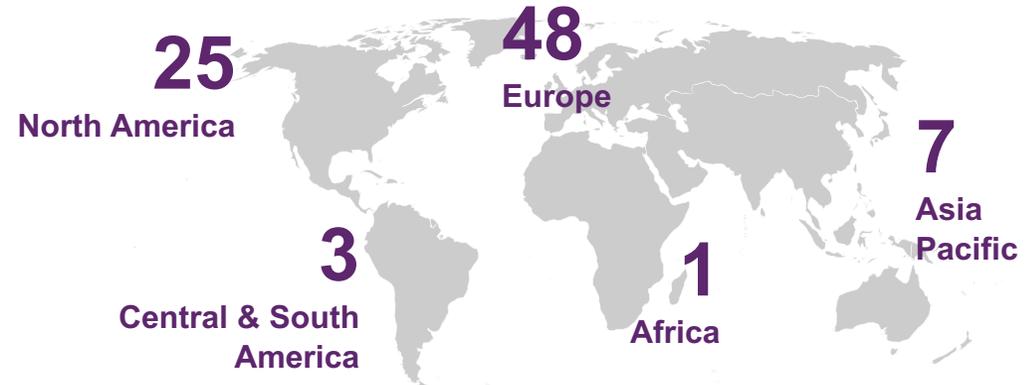
84 companies participated in road-testing. 30 companies applied for pilot validation.



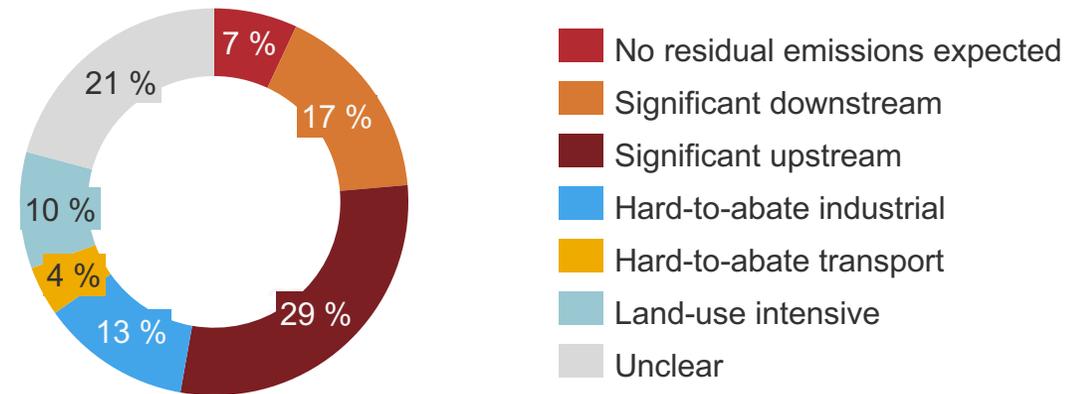
Industries



Geographies



Type of emissions



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Three key objectives for the pre-launch public consultation

1

Gather feedback on the clarity, robustness and practicality of the criteria and guidance

2

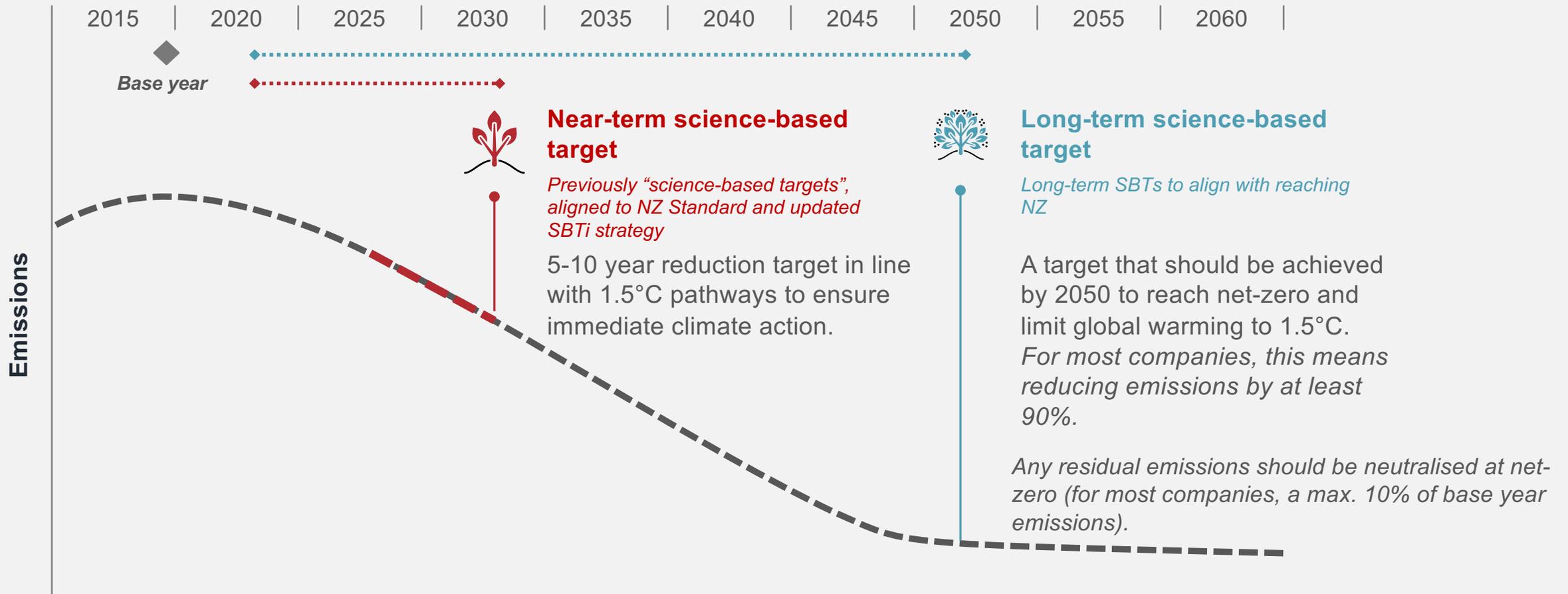
Understand support for the SBTi's direction of travel and focus on emissions abatement

3

Engage directly and indirectly with external stakeholders to build support and identify areas of improvement

The public consultation will run from Monday, 20th of September to Wednesday, 6th of October.

The key elements of the Net-Zero Standard



In the transition to net-zero: Companies are encouraged to take action or make investments to mitigate emissions beyond their value chains, e.g., purchasing high-quality, jurisdictional REDD+ credits that support countries achieving their nationally determined contributions or direct air capture (DAC) and geologic storage.

The SBTi is undertaking further work to understand its role in incentivising beyond-value chain mitigation

First things first...

Emission reductions are key to transition to global net-zero

1

- Complete emission inventory following GHG Protocol
- Set near- and long-term science-based targets to reduce value-chain emissions
- Implementation of climate mitigation strategy
- Disclose target progress annually

...while also recognising need to go further

Investments and actions to mitigate emissions outside a company's value chain can accelerate the transition to global net-zero.

2

- In the near-term, companies are encouraged to make or invest in a variety of mitigation actions that go further than their SBTs
- In the long-term, companies must neutralise all residual emissions with equivalent removals

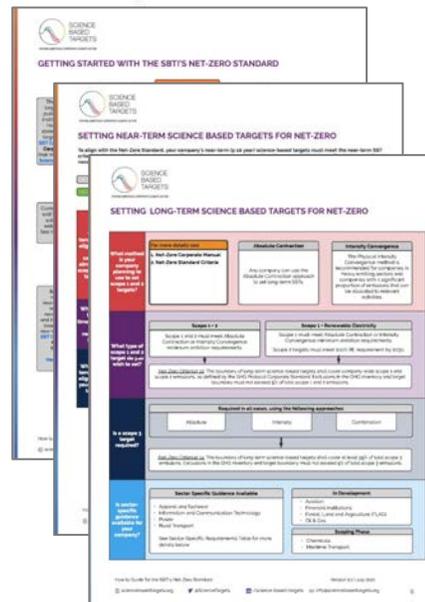
We have developed guidance documents to assist the target setting process

Getting Started Guide

Step-by-step guide to setting near and long-term SBTs in alignment with the Net-Zero Standard

Includes information on:

- ☆ Planned 1.5°C pathways for near-term SBTs
- ☆ Near term SBT vs. long-term SBT requirements
- ☆ Sector-specific requirements for setting long-term science-based targets

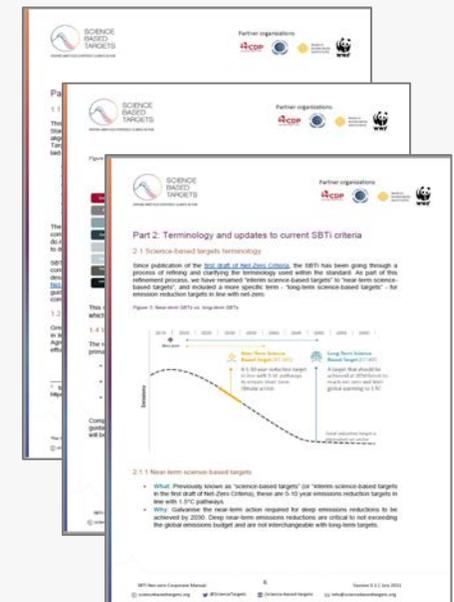


Net-Zero Corporate Manual and Criteria

Six part manual that gives detailed guidance on the Net-Zero Standard.

Includes information on:

- ☆ Terminology and updates to current SBTi criteria
- ☆ Mitigation pathways in the Net-Zero Standard
- ☆ Net-Zero criteria
- ☆ Updating and communicating targets



The Net-Zero Standard Criteria

The criteria are laid out into four sections within the Corporate Manual and describe the requirements for companies to set science-based targets as part of a net-zero commitment.



Near-term science-based targets

Lays out requirements for near-term science-based targets that supersede the requirements within the SBTi's science-based target criteria.

- I Near-term Science-Based Targets



Long-term science-based targets

Addresses long-term science-based target criteria on timeframe requirements, how much value chain emissions must be reduced to reach net-zero, and how companies should define emission reduction boundaries.

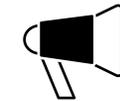
- II Long-term SBT timeframe
- III Long-term SBT ambition
- IV Long-term SBT boundary



Beyond value chain mitigation

“Beyond value chain mitigation” refers to mitigation actions or investments that fall outside a company’s value chain.

- V Beyond value chain mitigation



Target formulation and reporting

The final section specifies official target wording that must be publicly available as well as reporting requirements.

- VI Target Formulation and Reporting

3

The survey gathers feedback on three key areas

Overall Net-Zero framework

Questions on the overall added value of the Net-Zero Standard

Feasibility and key challenges

Questions on feasibility and how the SBTi can help overcome some of the key challenges in adopting and implementing net-zero targets

Supporting materials

Questions on ease of use and clarity of the Net-Zero Standard documentation

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JOIN THE GLOBAL LEADERS IN THE RACE TO ZERO

SIGN THE COMMITMENT BEFORE COP26

BUSINESS AMBITION FOR 1.5°C 

Science Based Targets initiative
Business Ambition for 1.5°C Commitment Letter
Version 1.3 - March 2021

- Organizations joining the Business Ambition for 1.5°C campaign of the Science Based Targets initiative (SBTi) and partners must follow the [SBTi step-by-step process](#) and align with SBTi criteria and recommendations.
- Please consult the [Business Ambition for 1.5°C Guidance and FAQs](#) document for additional information on the process and expectations.
- By joining the SBTi Business Ambition for 1.5°C, organizations are also joining the [UNEP/WHO Race to Zero](#).
- Please review this document in its entirety and fill in the table at the end.
- SMEs are welcome to join Business Ambition for 1.5°C and need to submit both the completed SBTi [SBTi Target Setting Letter](#) and this commitment letter.

I am pleased to confirm that *insert name of your company* is aligning its climate mitigation targets 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 2052 at the latest in order to limit global warming to 1.5°C.

By signing this letter and selecting one of the two options below, my organization commits to align its ambition with keeping warming to 1.5°C and reaching science-based net-zero emissions by 2050, by taking both options, my organization is committing to the highest level of ambition in the short and long term.

Option 1 – 1.5°C science-based emissions reduction targets: My company commits to set science-based emissions reduction targets across all scopes¹ in line with 1.5°C emissions scenarios and the criteria and recommendations of the Science Based Targets initiative.

Option 2 – Net-zero science-based emissions reduction targets: My company commits to a) set a long-term science-based target to reach net-zero value chain GHGs emissions by no later than 2050 and to b) set interim science-based targets² across all relevant scopes and in line with the criteria and recommendations of the Science Based Targets initiative.

¹ In line with the Science Based Targets initiative (SBTi) criteria, scope 3 targets are required when scope 3 emissions represent 40% or more of total emissions generated by the company.

² Interim science-based targets can be consistent with either of the two levels of ambition accepted by the SBTi: 1.5°C and well-below 2°C. If a company sets a long-term net-zero target and sets interim science-based targets in line with well-below 2°C, more aggressive emissions reductions will need to happen in the longer term for the company to meet its net-zero commitment.

  **United Nations Global Compact** 

[#OurClimate](#) sbtinfo@sciencebasedtargets.org www.sciencebasedtargets.org/en/ambition



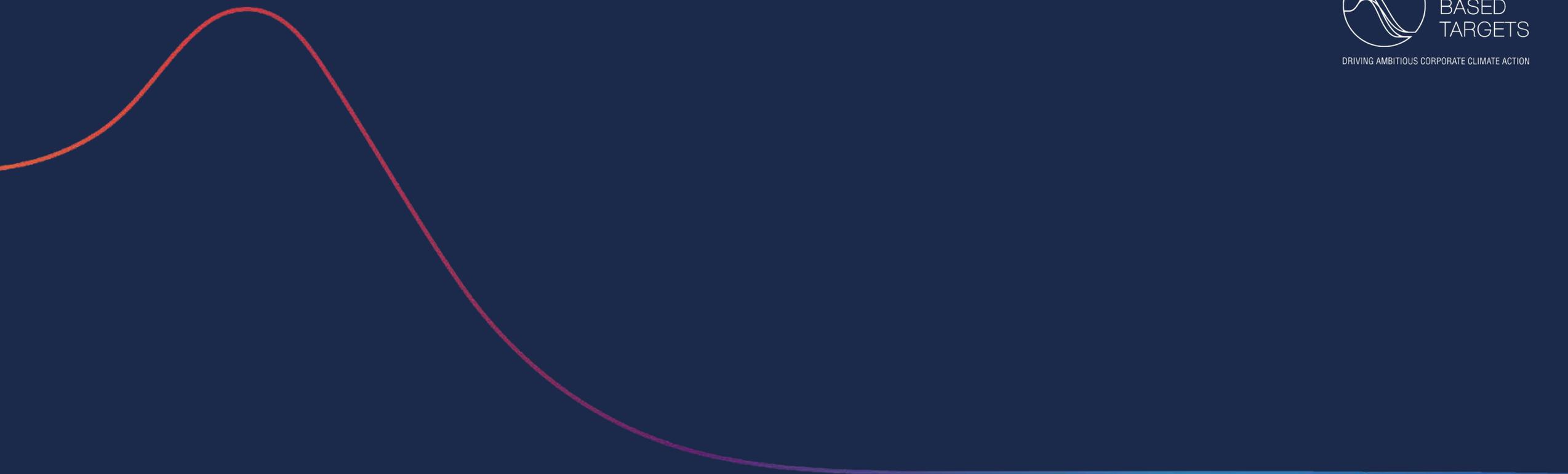


Thank you for listening!

We invite you to provide your feedback on the Net-Zero Standard. The public consultation will be open **September 20th until 6th of October.**

The Net-Zero Standard materials can be found on the **SBTi Net-Zero webpage:**
<https://sciencebasedtargets.org/net-zero#resources>.

The consultation survey can be found here
<https://www.surveymonkey.co.uk/r/9TCV3QV>



Thank you!



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