

**Science Based Targets initiative  
Business Ambition for 1.5°C Commitment Letter  
Guidelines and Frequently Asked Questions  
Version 1.3 - February 2021**

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## **Section 1 - About the Business Ambition for 1.5°C**

### **1. Which organisations are behind this campaign?**

The *Business Ambition for 1.5°C* is a campaign led by the [Science Based Targets initiative \(SBTi\)](#) in partnership with the [UN Global Compact](#) and the [We Mean Business coalition](#)<sup>1</sup>. Find out more about the campaign [here](#).

### **2. How does the UNFCCC Race to Zero link to the SBTi Business Ambition for 1.5°C?**

The SBTi Business Ambition for 1.5°C is an official partner of the Race to Zero. Race to Zero is a global campaign led by the High-Level Champions for Climate Action, Nigel Topping and Gonzalo Muñoz, to rally leadership and support from businesses, cities, regions, investors for a healthy, resilient, zero carbon recovery.

In joining the Business Ambition for 1.5°C, you also become part of [Race to Zero](#), the UN-backed campaign led by the High-Level Champions for Climate Action, Nigel Topping and Gonzalo Muñoz. This global campaign looks to rally leadership and support from all non-state actors for a healthy, resilient, zero carbon recovery. All members are committed to the same overarching goal: achieving net-zero emissions by 2050 at the very latest. These 'real economy' actors join 120 countries in the [largest ever alliance](#) committed to achieving net-zero carbon emissions by 2050 at the latest.

### **3. When and why was the Business Ambition for 1.5°C launched?**

The Business Ambition for 1.5°C was officially launched in June 2019. In response to the Intergovernmental Panel on Climate Change's Special Report on Global Warming of 1.5°, in April 2019 the Science Based Targets initiative (SBTi) raised the minimum level of ambition accepted under the SBTi from 2°C to well-below 2°C and released a set of new [resources](#) that enable companies to set targets consistent with the ambition required to limit global warming to 1.5°C and well-below 2°C above pre-industrial levels. The Business Ambition for 1.5°C was launched shortly after to normalize the ambition levels required to limit warming to 1.5°C.

## **Section 2 - Commitment letter and Communications**

### **4. What happens after I send my signed commitment letter to [commitments@sciencebasedtargets.org](mailto:commitments@sciencebasedtargets.org)?**

The commitment letter will be checked for completeness; if the letter is complete, you will receive a formal confirmation over email. Please note that the SBTi reserves the right to carry out due diligence reviews before accepting and publishing commitments.

You will receive regular communications from the SBTi on policy advocacy opportunities and can find more information under Section 5 of this document.

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<sup>1</sup> The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi call to action is one of the We Mean Business Coalition commitments.

**5. How will my Business Ambition for 1.5°C commitment be communicated and what information will be made public?**

Once you receive formal confirmation from the SBTi team, your commitment will be published on the [Science Based Targets initiative](#), [CDP](#), [We Mean Business](#) and [UN Global Compact](#) websites. On the SBTi website, a star will appear next to your company's name to showcase it as part of the [group of leading companies](#) that are demonstrating the highest level of ambition on climate and paving the way to a net-zero future.

On the UNGC website, your company and your CEO will be added to the list of visionary leaders part of the Campaign. Additionally, your organization will be added to the UNFCCC Race to Zero Campaign.

The option you have chosen in your Business Ambition for 1.5°C commitment will only be tracked internally and will not be made public on either of the websites.

**6. Can I use the Business Ambition for 1.5°C campaign and the Science Based Targets initiative logo?**

If you are committed to Business Ambition for 1.5°C, you are welcome to use both Business Ambition for 1.5°C and SBTi logos that will be shared with you in the communications pack. Please note the Business Ambition for 1.5°C logo should always be accompanied by the SBTi logo.

The use of the SBTi logo alone is reserved for companies with approved targets but you are welcome instead to use the wording: "We have committed to set a science-based target through the Science Based Targets initiative"

**Section 3 - Science Based Targets setting**

**7. What are the expectations around scope 1 and scope 2 for companies making this commitment?**

For Scope 1 and 2, companies are expected to align with the [SBTi criteria and recommendations](#) and align the level of ambition as follows:

- a) For Option 1: By setting scope 1 and scope 2 emission reduction targets aligned with 1.5°C scenarios (e.g. linear annual reduction rate of 4.2% per year for absolute reduction targets), following relevant [criteria and recommendations by the SBTi](#);
- b) For Option 2: By setting scope 1 and 2 emissions reduction targets aligned at a minimum with the SBTi minimum level of ambition of well-below 2°C, following the [criteria and recommendations developed by the SBTi](#).

Companies setting 5 to 15 years science based targets (SBTs) aligned with a well-below 2°C trajectory will be expected to decarbonize more aggressively when setting their next SBT to ensure their mitigation strategy aligns with their 2050 net-zero goal.

Through this option companies are also committing to reach net-zero GHG emissions by 2050.

## 8. What are the expectations around scope 3 for companies making this commitment?

In line with the SBTi [criteria](#), companies are expected to set scope 3 targets when scope 3 represents 40%, or more, of the total emissions of the company (scope 1, scope 2 and scope 3). When this is the case, companies can align their scope 3 ambition to 1.5°C through any of the following options:

- a) For Option 1: By setting scope 3 reduction targets that are consistent with the ambition required to limit warming to 1.5°C (i.e. linear annual absolute reduction rate of 4.2% per year), following other relevant [criteria and recommendations developed by the SBTi](#) for scope 3 targets;
- b) For Option 2: By setting a goal to reach net-zero value-chain emissions by 2050 and interim scope 3 targets in line with the [SBTi criteria and recommendations](#). Through this option, companies are not expected to set Scope 3 targets aligned with the ambition required to limit warming to 1.5°C (i.e. linear annual reduction rate of 4.2% per year)

## 9. What does setting 1.5°C-aligned emission reduction targets mean?

The Science Based Targets initiative (SBTi) has translated the scenarios and pathways underlying the [IPCC Special Report on 1.5°C](#) into a set of resources that companies can use to model 1.5°C-aligned targets. This includes a technical [paper](#) providing details about how IPCC SR15 pathways are being used by the SBTi to inform our target-setting criteria and validations protocols, and a science-based target setting [tool](#).

For more information about the SBTi criteria on emissions reductions targets setting, validation process and available resources, please consult the [step by step guide](#).

For additional details, please consult Section 4 of this document.

## 10. What does reaching net-zero emissions mean in the context of the Business Ambition for 1.5°C campaign?

The SBTi released in September 2020 the "[Foundations for science based net-zero target setting in the corporate sector](#)" paper, which provides clarity on the definition of net-zero emissions and credibility principles.

Informed by the IPCC SR1.5, the SBTi has defined net-zero emissions in the corporate sector. According to this definition, reaching net-zero emissions for a company means achieving a state in which the activities within the value-chain of a company result in no net impact on the climate from greenhouse gas emissions. This is achieved by reducing value-chain greenhouse gas emissions, in line with 1.5°C pathways, and by balancing the impact of any remaining greenhouse gas emissions with an appropriate amount of carbon removals. The SBTi is developing detailed criteria and guidance for net-zero targets in the corporate sector, which companies making the Business Ambition for 1.5°C commitment will be expected to follow. For more information and to consult the draft criteria, please refer to [the SBTi Net-Zero webpage](#).

For additional details, please consult Section 4 of this document.

**11. Why are there two options and what are the main differences between the two?**

The two options in the Business Ambition for 1.5°C commitment letter allow for some flexibility to companies, recognizing differences among sectors and technical barriers the SBTi is working on addressing. Companies can commit to the highest level of ambition in the short and long term by choosing both options and therefore developing interim SBTs aligned with 1.5°C scenarios across relevant scopes, alongside an explicit target to reach [science based net-zero emissions](#) by no later than 2050.

More specifically:

- Option 1:** This option is a short to medium term target aligned with the SBTi timeline criteria, that require companies' targets to cover a minimum of 5 years and a maximum of 15 years from the date the target is submitted to the SBTi for an official validation. Recognizing that for a large number of companies Scope 1 and 2 emissions represent the smallest portion of their overall emissions, we expect companies for which Scope 3 emissions represent 40% or more of total emissions generated by the company to model their Scope 3 emissions reduction targets in line with 1.5°C scenarios. This translates to using an absolute contraction approach that leads to 4.2% linear annual reduction. This option ensures the strongest ambition in the short to medium term and enables companies to align with trajectories that lead to [science based net-zero emissions by 2050](#).
- Option 2:** This option is a long term [science based net-zero emissions reduction target](#), by 2050 at the latest, aligned with the definition provided under Question 10. Companies are required to set SBTs through this option, to incentive short-term reductions and maximize accountability, as further explained under Question 19. As companies are committing to be fully decarbonized by 2050, this option allows flexibility on the level of ambition of the short to medium term targets. For example, companies that have large Scope 1 emissions can set SBTs aligned with well-below 2°C, the SBTi's minimum level of ambition, when setting a 5 to 15 years long SBTs. These companies will be expected to decarbonize more aggressively when setting their next SBT to ensure their mitigation strategy aligns with their 2050 net-zero goal. This option ensures the strongest ambition in the long term and gives companies a degree of flexibility in how quickly they align in the short term with trajectories that lead to net-zero emissions by 2050.

**12. I already have 1.5°C targets approved by the SBTi across all relevant scopes. Do I need to sign the [Business Ambition for 1.5°C commitment letter](#)? And which option am I eligible to sign?**

Companies that have already aligned their short to medium term (5 to 15 years) ambition to 1.5°C across all relevant scopes (Scope 1, 2 and 3) are strongly encouraged to sign the [Business Ambition for 1.5°C commitment letter](#) and support the drive to increased and science aligned corporate climate action.

One important aspect to highlight: companies that have 1.5°C aligned Scope 1 +2 approved science based targets do not automatically meet the Business Ambition for 1.5°C



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commitment letter options expectations. Please consult Question 8 for more details on the expectations around Scope 3.

Regardless of your current level of ambition, companies are eligible to select any of the two options or both options in the commitment letter; please consult Question 11 for more details on the two options.

**13. I already have a public commitment to reach net-zero emissions. Do I need to sign the [Business Ambition for 1.5°C commitment letter](#)? And which option am I eligible to sign?**

The Business Ambition for 1.5°C Commitment letter is the instrument for organizations to publicly commit to science-based net-zero emissions targets.

Companies that have already publicly announced their commitment to reach net-zero emissions before 2050 are strongly encouraged to join the [Business Ambition for 1.5°C](#); by doing so companies can ensure their net-zero commitments follow the necessary [scientific rigour](#) to deliver the necessary impact.

Without a common science-based definition of what constitutes a “net-zero” target, companies and their stakeholders cannot be sure that their long-term climate targets are credible or ambitious enough.

Additionally, by joining this call to action companies are using their influence to incentivise other companies to follow suit and national governments to set supportive policies and targets for a net-zero emissions economy.

Regardless of their current level of ambition, companies are eligible to select any of the two options or both options in the commitment letter; please consult all previous questions under Section 3 for more details on the two options.

**14. How will targets be measured and tracked?**

Under the SBTi’s criteria, all companies with approved science-based targets are required to annually report their company-wide GHG emissions to ensure that progress towards delivering on their targets can be tracked. The inventory must be disclosed publicly, for example through CDP’s annual questionnaire and/or the company’s sustainability report.

**15. I am a SME; what do I need to know about joining the Business Ambition for 1.5°C?**

For the purposes of target validation by SBTi, an SME is defined as a non-subsidiary, independent company with fewer than 500 employees.

SMEs are welcome to join the Business Ambition for 1.5°C. If SMEs decide to sign the Business Ambition for 1.5°C Commitment letter, they shall also complete, sign and submit the [SMEs Target Setting Letter](#).

SMEs failing to submit the SMEs Targets Setting letter will not be considered part of the SBTi and Business Ambition for 1.5°C.

Note that organizations classified as Financial Institutions (FIs) and Oil & Gas (O&G) companies should not follow the SMEs SBTi route, regardless of the number of employees. SMEs can join through any of the options in the Business Ambition for 1.5°C commitment letter and are expected to align their Scope 1+2 targets in the SMEs Target Setting letter to the relevant level of ambition i.e. the level of ambition matching the expectations listed for Option 1 or Option 2. See point 4 above.

SMEs are not expected to submit scope 3 targets for SBTi validation, however, by submitting the SMEs Target Setting Letter, they are committing to measure and reduce scope 3 emissions. If SMEs would like to set a scope 3 target (internal or external), the SBTi recommends to use the best practices in the [SBTi criteria and recommendations](#). Please consult the [SMEs FAQs document](#) for more information.

**16. How much time do companies have to align their targets to the level of ambition they have committed to?**

The table below summarizes necessary steps and timelines for companies at different stages of their SBTs journey.

	<b>Companies joining the SBTi for the first time</b>	<b>Companies with an existing SBTi commitment</b>	<b>Companies with approved SBTs</b>	<b>SMEs</b>
<b>SBTs setting timeframe</b>	<p>Have up to 24 months to develop, submit for official validation, receive validation and publicly communicate your targets. For more info, please consult the <a href="#">SBTi step-by-step</a></p>	<p>Have until the end of your existing commitment period (i.e. until the decurrence of the 24 months from the date the commitment letter has been signed). An extension of up to 12 months can be offered, with the expectation that by the end of the 12 additional months targets have been submitted for official validation and have been validated.</p>	<p>Have 12 months to:</p> <p><u>For Opt 1:</u> If your Scope 1 and Scope 2 targets are 2°C or well-below 2°C, you shall upgrade your level of ambition to 1.5°C alignment.</p> <p>Scope 3 targets also need to meet the 1.5°C level of ambition i.e. 4.2% absolute linear reduction year on year.</p> <p><u>For Opt 2:</u> If your Scope 1 and Scope 2 targets are 2°C, you shall upgrade your level of ambition to well-below 2°C at a minimum.</p> <p>Scope 3 targets need to be aligned as a minimum with the <a href="#">SBTi criteria and recommendations</a>.</p>	<p>Must sign the <a href="#">SMEs Target Setting Letter</a> at the same time of signing and submitting the Business Ambition for 1.5°C commitment letter.</p>

<p><b>Net-zero targets timeframe</b></p>	<p>Need to submit science based Net-Zero targets to the SBTi for validation after the finalization of criteria and guidance (expected by November 2021).                  SBTi usually provides 2 years to develop, submit and validate targets after a methodology has been completed. This timeframe will be confirmed in 2021.                  In the meantime, corporate science-based Net-Zero targets shall be informed by the <a href="#">SBTi definition and principles</a>.</p>
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## **Section 4 - The scientific background**

### **17. What does it take to limit warming to 1.5°C?**

According to the IPCC’s Special [Report](#) on 1.5°C (SR15), limiting global warming to 1.5°C requires reaching net-zero CO<sub>2</sub> emissions by no later than 2050, accompanied by rapid declines in non-CO<sub>2</sub> emissions, through rapid and profound transformations in the global energy, industry, urban, and land systems that involve, concurrently:

- a) Achieving full or near-full decarbonisation for energy and industrial CO<sub>2</sub> emissions;
- b) Phasing out CO<sub>2</sub> emissions associated with agriculture, forestry and land-use, in particular those associated with land use change;
- c) Deep reductions in non-CO<sub>2</sub> emissions from all sectors; and
- d) Removing CO<sub>2</sub> from the atmosphere to compensate for:
  - a. ‘Residual’ GHG emissions after reaching net-zero CO<sub>2</sub> emissions;
  - b. Any potential temperature overshoot.

### **18. What does it mean to reach net-zero emissions at the global level?**

According to the IPCC, in order to halt global temperature increase, we need to reach and sustain net-zero global anthropogenic CO<sub>2</sub> emissions and to decline non-CO<sub>2</sub> radiative forcing. Reaching net-zero CO<sub>2</sub> emissions means reaching a balance between anthropogenic CO<sub>2</sub> emissions and anthropogenic CO<sub>2</sub> removals over a specified period. For more information, please consult the SBTi [“Foundations for science based net-zero target setting in the corporate sector”](#) paper.

### **19. Why are companies expected to set interim targets in addition to setting net-zero commitments?**

Companies that commit to reach net-zero emissions by 2050 are expected to set interim targets due to the following reasons:

- a) **To incentivise short-term reductions:** Pathways that limit warming to 1.5°C assume peaking of emissions before 2020, followed by a deep decarbonisation phase, until net-zero emissions are reached around 2050. Decarbonisation trajectories in the earlier years (e.g. between 2020 and 2030) are typically steeper than decarbonisation trajectories in the later years (e.g. between 2040 and 2050);



- b) **To maximise accountability:** According to [research](#) conducted by Harvard University, the average tenure amongst CEOs in companies with large capitalisation (S&P 500) was around 7 years in 2017. According to this research, less than 15% of S&P companies have had their CEOs for 15 years or more. With this in mind, companies setting long-term net-zero goals should also set quantitative short to medium-term goals that give certainty to investors, customers, and other stakeholders that companies are progressing towards their goal to reach net-zero emissions.

## 20. What is the definition of carbon dioxide removals?

The IPCC defines removals as anthropogenic activities removing CO<sub>2</sub> from the atmosphere and durably storing it in geological, terrestrial, or ocean reservoirs, or in products. Existing and potential carbon removal measures include afforestation and reforestation, land restoration and soil carbon sequestration, bioenergy with carbon capture and storage, direct air carbon capture and storage (DACCS), enhanced weathering and ocean alkalisation.

## Section 5 - Corporate Policy Advocacy for net-zero emissions

### 21. What are the expectations around policy engagement for companies signing this pledge?

Building a net-zero emissions economy by 2050 requires transformational change; a growing body of analysis and evidence shows that such a rapid transformation is achievable, but only with decisive business leadership supported by ambitious government policies. All major businesses need to engage in positive policy advocacy; this translates in ensuring your company's influence is fully and consistently supporting the transformation to a net-zero emissions future. Companies policy and communications work can help clarify their positions with respect to climate related policy, and articulate the targets and policies they need or want to see from governments in support of 1.5°C ambition. Signature companies commit to ensuring their direct and indirect policy advocacy work is aligned with those goals.

### 22. How can I find out more about engaging in 1.5°C policy advocacy?

The partners organizing this initiative, and many of the companies signatories, engage in a wide variety of policy advocacy activities across the world in which businesses send clear and coherent signals to governments to articulate why climate action is important to their business and which policies they need or want to see to help accelerate the transformation. These activities include public letters, op-eds, public meetings, private meetings, phone calls and communications support. As strong and consistent advocacy from leading businesses is critical to achieve a 1.5°C future; all companies will receive regular updates on key 1.5°C policy advocacy opportunities. Rapidly increasing the number of companies advocating for strong climate policy is a top priority for the Business Ambition for 1.5°C campaign in 2021.