SBTi
FOREST, LAND AND AGRICULTURE (FLAG)

Launch of FLAG guidance and tool
September 2022
VIDEO-CONFERENCE GUIDELINES

- This is a **zoom webinar**. Your camera and microphone are automatically muted.
- Participants can **send questions via the Q&A button**.
- **Slides from this webinar will be shared** after this meeting.
- Please note that this webinar will be **recorded** for the benefit of those who cannot attend.
- This is an English language event with **simultaneous interpretation**.
AGENDA

1. Intro to the SBTi
2. SBTi FLAG Team & Acknowledgements
3. Intro to FLAG Guidance
4. FLAG must-knows for target setting
5. FLAG target setting example
6. Q&A
7. Closing
INTRODUCTION TO THE SBTi

What is the Science Based Targets initiative?

The Science Based Targets initiative (SBTi) is a global body enabling businesses and financial institutions to set ambitious emissions reductions targets in line with the latest climate science.
Companies with science-based targets are delivering emissions reductions at scale

- Reduced emissions by 29% between 2015-2020
- 1.5B tonnes of annual CO$_2$e emissions covered by the SBTi
- $38tn of global market capitalization
- 70 countries and 15 industries

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SBTi & WWF FLAG TEAM

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SBTi FLAG ACKNOWLEDGEMENTS

Project Funding
SBTi FLAG Guidance & Tool

Consulting Services on Commodity Pathways

Additional Project Funding
Danone, Mars, Cargill, IKEA, Kimberley-Clark, General Mills & Tyson

Pilot Testing and Feedback
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WHY UNDERTAKE FLAG GUIDANCE?
FLAG expands SBTi to include AFOLU emissions (22% of global emissions)

SBTi Coverage
Before FLAG
SBTi does not uniformly require FLAG emissions in target setting

SBTi Coverage
After FLAG
SBTi targets comprehensively cover all IPCC categories of GHG emissions

Data Source: IPCC AR6
WHAT DOES FLAG COVER?
FLAG emissions and removals categories

**LAND USE CHANGE**
(LUC) Emissions
- Deforestation
- Forest degradation
  *including conversion to plantation per GHG Protocol*
- Coastal wetlands conversion
  *mangroves, seagrass and marshes*
- Peatlands conversion/drainage/burning
- Savannas & natural grasslands conversion

**LAND MANAGEMENT**
(non-LUC) Emissions
- Enteric emissions
- Flooded soil for lowland rice
- Manure management
- Agricultural waste burning
- Fertilizer
- Crop residue
- Fertilizer production
- Machinery used on farm
- Transport of biomass

**CARBON REMOVALS**
& Storage
- Forest restoration / silvopasture
  *Occurring on working lands*
- Improved forest management
  *Optimizing rotation lengths and biomass stocks, reduced-impact logging, improved plantations, forest fire management*
- Agroforestry
  *Carbon sequestration from integration of agroforestry into agricultural and grazing lands*
- Enhancing soil organic carbon
  *Shifting to erosion control, larger root plants, reduced tillage, cover cropping, degraded soils restoration, biochar amendments*
CORPORATE GHG ACCOUNTING AND TARGET SETTING

1. MEASURE & ACCOUNT
2. SET A TARGET
3. REPORT
4. REDUCE EMISSIONS
5. UPDATE ANNUALLY

GREENHOUSE GAS PROTOCOL

SCIENCE BASED TARGETS
NEW GUIDANCE ON GHG ACCOUNTING AND TARGET SETTING

These two projects are funded by the Gordon & Betty Moore Foundation.

<table>
<thead>
<tr>
<th>Sponsor</th>
<th>Title</th>
<th>Scope</th>
<th>Developers</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>GREENHOUSE GAS PROTOCOL</td>
<td><strong>Land Sector &amp; Removals Guidance</strong></td>
<td>GHG Accounting Guidance</td>
<td>WRI, WBCSD</td>
<td>Currently in draft</td>
</tr>
<tr>
<td></td>
<td><strong>Forests, Land, &amp; Agriculture (FLAG) Guidance</strong></td>
<td>Target Setting Guidance</td>
<td>WWF, SBTi</td>
<td>Released Sep 2022</td>
</tr>
</tbody>
</table>
FLAG DEVELOPMENT PROCESS

- A dedicated Corporate Consultative group with companies along the value chains of forest and agriculture products
- Consultation with land experts in SBTi’s Scientific and Technical Advisory Groups
- Multiple dedicated NGO workshops and webinars
- A public consultation reaching over 160 organizations
- Pilot testing involving 18 companies
- Bilateral emails, discussions, and webinars
- Regular updates on the SBTi website
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FLAG TARGET-SETTING TOOLS

FLAG GUIDANCE AND METHODS
Who Sets a Target and When?

Target Structure & Options

Land Conversion

Carbon Removals
WHO SETS A FLAG TARGET AND WHEN?

WHO

A. The following SBTi sectors must set a FLAG target:
   - Forest & Paper Products
   - Food Production – Agricultural Production
   - Food Production – Animal Source
   - Food & Beverage Processing
   - Food & Staples Retailing
   - Tobacco

B. Companies in other SBTi sectors must set a FLAG target if they have FLAG-related emissions totaling 20% or more of the company’s overall emissions across scopes 1, 2 and 3

WHEN

Timing for setting a FLAG target is as follows:

A. Companies who set their SBTi target pre-Jan 2020 must set a FLAG target by Dec 31 2023

B. Companies who set their SBTi target post-Jan 2020 & pre-Apr 30 2023 must add a FLAG target by Dec 31 2024

C. Companies setting their first SBTi target post Apr 30 2023 must set a FLAG target upon submission
SBTi TARGET STRUCTURE & OPTIONS

STRUCTURE
FLAG Targets are in addition to Energy/Industry Targets.

- **Energy/Industry Target**
  - Uses existing SBTi methods
  - Covers all non-land emissions

- **FLAG Target**
  - Uses new SBTi FLAG guidance
  - Covers all land-related emissions

OPTIONS
Two pathways have been defined for FLAG.

- **FLAG Sector Pathway** for Demand-Side Actors
  - Forestry
  - Agriculture
  - Livestock
  - Demand

- **Commodity Intensity Pathway** for Supply-Side Actors
  - **11 Commodities**
    - Beef
    - Dairy
    - Pork
    - Poultry
    - Timber
    - Rice
    - Soy
    - Leather
    - Maize
    - Wheat
    - Palm Oil
  - **26 Regions**

Beef Dairy Pork Poultry
Timber Rice Soy Leather
Maize Wheat Palm Oil

Timber Rice Soy Leather Maize Wheat Palm Oil

Forestry Agriculture Livestock Demand

11 Commodities × 26 Regions
LAND CONVERSION
GHG Emissions (CO₂) from Land Conversion

- All land use change/conversion emissions are included in the FLAG target setting pathways.
- Companies must include all land use change/conversion emissions in their inventory 20 years back from their baseline year in alignment with Greenhouse Gas Protocol draft.

Additional Deforestation Commitment Requirement

- In addition, companies are required to submit a 'no deforestation' commitment, taking the following form:
  
  “[Company X] commits to no deforestation across its primary deforestation-linked commodities, with a target date of [no later than 2025].”

- Companies are recommended to align commitments with the Accountability Framework initiative (AFi) guidance including a 2020 cut-off date, no conversion commitment and no peat burning commitment.
Carbon removals are almost half of what the FLAG sector will contribute to a 1.5°C future.

For this reason, removals activities are required in FLAG.

These removals are from in-supply chain actions like improved forest and soils management, increased silvopasture, and biochar applications.

Removals from outside of supply chain activities (offsets) are not included in FLAG.

In-supply chain removals may be accounted toward a FLAG target, but not an energy/industry SBTi target.
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EXAMPLE FLAG TARGET: COMPANY C

- Company C is a large US retail company that specializes in grocery items and general merchandise.
- The company would like to commit to reducing its emissions by setting a science-based target for the first time.
- Because the company operates in a FLAG-designated sector (food and staples retailing), it must also set a FLAG target.
# SAMPLE EMISSIONS INVENTORY (COMPANY C)

<table>
<thead>
<tr>
<th>2019</th>
<th>FLAG Million tCO2e</th>
<th>Energy/Industry Million tCO2e</th>
<th>Total Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Scope 2*</td>
<td>0</td>
<td>0.015</td>
<td>0.015</td>
</tr>
<tr>
<td>Scope 3</td>
<td>20</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>31.015</td>
<td>51.015</td>
</tr>
</tbody>
</table>

*Company C uses a location-based approach to calculate scope 2 emissions

## Emissions Inventory: Company C

<table>
<thead>
<tr>
<th>Scope 3 Category</th>
<th>FLAG Emissions (million tCO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Purchased goods and services</td>
<td>20</td>
</tr>
<tr>
<td>2. Capital goods</td>
<td>0</td>
</tr>
<tr>
<td>3. Fuel and energy-related activities</td>
<td>0</td>
</tr>
<tr>
<td>4. Upstream transportation and distribution</td>
<td>0</td>
</tr>
<tr>
<td>5. Waste generated in operations</td>
<td>0</td>
</tr>
<tr>
<td>6. Business travel</td>
<td>0</td>
</tr>
<tr>
<td>7. Employee commuting</td>
<td>0</td>
</tr>
<tr>
<td>8. Upstream leased assets</td>
<td>0</td>
</tr>
<tr>
<td>9. Downstream transportation and distribution</td>
<td>0</td>
</tr>
<tr>
<td>10. Processing of sold products</td>
<td>0</td>
</tr>
<tr>
<td>11. Use of sold products</td>
<td>0</td>
</tr>
<tr>
<td>12. End of life treatment of sold products</td>
<td>0</td>
</tr>
</tbody>
</table>
Company C commits to reduce scope 3 FLAG GHG emissions ___% by 2027, from a 2019 base year.

Company C’s target must follow this template:

“Company C commits to reduce scope 3 FLAG GHG emissions ___% by 2027, from a 2019 base year.”
SECTION 1. INPUT DATA

Target Setting Approach
SDA scenario
FLAG Base year
FLAG Target year

FLAG Base year emissions not captured under commodity-specific pathways

Absolute Contraction
1.5C
2019
2027
20,000,000

SECTION 2. FLAG ABSOLUTE CONTRACTION RESULTS - 1.5C

<table>
<thead>
<tr>
<th>Absolute Contraction: Emission Reductions &amp; Removals</th>
<th>Base Year Emissions (2019) (CO2e)</th>
<th>Target Year Emissions (2027) (CO2e)</th>
<th>Total Abatement (CO2e)</th>
<th>Total Abatement %</th>
<th>Emissions Reduction (CO2e)</th>
<th>Emission Reduction %</th>
<th>Removals Reduction (CO2e)</th>
<th>Removals %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relative Contraction: Emission Reductions &amp; Removals</td>
<td>20,000,000</td>
<td>15,190,949</td>
<td>4,809,051</td>
<td>24.2%</td>
<td>3,454,103</td>
<td>17.2%</td>
<td>1,344,946</td>
<td>6.87%</td>
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</table>

EMISSIONS TARGET

SECTION 3. TARGET MODELING DATA

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute Contraction</td>
<td>20,000,000</td>
<td>19,350,669</td>
<td>18,767,737</td>
<td>18,181,606</td>
<td>17,575,475</td>
<td>16,960,343</td>
<td>16,362,212</td>
</tr>
</tbody>
</table>

Note: This are the modeled share of emission reductions and removals. It is not required to maintain this ratio for the purpose of meeting a target.
The sector pathway will form a total target for Company C by 2027.

**TOTAL FLAG SBT SUMMARY**

*From base year 2019*

<table>
<thead>
<tr>
<th></th>
<th>FLAG Base Year</th>
<th>FLAG Target Year</th>
<th>FLAG Base Year Absolute Emissions (t CO2e)</th>
<th>FLAG Target Year Absolute Emissions (t CO2e)</th>
<th>Absolute Abatement (t CO2e)</th>
<th>Total Abatement %</th>
<th>Emissions Reduction %</th>
<th>Removals %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity</td>
<td>2019</td>
<td>2027</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rest of Sector</td>
<td>2019</td>
<td>2027</td>
<td>20,000,000</td>
<td>15,150,949</td>
<td>4,849,051</td>
<td>24%</td>
<td>17%</td>
<td>7%</td>
</tr>
<tr>
<td>All</td>
<td><strong>2019</strong></td>
<td><strong>2027</strong></td>
<td><strong>20,000,000</strong></td>
<td><strong>15,150,949</strong></td>
<td><strong>4,849,051</strong></td>
<td><strong>24%</strong></td>
<td><strong>17%</strong></td>
<td><strong>7%</strong></td>
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Q&A SESSION
MORE FLAG INFORMATION

- FLAG website
- Webinars, including this one
- FLAG Guidance
- FLAG Tool
- FLAG FAQ
- Public Consultation Q&A
- FLAG explainer blogs:
  - Deforestation
  - Removals
- GHG Protocol Land Sector & Removals
  - Draft for comment by Nov 30