

SBTi FOREST, LAND AND AGRICULTURE (FLAG)

Launch of FLAG guidance and tool

September 2022

Partner organizations



United Nations
Global Compact



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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?



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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**.

Founding Partners



United Nations
Global Compact



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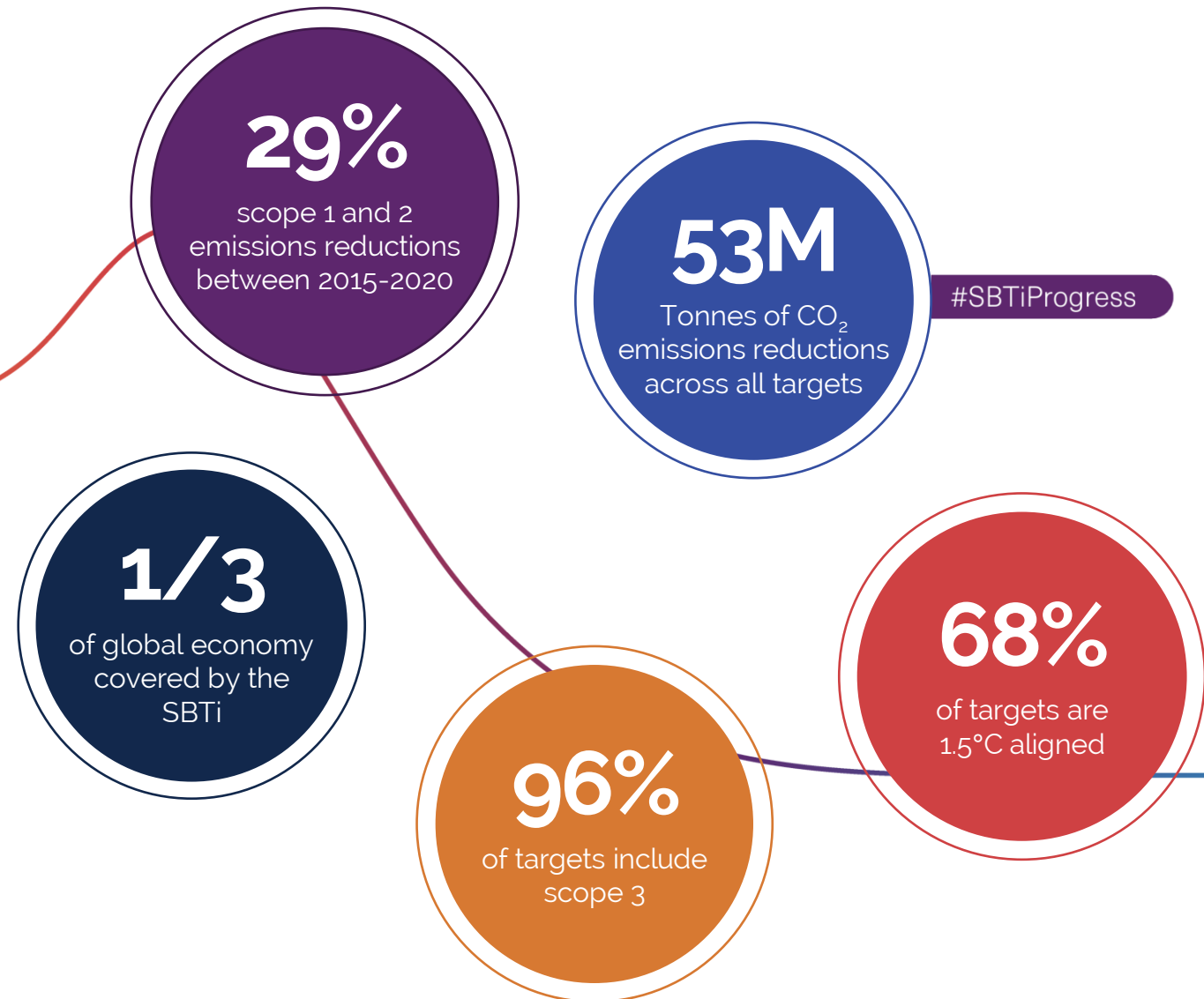


INTRODUCTION TO THE SBTi

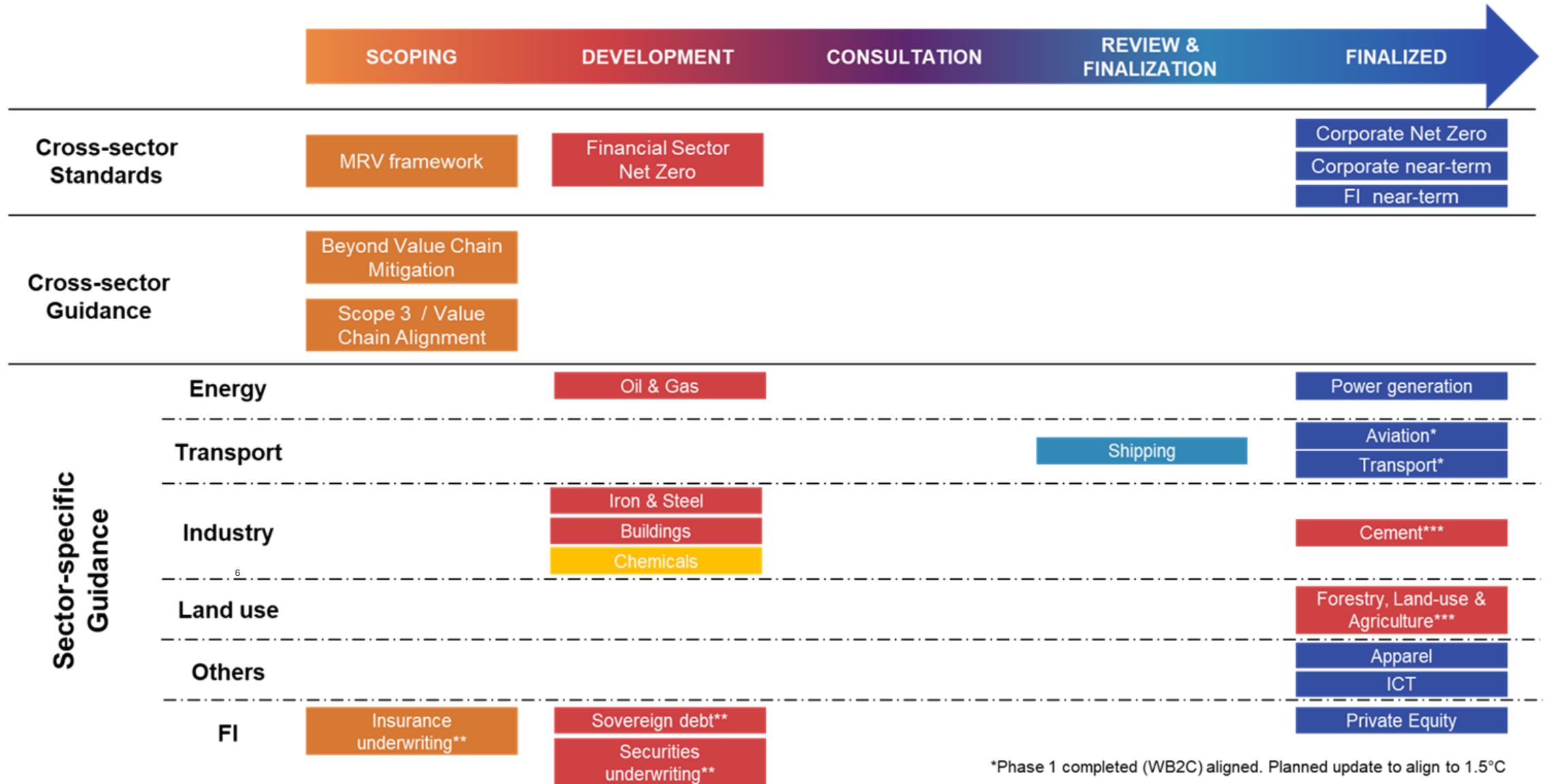
Progress to date

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

- Reduced emissions by **29%** between **2015-2020**
- **1.5B tonnes of annual CO₂e** emissions covered by the SBTi
- **\$38trn** of global market capitalization
- **70** countries and **15** industries



SBTi UPCOMING WORK



*Phase 1 completed (WB2C) aligned. Planned update to align to 1.5°C

**Asset class alignment guidance / method

***Guidance approved, pending publication

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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



AGENDA

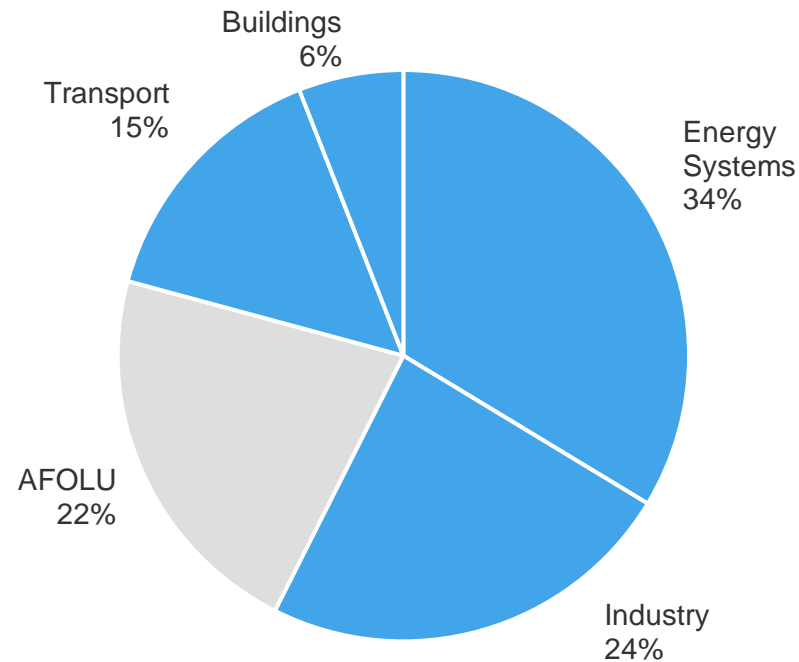
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WHY UNDERTAKE FLAG GUIDANCE?

FLAG expands SBTi to include AFOLU emissions (22% of global emissions)

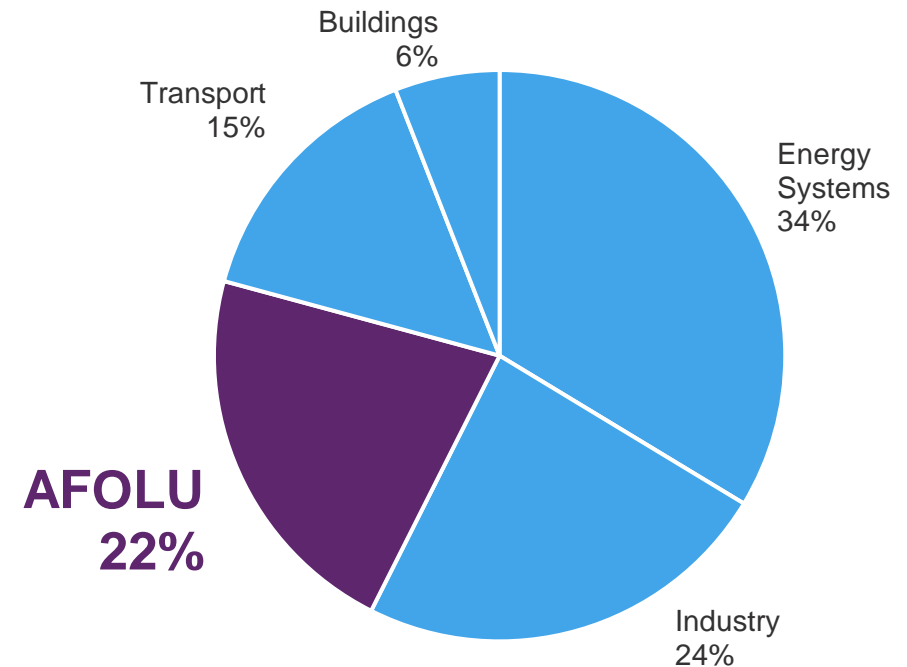
SBTi Coverage Before FLAG

SBTi does not uniformly require
FLAG emissions in target setting



SBTi Coverage After FLAG

SBTi targets comprehensively cover
all IPCC categories of GHG emissions



WHAT DOES FLAG COVER?

FLAG emissions and removals categories

CO₂

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

CO₂ CH₄ N₂O

LAND MANAGEMENT (non-LUC) Emissions

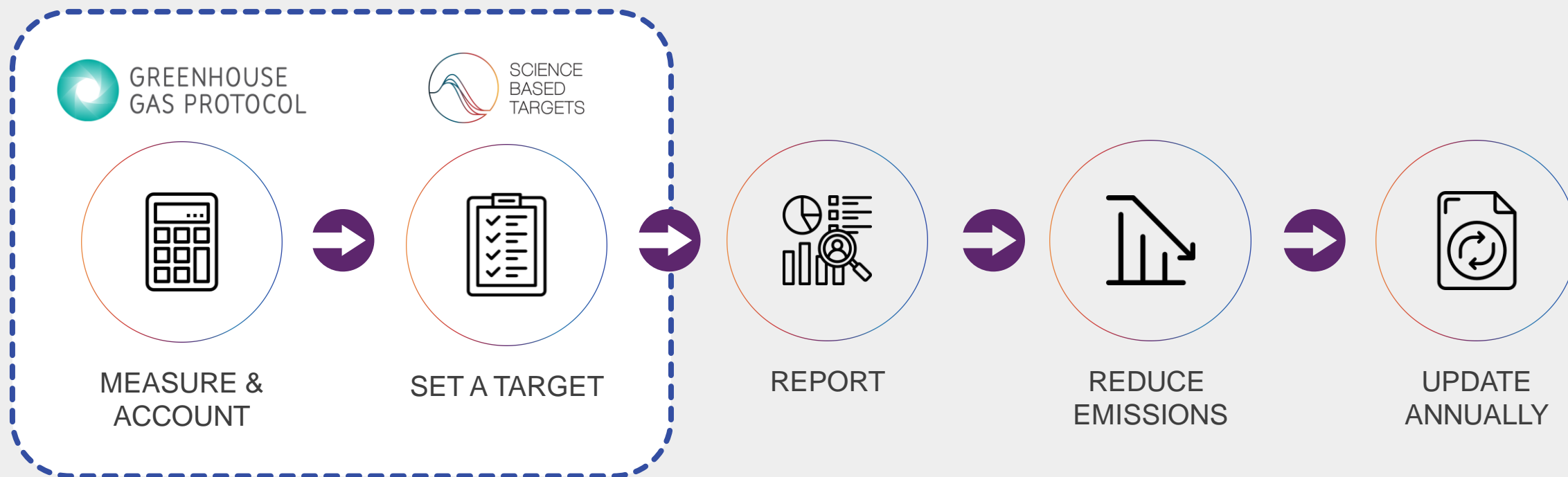
- Enteric emissions
- Flooded soil for lowland rice
- Manure management
- Agricultural waste burning
- Fertilizer
- Crop residue
- Fertilizer production
- Machinery used on farm
- Transport of biomass

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

CO₂

CORPORATE GHG ACCOUNTING AND TARGET SETTING



NEW GUIDANCE ON GHG ACCOUNTING AND TARGET SETTING

Sponsor	 GREENHOUSE GAS PROTOCOL	 SCIENCE BASED TARGETS <small>DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</small>
Title	Land Sector & Removals Guidance	Forests, Land, & Agriculture (FLAG) Guidance
Scope	GHG Accounting Guidance	Target Setting Guidance
Developers	WRI, WBCSD	WWF, SBTi
Status	Currently in <u>draft</u>	Released Sep 2022

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

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](https://sciencebasedtargets.com)



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SBTi FLAG GUIDANCE SPECIFICS

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

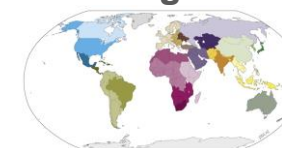
Commodity Intensity Pathway for Supply-Side Actors

11 Commodities

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



26 Regions



LAND CONVERSION

GHG Emissions (CO₂) from Land Conversion

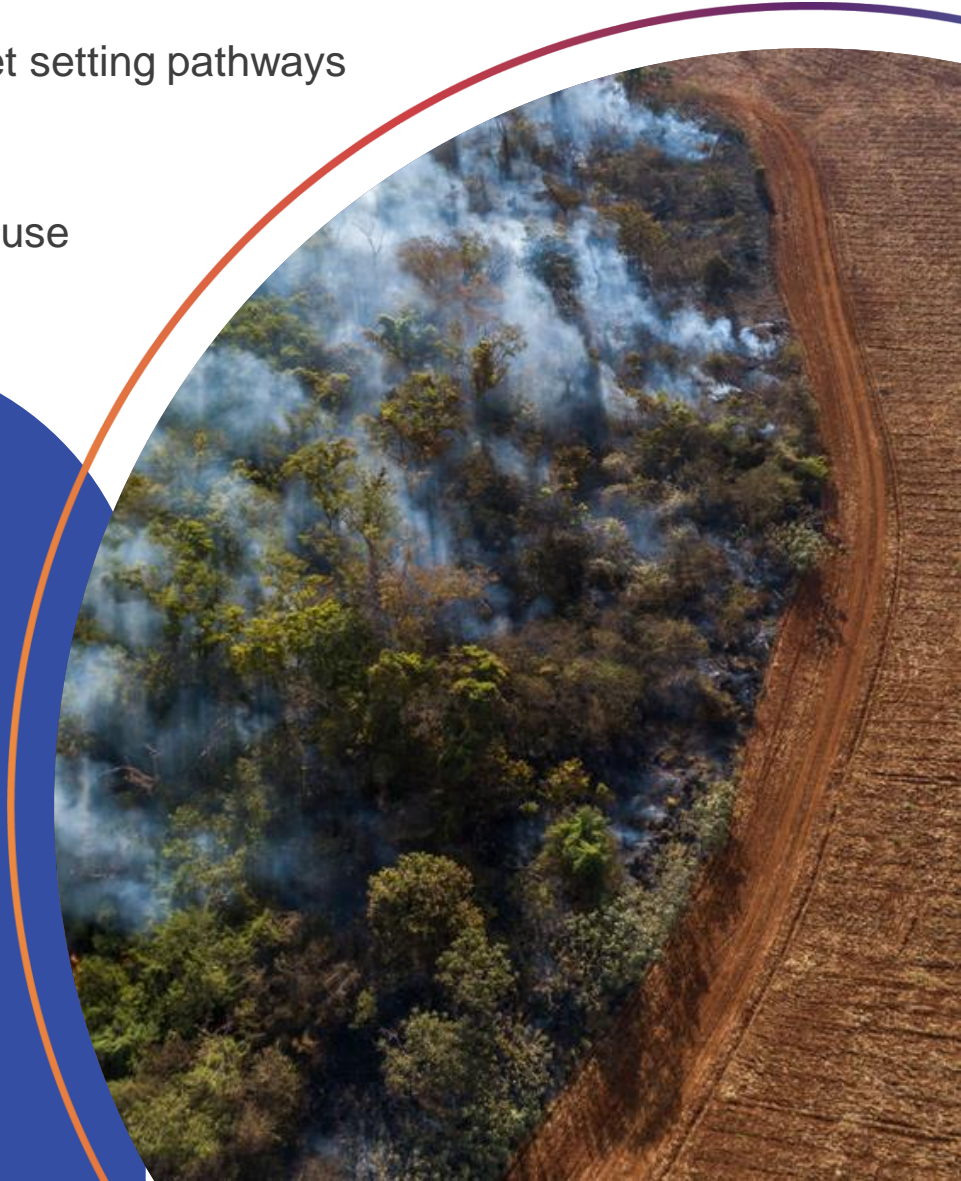
- **All land use change/conversion emissions** are included in the FLAG target setting pathways
- Companies must include all land use change/conversion emissions in their **inventory 20 years back** from their baseline year in alignment with Greenhouse Gas Protocol draft

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

OFFSETS ARE **NOT** INCLUDED

- 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)

2019	FLAG Million tCO ₂ e	Energy/Industry Million tCO ₂ e	Total Emissions
Scope 1	0	1	1
Scope 2*	0	0.015	0.015
Scope 3	20	30	50
Total	20	31.015	51.015

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

Emissions Inventory: Company C		
Total Emissions		
Scope 3		
Scope 2*		
Scope 3 Category	FLAG Emissions (million tCO ₂ e)	
1. Purchased goods and services	20	0000
2. Capital goods	0	
3. Fuel and energy-related activities	0	
4. Upstream transportation and distribution	0	
5. Waste generated in operations	0	
6. Business travel	0	
7. Employee commuting	0	
8. Upstream leased assets	0	
9. Downstream transportation and distribution	0	
10. Processing of sold products	0	
11. Use of sold products	0	
12. End of life treatment of sold products	0	

SCIENCE BASED TARGETS STATUS

- Company C has not yet set a science-based target. They must do so when setting a FLAG target
- This target must align with all SBTi criteria, including separation of FLAG and energy/industry emissions, alignment with 1.5 degrees Celsius, a base year of no earlier than 2015, and coverage of at least 67% of scope 3 emissions
- Company C is encouraged to use the same base year and target year for their FLAG target and their overall target. The target year must be within 5-10 years after submission. Company C chooses a base year of 2019 and a target year of 2027



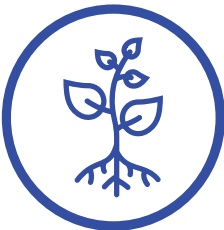
Company C's target must follow this template:

"Company C commits to reduce scope __3__ FLAG GHG emissions ____% by 2027, from a 2019 base year."



SECTION 1. INPUT DATA

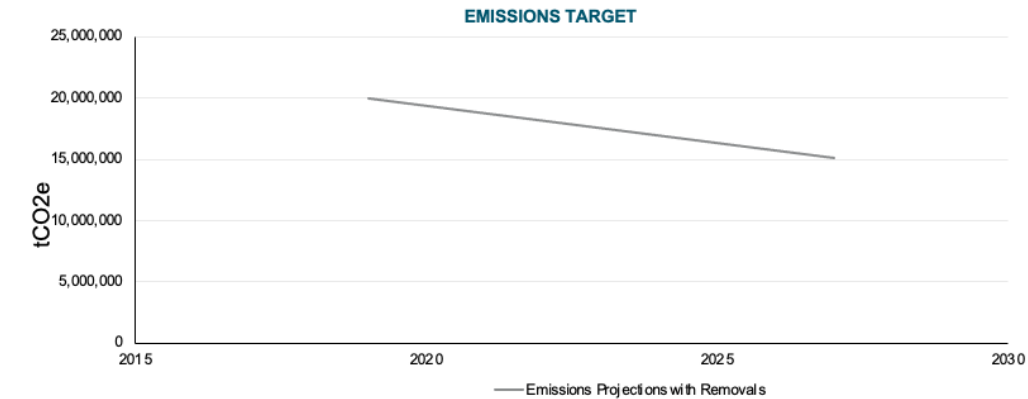
Target Setting Approach	Absolute Contraction
SDA scenario	1.5C
FLAG Base year	2019
FLAG Target year	2027
FLAG Base year emissions not captured under commodity-specific pathways	20,000,000



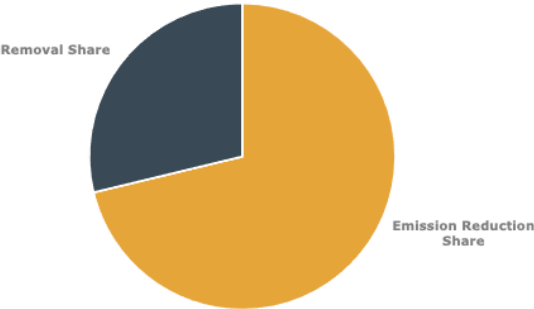
1. Input base year, target year, and base year emissions
2. View sector-based target

SECTION 2. FLAG ABSOLUTE CONTRACTION RESULTS - 1.5C

	Base Year Emissions (2019) (tCO2e)	Target Year Emissions (2027) (tCO2e)	Total Abatement (tCO2e)	Total Abatement %	Emissions Reduction (tCO2e)	Emission Reduction %	Removals Reduction (tCO2e)	Removals %
Absolute Contraction: Emission Reductions & Removals	20,000,000	15,150,949	4,849,051	24.2%	3,454,103	17.27%	1,394,948	6.97%



Share of emission reductions & removals
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.



SECTION 3. TARGET MODELING DATA

Year	2018	2019	2020	2021	2022	2023	2024	2025
Absolute Contraction with Removals	-	20,000,000	19,393,869	18,787,737	18,181,606	17,575,475	16,969,343	16,363,212

The sector pathway
will form a total target
for Company C

-24%
by 2027

TOTAL FLAG SBT SUMMARY

*From base year 2019

	FLAG Base Year	FLAG Target Year	FLAG Base Year Absolute Emissions (t CO ₂ e)	FLAG Target Year Absolute Emissions (t CO ₂ e)	Absolute Abatement (t CO ₂ e)	Total Abatement %	Emissions Reduction %	Removals %
Commodities	2019	2027	0	0	0			
Rest of Sector	2019	2027	20,000,000	15,150,949	4,849,051	24%	17%	7%
All	2019	2027	20,000,000	15,150,949	4,849,051	24%	17%	7%

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SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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

CONTACT US



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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