SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

PARTNER ORGANIZATIONS

SBTi CRITERIA AND RECOMMENDATIONS FOR NEAR-TERM TARGETS

Version 5.1

April 2023

DOCUMENT HISTORY

Version	Change/update description	Date finalized	Effective Dates
1.0	Original version of Science Based Targets initiative Criteria and Recommendations	May 2015	May 2015 to April 16, 2017
2.0	Updated version of Criteria and Recommendations to reflect current best practice and latest experience.	February 24, 2017	February 24, 2017 to May 22, 2018
3.0	Updated version of Criteria and Recommendations to provide greater clarity and reflect current best practices.	May 23, 2018	May 23, 2018 to October 14, 2019
Guidance for 3.0	Supplementary guidance and clarifications to V3.0.	February 28, 2019	May 23, 2018 to October 14, 2019
4.0	Updated version of Criteria and Recommendations to reflect current developments of climate science and best practices. This version integrates clarifications to relevant criteria included in Guidance for 3.0.	April 17, 2019	October 15, 2019 to July 14, 2020
4.1	Updated version of Criteria and Recommendations to provide greater clarity and reflect current best practices.	April 15, 2020	July 15, 2020 to April 14, 2021
4.2	Updated version of the Criteria and Recommendations that includes minor wording changes to improve clarity in C4, C16-18, C23, and R10. No changes or updates to criteria content have been made. Additionally, the section on annual timeline of updates was removed as it was out of date, and sections 3 and 4 have been added from other SBTi resources to provide the information directly in this criteria document.	April 15, 2021	April 15, 2021 to July 14, 2022
5.0	Updated version of the Criteria and Recommendations that reflects current developments in climate science and best practices. This version integrates changes in alignment with SBTi's new strategy, including the integration of the Net-zero Standard.	October 27, 2021	July 15, 2022 to April 10, 2023

5.1	• Minor updates to provide further clarification and context to existing criteria, recommendations and use of terminology (criteria 4, 10 and 19 and recommendation 5 and 8). • Clarifications on exclusions, significance thresholds and emissions coverage for scope 1, 2 and 3 targets (criteria 5 and 6). • Clarification that the target year criterion is only relevant for absolute and intensity-based emission reduction near-term targets (criterion 13). • Revision of allowable years for assessing progress to date: for submissions in 2023, a recent year inventory must be provided that is no earlier than 2021 i.e. allowable most recent years are 2021 and 2022 (criterion 14). • Clarification in language that scope 3 physical intensity targets (criterion 18) only needs to meet the 7% compounded emissions intensity reduction (and can lead to absolute emissions increase). • Alignment of criteria 22 and 23 to the revised version of SBTi's policy on fossil fuel companies. • Further guidance for mandatory target recalculations (criterion 26). • Revision of previous recommendation to criterion for triggered recalculations (criterion 27). • Inclusion of most up to date information on sector developments and sector-specific criteria.	April 11, 2023	From April 11, 2023

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

PARTNER ORGANIZATIONS

TABLE OF CONTENTS

INTRODUCTION

All of the criteria listed below must be met in order for target(s) to be recognized by the Science Based Targets initiative (SBTi). In addition, companies must follow the GHG Protocol Corporate Standard, Scope 2 Guidance, and Corporate Value Chain (Scope 3) Accounting and Reporting Standard. SBTi recommendations are important for transparency and best practice but are not required. These criteria apply only to companies that are not classified as financial institutions and Small and Medium Enterprises (SMEs). Financial institutions can set targets using the SBTi criteria and guidance for financial institutions. SMEs should use the streamlined process to set targets in line with climate science.

The Target Validation Protocol for Near-term Targets describes the underlying principles, process, and criteria followed to assess targets and to determine conformance with the SBTi Criteria for Near-term Targets. The SBTi strongly recommends that companies review Table 1 in the Target Validation Protocol for Near-term Targets that further details SBTi criteria for Near-term Targets compliance and non-compliance before commencing target development. Furthermore, SBTi Criteria and Recommendations for Near-term Targets Version 5.1 should be read in conjunction with the Target Validation Protocol for Near-term Targets.

While every effort is made to keep companies informed of the latest criteria and recommendations, the initiative reserves the right to make adjustments as needed to reflect the most recent emissions scenarios, partner organization policies, and greenhouse gas accounting practices.

The initiative also reserves the right to withdraw the validation of an approved target if it becomes apparent that incorrect information was communicated during the target validation process that results in any of the criteria existing during the assessment not being met, or if requirements following the approval of the target are not respected (i.e., target progress reporting and recalculations).

Unless otherwise noted (including specific sections), all criteria apply to scopes 1, 2, and 3.

EFFECTIVE DATES OF UPDATED CRITERIA

This criteria version 5.1 will be in effect as of April 11, 2023. Criteria, recommendations and best practices denoted with an asterisk (*) are refinements and additions to clarifications of pre-existing criteria and recommendations.

NEAR-TERM SCIENCE-BASED TARGETS AND NET-ZERO TARGETS

Sections I through to VII set out the criteria specific for near-term target setting. Companies wishing to seek validation for near-term targets[1] only may still do so, but the SBTi encourages companies contemplating setting net-zero targets in the future to consider the implications of the formulation of their near-term targets for long-term target setting.

[1] Near-term targets were previously termed short-term targets.

This document explains the near-term criteria, which are requirements that companies must follow, and uses precise language to indicate requirements, recommendations, and allowable options that companies may choose to follow.

- The terms “shall” or “must” are used throughout this document to indicate what is required for targets to be in conformance with the criteria.
- The term “should” is used to indicate a recommendation, but not a requirement.
- The term “may” is used to indicate an option that is permissible or allowable.

The terms “required” or “must” are used in the guidance to refer to requirements. “Can” and “is encouraged” may be used to provide recommendations on implementing a requirement or “cannot” may be used to indicate when an action is not possible. The letter “C” preceding a number indicates a criterion and the letter “R” preceding a number indicates a recommendation.

I. GHG EMISSIONS INVENTORY AND TARGET BOUNDARY

I.I Target boundary

Criteria

C1 – Organizational boundary: Companies should submit targets only at the parent- or group level, not the subsidiary level. Parent companies must include the emissions of all subsidiaries in their target submission, in accordance with the boundary criteria outlined below. In cases where both parent companies and subsidiaries submit targets,[2] the parent company's target must also include the emissions of the subsidiary if it falls within the parent company's emissions boundary given the chosen inventory consolidation approach.

Recommendations and additional guidance

R1 – Setting organizational boundaries: The SBTi recommends that a company's organizational boundary, as defined by the GHG Protocol Corporate Standard, is consistent with the organizational boundary used in the company's financial accounting and reporting procedures.

I.II GHG coverage

Criteria

C2 – Greenhouse gases: The targets must cover all relevant GHGs as required by the GHG Protocol Corporate Standard.

I.III Scope coverage

Criteria

C3 – Scope 1 and scope 2: The targets must cover company-wide scope 1 and scope 2 emissions, as defined by the GHG Protocol Corporate Standard.

*C4 – Requirement to have a scope 3 target: If a company's relevant scope 3 emissions are 40% or more of total scope 1, 2, and 3 emissions, they must be included in near-term science-based targets. All companies involved in the sale or distribution of natural gas and/or other fossil fuels shall set scope 3 targets for the use of sold products, irrespective of the share of these emissions compared to the total scope 1, 2 and 3 emissions of the company.

I.IV Emissions coverage

[2] This criterion applies only to subsidiaries. Brands, licensees, and/or specific regions or business divisions of a company will not be accepted as separate targets unless they fall outside of a parent company's chosen consolidation approach.

Criteria

*C5 – Scope 1 and 2 significance thresholds: Companies may exclude up to 5% of scope 1 and scope 2 emissions combined in the boundary of the inventory and target. Companies may exclude a maximum of 5% of emissions from their total scope 3 inventory.[3]

*C6 – Scope 3 emissions coverage for near-term targets: Companies must set one or more emission reduction near-term targets and/or supplier or customer engagement targets that collectively cover(s) at least two-thirds (67%) of total reported and excluded scope 3 emissions considering the minimum boundary of each scope 3 category in conformance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Recommendations and additional guidance

R2 – Targets covering optional scope 3 emissions: Targets to reduce scope 3 emissions that fall outside the minimum boundary[4] of scope 3 categories are not required but are encouraged when these emissions are significant. This can include targets to influence the behavior of end-users (e.g., education campaigns) or to drive the adoption of science-based targets on customers (e.g., customer engagement targets). Companies may cover these emissions with a scope 3 target, but such targets cannot count towards the two-thirds threshold defined in C6 for scope 3 emissions (i.e., these targets are above and beyond the company's scope 3 targets). For reference, consult page 48 in the GHG Protocol Scope 3 Standard and the Target Validation Protocol for Near-term Targets for a list of products that generate direct and indirect use-phase emissions.

[3] Where a company's scope 1 or 2 emissions are deemed immaterial (i.e., under 5% of total combined scope 1 and 2 emissions), companies may set their SBT solely on the scope (either scope 1 or scope 2) that covers more than 95% of the total scope 1 and 2 emissions. The company must continue to report on both scopes and adjust their targets as needed, in accordance with the GHG Protocol's principle of completeness.
[4] For a definition of the minimum boundaries of scope 3 categories and emissions sources that fall outside the minimum boundaries, see Table 5.4 (page 34) of the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

II. METHOD VALIDITY

Criteria

C7 – Method validity: Targets must be modeled using the latest version of methods and tools approved by the initiative. Targets modeled using previous versions of the tools or methods can only be submitted to the SBTi for validation within 6 months of the publication of the revised method or sector-specific tools.

III. EMISSIONS ACCOUNTING REQUIREMENTS

Criteria

C8 – Scope 2 accounting approach: Companies shall disclose whether they are using a location- or market-based accounting approach as per the GHG Protocol Scope 2 Guidance to calculate base year emissions and to track performance against a science-based target. The GHG Protocol requires measuring and reporting scope 2 emissions using both approaches. However, a single and consistent approach must be used for setting and tracking progress toward a SBT (e.g., using location-based approach for both target setting and progress tracking).

C9 – Scope 3 screening: Companies must complete a scope 3 inventory covering gross scope 3 emissions for all its emissions sources according to the minimum boundary of each scope 3 category set out by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

*C10 – Bioenergy accounting: CO_2 emissions from the combustion, processing and distribution phase of bioenergy – as well as the land use emissions and removals[5] associated with bioenergy feedstocks – shall be reported alongside a company's GHG inventory. Furthermore, these emissions shall be included in the target boundary when setting a science-based target (in scopes 1, 2 and/or 3, as required) and when reporting progress against that target.

Land-related emissions accounting shall include CO_2 emissions from direct land use change (LUC) and non-LUC emissions, inclusive of N_2O and CH_4 emissions from land use management. Including emissions associated with indirect LUC is optional.

Companies are expected to adhere to any additional GHG Protocol Guidance on bioenergy accounting when released in order to maintain compliance with criterion 10.

C11 – Carbon credits: The use of carbon credits must not be counted as emission reductions toward the progress of companies' near-term science-based targets. Carbon credits may only be considered to be an option for neutralizing residual emissions (see Net-Zero C28) or to finance additional climate mitigation beyond their science-based emission reduction targets (see Net-Zero R9).

C12 – Avoided emissions: Avoided emissions fall under a separate accounting system from corporate inventories and do not count toward near-term science-based emission reduction targets.

Recommendations and additional guidance

R3 – Biofuel certification: The SBTi recommends that companies using or producing biofuel(s) for transport should support their bioenergy GHG accounting with recognized biofuel certification(s) to disclose that the data on land-related emissions and removals represents the relevant biofuel feedstock production.

[5] The positive impact of exceeding zero emissions due to biogenic removals shall not be accounted for in a company's target formulation or as progress towards SBTs. In addition, removals that are not directly associated with bioenergy feedstock production are not accepted to count as progress towards SBTs or to net emissions in a company's GHG inventory.

R4 – Bioenergy data reporting: The SBTi recommends that companies report direct biogenic CO_2 emissions and removals from bioenergy separately. Emissions and removals of CO_2 associated with bioenergy shall be reported as net emissions according to C10, at a minimum, but companies are encouraged to also report gross emissions and gross removals from bioenergy feedstocks.

IV. TARGET FORMULATION

IV.I Timeframe

Criteria

*C13 – Base and target years: Absolute and intensity-based emission reduction near-term targets must cover a minimum of 5 years and a maximum of 10 years from the date the target is submitted to the SBTi for validation.[6] The choice of base year must be no earlier than 2015.

C14 – Progress to date: The minimum forward-looking ambition of near-term targets is consistent with reaching net-zero by 2050 at the latest, assuming a linear absolute reduction, linear intensity reduction, or intensity convergence between the most recent year and 2050 (not increasing absolute emissions or intensity).[7]

Recommendations and additional guidance

*R5 – Long-term target year: Targets that cover more than 10 years from the date of submission are considered long-term targets. Long-term targets can only be validated in accordance with the Net-Zero Standard Criteria.

R6 – Consistency: It is recommended that companies use the same base years for all near-term targets.

[6] For targets submitted for an official validation in the first half of 2023, the valid target years are 2027-2032 inclusive. For targets submitted in the second half of 2023, the valid target years are between 2028 and 2033 inclusive.
[7] For submissions in 2023, a recent year inventory must be provided that is no earlier than 2021 i.e., allowable most recent years are 2021 and 2022.

V. AMBITION

V.I Scope 1 and 2 near-term targets

Criteria

C15 – Level of ambition for scope 1 and 2 targets: At a minimum, scope 1 and scope 2 near-term targets must be consistent with the level of decarbonization required to keep global temperature increase to 1.5°C compared to pre-industrial temperatures.

C16 – Absolute targets: Absolute reduction targets for scope 1 and scope 2 are eligible when they are at least as ambitious as the minimum of the approved range of emissions scenarios consistent with the 1.5°C goal.

C17 – Intensity targets: Intensity targets for scope 1 and scope 2 emissions are only eligible when they are modeled using an approved 1.5°C sector pathway applicable to companies' business activities.

Recommendations and additional guidance

R7 – Choosing an approach: The SBTi recommends using the most ambitious decarbonization scenarios that lead to the earliest reductions and the least cumulative emissions.

V.II Scope 3 near-term targets

Criteria

C18 – Level of ambition for scope 3 emissions reductions targets: At a minimum, near-term scope 3 targets (covering the entire value chain or individual scope 3 categories) must be aligned with methods consistent with the level of decarbonization required to keep global temperature increase well-below 2°C compared to pre-industrial temperatures.

*C19 – Supplier or customer engagement targets: Near-term targets to drive the adoption of science-based emission reduction targets by their suppliers and/or customers are acceptable when the following conditions are met:

- Boundary: Companies may set engagement targets around relevant and credible upstream or downstream categories.
- Formulation: Companies shall provide information in the target language on what percentage of emissions from relevant upstream and/or downstream categories is covered by the engagement target or, if that information is not available, what percentage of annual procurement spend is covered by the target.[8]

[8] If measuring coverage by spend, the company shall provide an estimate of the emissions coverage associated with that spend for validation purposes to demonstrate that criterion C6 has been met, by the supplier or customer target alone or together with other scope 3 target(s).

- Timeframe: Companies' engagement targets must be fulfilled within a maximum of 5 years from the date the company's target is submitted to the SBTi for a validation.[9]
- Level of ambition: The company's suppliers/customers shall have science-based emission reduction targets in line with the latest version of the SBTi Criteria for Near-term Targets.

Recommendations and additional guidance

*R8 – Supplier engagement: Supplier/customer engagement targets are required to be set in accordance with the latest version of the SBTi Criteria for Near-term Targets. Official validation of suppliers' targets by SBTi are not required, though companies are welcome to encourage this if they wish. It is recommended that suppliers/customers classified as a small- and medium-sized enterprise (SME), submit targets through the SME streamlined route.

V.III Combined targets

Criteria

C20 – Combined scope targets: Targets that combine scopes (e.g., 1+2 or 1+2+3) are permitted. When submitting combined targets, the scope 1+2 portion must be in line with at least a 1.5°C scenario and the scope 3 portion of the target must be in line with at least a well-below 2°C scenario. For sectors where minimum target ambition is further specified for companies' scope 3 activities, C24 supersedes C20.

V.IV Renewable electricity targets

Criteria

C21 – Renewable electricity: Targets to actively source renewable electricity at a rate that is consistent with 1.5°C scenarios are an acceptable alternative to scope 2 emission reduction targets. The SBTi has identified 80% renewable electricity procurement by 2025 and 100% by 2030 as thresholds (portion of renewable electricity over total electricity use) for this approach in line with the recommendations of RE100. Companies that already source electricity at or above these thresholds shall maintain or increase their use of renewable electricity to qualify.

Recommendations and additional guidance

R9 – Purchased heat and steam: When modeling targets using the SDA, it companies should model purchased heat and steam related emissions as if they were part of their direct emissions, i.e., scope 1.

R10 – Efficiency considerations for target modelling: If companies are using a method that does not already embed efficiency gains for the specific sector, market – and the decarbonization projected for

[9] For targets submitted for an official validation in the first half of 2023, the valid target years are up to 2027 inclusive. For those submitted in the second half of 2023, valid target years are up to 2028 inclusive.

the power sector is based on a 1.5°C scenario – these factors should be considered when modeling electricity-related scope 2 targets.

V.V Fossil fuel sales, distribution, and other business

Criteria

*C22 – Sale, transmission, distribution of oil, natural gas, coal as well as other fossil fuels: Companies that sell, transmit, or distribute natural gas – or other fossil fuel products – shall set emission reduction scope 3 targets for the "use of sold products" category, that are at a minimum consistent with the level of decarbonization required to keep global temperature increase to 1.5°C compared to pre-industrial temperatures, irrespective of the share of these emissions compared to the total scope 1, 2, and 3 emissions of the company, company's sector classification, or whether fossil fuel sale/distribution is the company's primary business. Customer engagement targets are not eligible for this criterion.

*C23 – Companies in the fossil fuel production business or with significant revenue from fossil fuel business lines: The SBTi will not currently validate targets for:

- Companies with any level of direct involvement in exploration, extraction, mining and/or production of oil, natural gas, coal or other fossil fuels, irrespective of percentage revenue generated by these activities.
- Companies that derive 50% or more of their revenue from the sale, transmission and distribution of fossil fuels, or by providing equipment or services to fossil fuel companies.
- Companies with more than 5% revenue from fossil fuel assets (e.g., coal mine, lignite mine, etc.) for extraction activities with commercial purposes.

These companies must follow the respective sector methodology, once published.

VI. SECTOR SPECIFIC GUIDANCE

Criteria

C24 — Requirements from sector-specific guidance: Companies must follow requirements for target setting and minimum ambition levels as indicated in relevant sector-specific methods and guidance – at the latest, 6 months after the sector guidance publication. A list of the sector-specific guidance and requirements is available below and in the Target Validation Protocol for Near-term Targets.

VII. REPORTING AND RECALCULATION

Criteria

C25 – Frequency: The company shall publicly report its company-wide GHG emissions inventory and progress against published targets on an annual basis.

*C26 – Mandatory target recalculation: To ensure consistency with the most recent climate science and best practices, targets must be reviewed, and if necessary, recalculated and revalidated, at a minimum every 5 years. For companies with targets approved in 2020 or earlier, targets must be reviewed and revalidated by 2025, if necessary. Companies with an approved target that requires recalculation must follow the most recent applicable criteria at the time of resubmission. A company's base year emissions recalculation policy must include a significance threshold of 5% or less that is applied to emission recalculations or in the absence of a base year emissions recalculation policy, a company must agree to apply a 5% significance threshold for emission recalculations.

*C27 – Triggered target recalculation: Targets should be recalculated, as needed, to reflect significant changes that could compromise relevance and consistency of the existing target.

The following changes should trigger a target recalculation:

- Scope 3 emissions become 40% or more of aggregated scope 1, 2 and 3 emissions.
- Emissions of exclusions in the inventory or target boundary change significantly.
- Significant changes in company structure and activities (e.g., acquisition, divestiture, merger, insourcing or outsourcing, shifts in goods or service offerings).
- Significant adjustments to the base year inventory, data sources or calculation methodologies, or changes in data to set targets such as growth projections (e.g., discovery of significant errors or a number of cumulative errors that are collectively significant).
- Other significant changes to projections/assumptions used in setting the science-based targets.

C28 — Target validity: Companies with approved targets must announce their target publicly on the SBTi website within 6 months of the approval date. Targets unannounced after 6 months must go through the approval process again unless a different publication time frame has been agreed in writing with the SBTi.

Recommendation and additional guidance

R11 — Where to disclose: There are no specific requirements regarding where the inventory and progress against published targets should be disclosed, as long as it is publicly available. The SBTi recommends disclosure through standardized, comparable data platforms such as CDP's climate change annual questionnaire, though annual reports, sustainability reports and the company's website are acceptable.

R12 — Validity of target projections: The SBTi recommends that companies check the validity of target-related projections on an annual basis. The company should notify the SBTi of any significant changes and report these major changes publicly, as relevant.

SECTOR-SPECIFIC REQUIREMENTS

Sector-specific guidance and methods are currently available for many sectors. All new, sector-specific guidance that becomes available will be uploaded to the sector guidance page on the SBTi website. The SBTi has sector-specific requirements related to the use of target-setting methodologies and minimum ambition levels for near-term target setting. The eligible methods set out in *Table 1* below concentrate on scope 1 and 2 near-term targets, unless otherwise specified.

Table 1 Sector-specific requirements for near-term targets

Sector	Eligible methods	Guidance and further notes
Aluminium	When setting SBTs, companies can set targets using the cross-sector pathway (absolute targets only).	Guidance is being developed for the aluminium sector and is currently in the scoping phase.
Apparel and footwear	When setting SBTs, companies can set targets using the cross-sector pathway (absolute targets only).	Optional guidance is available for companies in the apparel and footwear sector.
Aviation	When setting SBTs, companies providing air transport services can set targets using the physical intensity convergence method using the pathways available in the SBTi Aviation tool. The target boundary must cover well-to-wake emissions (WTW), as specified in the SBTi Aviation Guidance. Alternatively, when setting SBTs, companies can set targets using the cross-sector pathway (absolute targets).	For all transport-related emissions across all sectors, companies should report these emissions on a well-to-wheel (WTW) basis in their GHG inventory (well-to-wake for aviation). For aviation this is the sum of both scope 1 emissions from jet fuel combustion and scope 3 category 3 "fuel- and energy-related activities" emissions from upstream production and distribution of jet fuel. Aviation target formulation and communication must explicitly state that targets are exclusive of non-CO_2 factors. Targets must include a footnote stating that non-CO_2 factors which may also contribute to aviation-induced warming are not included in this target and whether the company has publicly reported or commits to publicly report its non-CO_2 impacts.
Buildings	When setting SBTs, companies in these sectors are recommended to set absolute targets or intensity targets using the residential buildings pathway, service buildings pathway, or cross-sector pathway (absolute targets only).	Real Estate Investment Trusts (REITs) wishing to set targets must specify if they are a mortgage-based or equity-based REIT. Equity REITs must pursue the regular target validation route for companies. Mortgage REITs must instead utilize the Financial Institutions guidance for setting SBTs.

	Please note scope 3 must include emissions from use of sold products for architecture/design firms	The SBTi is developing guidance for companies operating in the built environment.
Cement	When setting SBTs, companies are recommended to set absolute or intensity targets using the cement pathway, or cross-sector pathway (absolute targets only).	The SBTi has released guidance to aid companies in the cement industry in setting science-based targets
Chemical	When setting SBTs, companies can set targets using the cross-sector pathway (absolute targets only).	The SBTi is developing guidance for companies in the chemicals sector. Companies that produce or sell fluoro-gases (or products that use HFCs) must account for and report emissions during the use of these gases in cooling units/refrigerants or in industrial applications in their GHG inventory under scope 3 category 11 "use of sold products".
Financial Institutions	Sufficient ambition if in line with the cross-sector pathway (absolute targets only) or relevant SDA pathways (e.g., Services/ Commercial buildings). Sector-specific criteria and methods are available for financial institutions to align their investments and lending with Paris-aligned climate stabilization pathways.	The SBTi guidance for financial institutions outlines in detail the target setting requirements for setting both scope 1+2 and scope 3 targets for investment and lending activities. The SBTi also has separate guidance developed for private equity firms
Forest, Land and Agriculture (FLAG)	Companies with significant FLAG emissions are required to set targets (see criteria in the next table column). These are separate from their SBTs that cover all non-FLAG emissions. FLAG targets must use the FLAG-sector pathway (absolute targets) or a commodity pathway (intensity targets). Commodity pathways are available for 11 commodities: beef, chicken, dairy, leather, maize, palm oil, pork, rice, soy, wheat, and timber and	The following companies are required to set FLAG targets: 1.) Companies with FLAG emissions that total 20% or more of overall emissions across scopes. 2.) Companies in the following sectors: • Forest and Paper Products– Forestry, Timber, Pulp and Paper, Rubber. • Food Production– Agricultural Production. • Food Production– Animal Source. • Food and Beverage Processing.

	wood fiber. Companies in the forest products sector are required to use the commodity pathway for timber and wood fiber. The FLAG target must cover at least 95% of FLAG-related scope 1 and 2 emissions. The FLAG target must cover at least 67% of FLAG-related scope 3 emissions. Please see the FLAG Guidance for further guidance and criteria.	• Food and Staples Retailing. • Tobacco. Please see the FLAG Guidance.
Fossil Fuel Sale/Transmission/ Distribution* **This information is only applicable to companies that receive less than 50% of their revenue from fossil fuel sale, transmission, or distribution.*	In addition to following the guidance for the primary sector, companies must set targets for scope 3 category 11 "use of sold products" using absolute reduction aligned with at least 1.5°C ambition thresholds.	Targets must be set for scope 3 category 11, irrespective of the share of these emissions compared to the total scope 1, 2 and 3 emissions of the company. Separate scope 3 targets may need to be set in this case. Companies with more than 50% of their revenue from fossil fuel sale, transmission, or distribution cannot officially validate targets at this stage.
Information and communication technology providers	When setting SBTs, companies in these sectors must use the cross-sector pathway (absolute targets only).	The SBTi guidance for ICT companies including mobile networks operators, fixed networks operators and data centres operators outlines in detail the target setting requirements for setting scope 1 and 2 targets.
Iron and Steel	When setting near-term SBTs, companies in these sectors can set targets using the cross-sector pathway (absolute targets only). When setting long-term SBTs, companies in these sectors can set targets using the cross-sector pathway (absolute reduction targets) or using the long-term sector intensity pathway (intensity targets).	The SBTi is developing guidance for companies in the steel sector.
Maritime Transport	Companies in Maritime Transport **must** use the sector-specific pathway.	On the transport sector page, you can find the Maritime Transport Guidance and the Maritime Transport Target Setting Tool.

	Near-term targets can be no earlier than 2030. All companies setting near-term science-based targets covering emissions from own operations (e.g., vessel owners or operators) shall also submit long-term science-based targets along with their near-term target submission. For maritime transport emissions, a long-term science-based target means reducing emissions to a residual level in line with 1.5°C scenarios by no later than 2040.	Please note that companies using this guidance to set near-term science-based targets covering scope 3 emissions from subcontracted maritime transport operations (e.g., cargo owners or shippers) are not required to submit long-term science-based targets.
Oil and gas	The SBTi is developing a new methodology for companies in the oil and gas sector to set science-based targets. Currently, the SBTi is unable to accept commitments or validate targets for companies in the oil and gas or fossil fuels sectors. Please see our policy for further information and those that are excluded from this.	Companies in this sector include - but are not limited to - integrated oil and gas companies, integrated gascompanies, exploration and production pure players, refining and marketing pure players, oil products distributors, gas distributors and retailers and traditional oil and gas service companies. Please see the Oil and Gas sector webpage for more information. The SBTi will assess companies on a case-by-case basis to determine sector classification for SBTi validation purposes. Therefore, the SBTi reserves the right to not move forward with a company's validation, until methods/guidance have been developed/completed. About fossil fuel service companies: Service companies are defined as companies that support exploration, extraction, mining or production of fossil fuels, and other significant activities along the fossil fuels value chain, not covered by sale, transportation or distribution category. The expectation is that such companies need to account for the indirect

		emissions related to the fossil fuels directly or indirectly managed by the company. Given the limitation of accounting standards and target setting methods for these sectors, the SBTi reserves the right to not move forward with a company's validation. The SBTi expects that the oil and gas sector guidance will help inform the rules for these. About fossil fuel assets: Companies that have dormant or active fossil fuel assets (e.g., coal mine, lignite mine, etc.) for extraction activities with commercial purposes (meaning sales), cannot officially validate targets at this stage, until further specific methods and guidance. The SBTi recommends companies to decommission fossil fuel assets, instead of divesting, as this approach better reflects the need to phase-out fossil fuels in our global economy, as science indicates is necessary. If a company completely decommissions/divests from fossil fuel assets, they will no longer be considered under these rules, and can submit targets as per standard route. The SBTi recommends companies to follow the GHG Protocol for base year recalculations.
Power Generation	The intensity convergence method **must** be used by power generation companies, as specified in the Guidance for Electric Utilities. For power sector companies, long-term science-based targets must reduce emissions to a residual level in line with 1.5°C scenarios by no later than 2040 using the Sectoral	Please see the Power/Electric utilities Guidance. As explained in the guidance for electric utilities, power generation companies are expected to set at least two targets. The first is a scope 1 target over all electricity generation modelled using the 1.5°C aligned power SDA that is expressed in terms of MWh energy generated. The

	Decarbonization Approach.	second is an all sold electricity target covering the portion of scope 1 and direct biogenic CO_2 and scope 3 category 3 emissions associated with all sold electricity. This target must also be modelled using the 1.5°C aligned power SDA and expressed in intensity terms. For power generation companies that distribute and sell fossil fuels, a third target must be set covering 100% of emissions from downstream use of fossil fuels. This should be an absolute target that aligns with a 1.5°C mitigation pathway. In order to meet the 67% scope 3 coverage threshold, power companies may need to set a target over other scope 3 categories as well.
Pulp and Paper	When setting SBTs, companies can set targets using the cross-sector pathway (absolute targets only).	Guidance is being developed for the pulp and paper sector and is currently in the scoping phase.
Road and rail	When setting SBTs, companies can set targets using the cross-sector pathway (absolute targets only).	Target setting guidance will be updated along with sector trajectory but you can view the transport sector guidance here. For all transport-related emissions across all sectors, companies should report these emissions on a well-to-wheel (WTW) basis in their GHG inventory (well-to-wake for aviation and maritime transport).
Transport OEMs/Automakers	The SBTi is temporarily pausing near- and long-term target validations and target updates for automakers until 1.5°C scope 3 targets for use-phase emissions from new road vehicles are developed and approved. Please see our policy for further information.	This applies to automakers. Auto part manufacturers can still set targets using the cross-sector absolute reduction.