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.