



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

# REQUEST FOR PROPOSALS:

## Science-based target setting methods for scope 1 emissions

January 2024

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## 1. CONTACT DETAILS

**Name:** Ginger Kowal  
**Position:** Interim Head of Research  
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## 2. PROJECT SCHEDULE

Call launch	11 January 2024
Deadline for submitting proposal	27 March 2024 (extended from 5 February 2024)
Contract awarding	12 April 2024
Estimated kick-off date	26 April 2024
Submission of draft final report	12 weeks after project kick-off (Estimated 19 July 2024)

## 3. SUMMARY

As part of its development as a standard-setter, the Science Based Targets initiative (SBTi) is assessing the methods used for setting science-based targets. This work will help inform the development of future standards, including revision of the SBTi Corporate Net Zero Standard.

The SBTi is thus opening a request for proposals from a third party to conduct an independent review of science-based target-setting methods for corporate scope 1 emissions. The project aims to provide valuable insights into the selection, application, and evaluation of methods for setting science-based targets, thereby supporting the mission of the SBTi in driving ambitious corporate climate action. The recipient of the work (hereafter defined as “Contractor”) is expected to employ a rigorous methodology, including a comprehensive landscape analysis and quantitative assessment of methods through the design of a comprehensive set of case study company ensembles. The outputs of the review will include recommendations of potential changes to target-setting methods to address loopholes, fill gaps, and to enhance the robustness of the outcomes associated with the methods.

The results of the study will inform potential adjustments to the target-setting methods that underpin the SBTi’s standards and related instruments, following applicable SBTi standard operating procedures. The outcomes of this work will thus contribute to strengthening the technical foundations of the SBTi’s standards and reinforcing its role in driving global decarbonization efforts in the private sector.

The request covers the research and development of a comprehensive report. The proposal deadline is 27 March 2024 for delivery by August 1, 2024.

## 4. ABOUT THE SBTi

The SBTi drives corporate climate action by enabling businesses and financial institutions globally to set science-based greenhouse gas (GHG) emissions reduction targets.

It was formed as a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI), the World Wildlife Fund (WWF), and the We Mean Business Coalition. The SBTi's goal is to enable companies worldwide to do what climate science requires of the global economy: to halve emissions by 2030, and achieve net-zero before 2050. The SBTi develops criteria and provides tools and guidance to enable businesses and financial institutions to set greenhouse gas (GHG) emissions reduction targets in line with what science tells us is needed to keep global heating below 1.5°C. Offering a range of target setting resources and guidance, the SBTi independently assesses and approves companies' targets in line with its strict criteria.

## 5. BACKGROUND TO SBT METHODS

Science-based target (SBT) methods are used to determine GHG emissions reduction targets for individual companies that align with global climate goals, such as limiting global warming to 1.5°C by the end of the century (Science Based Target initiative (SBTi), 2019). These methods provide an individual company with a quantifiable emission reduction target, playing a crucial role in driving the ambition of their climate efforts. While the SBTi's guidance requires companies to set targets covering emissions in scope 1, 2, and 3, including value chain emissions, this call for review focuses on methods that address the scope 1 emissions of corporate entities only.

SBT methods are one key component of existing target-setting approaches, which typically consist of: 1) a global or sector-level carbon budget, 2) an emissions pathway that defines the maximum allowable emissions over time, consistent with the budget, and 3) an SBT method that downscales the relevant emission pathway or carbon budget to the level of the target-setting entity. SBT methods are applied through the definition of a target-setting metric, which specifies the unit of measurement for the target. Most available methods for scope 1 emissions targets are either absolute metrics (expressed in terms of absolute GHG emissions), or intensity-based metrics (expressed in terms of GHG emissions per unit of physical production or economic contribution). Currently, the SBTi accepts two methods for companies to set SBTs covering scope 1 emissions: the Absolute Contraction Approach (ACA), which uses the metric of absolute emissions; and the Sectoral Decarbonization Approach (SDA), which uses a physical intensity-based metric (SBTi, 2019).

Several studies have examined the available methods for downscaling global emissions pathways into SBTs for companies, including methods utilizing absolute and intensity-based metrics; these studies have led to divergent conclusions on the methods' effectiveness (Bjørn et al., 2021; Chang et al., 2022; Faria & Labutong, 2020; Rekker et al., 2022; Walenta, 2020). These contrasting findings can be attributed to differences in the frameworks and rubrics employed by each study to characterize the methods, and in the principles and metrics used to assess their effectiveness.

To update the use of target setting methodologies within its framework, the SBTi is currently conducting an internal review of SBT methods currently used by the SBTi, as well as other methods available in the literature. The findings of this study will inform the SBTi's methodological framework

and guide the selection of methods and metrics for companies' short and long-term SBTs for all scopes. To enhance the rigor and objectivity of the assessment, the SBTi is also issuing the following **call for independent review of SBT setting methods for scope 1 emissions**. The results of the independent review will directly strengthen the assessment of methods for scope 1, and contribute insight into methods applicable to all scopes. By seeking external input, the SBTi aims to leverage diverse expertise and improve its decision-making process.

This document outlines the objectives and scope of the independent review, along with contract details and the requirements that the Contractor must fulfill throughout the entire project duration.

## 6. PROJECT OBJECTIVES

This project will lay the groundwork for a rigorous principles-based assessment of target-setting methods by reviewing existing methods, clearly documenting their theoretical basis and assumptions, and demonstrating through quantitative analysis whether the methods are consistent with draft principles defined by the SBTi. Specifically, the primary objectives of this research proposal are as follows:

1. Perform a landscape analysis of existing science-based target-setting metrics and methods, and identify the key input data, assumptions, and necessary preconditions underlying each method.
2. Assess the metrics and methods identified in task 1 against draft principles developed by the SBTi (see Annex). Assess the evidence that the metrics and methods would, if adopted at scale, drive conservation of the emissions budget needed to stabilize global temperatures consistent with the Paris Agreement.
3. Propose revisions to metrics and methods to address gaps, close loopholes, and bring methods into greater alignment with the draft principles.

## 7. SCOPE OF WORK AND DELIVERABLES

The following tasks and deliverables are required:

### Task 1: Landscape analysis

The objective of this task is to conduct an extensive literature review to identify and characterize metrics and methods for setting science-based targets for corporate scope 1 emissions, using reputable sources and academic databases to ensure a comprehensive assessment. Key characteristics for each metric and method assessed should include input data requirements, assumptions, and necessary preconditions for the method to work as designed.

### Task 2: Case study design and methods application

Here, the metrics and methods identified in Task 1 will be tested in different case study ensembles representing archetypal SBT companies (for example, sets of hypothetical companies that differ in their emissions, growth, sector, geography, or other relevant characteristics). The case study analysis should provide a quantitative assessment of each method's conformance to draft principles identified by the SBTi (see Annex), for principles that support quantitative analysis. The analysis

should also assess the evidence that each metric and method would, if adopted at scale, drive conservation of the emissions budget needed to stabilize global temperatures consistent with the Paris Agreement. Case study ensembles should be designed to highlight key assumptions and preconditions for each metric and method, as documented in task 1, and to test the robustness of each metric and method to realistic variation in the characteristics of companies setting SBTs. This task will therefore provide insights into the effectiveness and applicability of the methods for different types of companies.

### Task 3: Assessment and recommendations

The objective of this task is to summarize and compare the strengths, limitations, and operational considerations associated with each metric and method, relative to draft principles identified by the SBTi, based on case study findings and additional qualitative evidence. Finally, the assessment should include a recommendation to the SBTi for new metrics, new methods, or revisions to existing methods that would close loopholes, fill gaps, and bring SBT methods into greater alignment with the principles.

## 8. RESPONDING TO THE CALL

Candidates are requested to respond to this call by providing a proposal which answers each of the points listed below. It is recommended that the proposal is concise.

- 1.1 An overview of the Contractor's experience and competency in areas relevant to the topics to be covered in this study. Note that selection of the Contractor to undertake this work will be based only on the contents of the proposal. No assumptions will be made based on the reputation, expertise, or track record of the Contractor. These attributes should be reflected effectively within the proposal.
- 1.2 A description of how each of the tasks highlighted in the scope of work will be addressed and plan for deliverables on time. This should also include a description of the ways in which conformance of the methods to draft principles identified by the SBTi (see Annex) will be assessed quantitatively.
- 1.3 An outline of how any actual or perceived conflicts will be managed in the course of project delivery. Specifically, a description is required of any actual or perceived conflict of interest and/or loyalty arising from work history of the Contractor that could introduce bias toward or against any methods, and how these will be managed.
- 1.4 An overview of the key personnel that would be assigned to each task outlined above, stating their experience and providing bios.
- 1.5 An overview of the structure of teams performing each task, with details of how escalation points will be managed.
- 1.6 A signed and dated statement acknowledging that any intellectual property resulting from this engagement will belong exclusively to the SBTi.
- 1.7 A statement of terms and conditions relating to:
  - Data sharing agreements
  - Confidentiality agreements
  - Geographical location(s) for data storage

- 1.8 A financial proposal detailing the fees required for each task, along with payment terms. All quotes should include VAT.

## 9. GUIDELINES FOR PROPOSAL SUBMISSION

### Expression of interest, the deadline for questions, and proposal

- All expressions of interest and questions about the call must be received via email to Ginger Kowal by **20 March 2024**. The subject line should be titled: **Call for independent review – SBTi Target setting methods**.
- If you have any questions relating to the proposal, please email Ginger Kowal by **20 March 2024**. We will issue answers to all questions by close of business 22 March 2024 to all parties.

All proposals must be received by **18:00 GMT on 27 March 2024**.

## 10. TIMING OF DELIVERABLES

A Contractor will be selected by the SBTi by 12 April 2024. After awarding of the contract, the project should begin with a kick-off meeting (estimated to be during the week of 22 April 2024). The final draft report should be submitted to the SBTi within 12 weeks of the date of the kick-off meeting.

## 11. PROGRESS REVIEWS

Allowance should be made for regular progress updates with the SBTi Research Team. At minimum, these would be at study kick-off, mid-term and close-out supported by PowerPoint slides. While face-to-face meetings are often advisable, there may be circumstances where alternative means of communication such as video conferencing (via Google Meet) or e-mail are more practicable. The SBTi will be responsible for the costs of its representative attending the meetings.

## 12. REPORTING AND PROJECT COMPLETION

The Contractor shall submit short monthly progress updates by email to the project contact (listed above). At project completion, the Contractor shall provide a comprehensive written report, including detailed assessment methodology and research findings, and quantitative materials such as data inputs sufficient to reproduce any quantitative analysis. The results of the study performed under this engagement will be wholly owned by SBTi and may be published externally at the discretion of the SBTi. Any potential adjustments to the SBTi's target-setting methods will be conducted according to the standard-setting procedures of the SBTi.

## 13. EVALUATION CRITERIA

Staff allocated by the SBTi will assess all proposals, solutions and potential providers against the same criteria. The SBTi Research Team will consider proposals and conduct the assessment to ensure that a fair and rigorous selection is made.

The following elements will be the primary considerations in evaluating all proposals submitted in response to this RFP:

1. Completion of identified required elements;
2. The extent to which the Contractor's proposal fulfills the stated requirements as set out in the RFP;
3. Evidence that the Contractor is able to manage any actual or perceived conflicts of interest related to work history that could introduce bias toward or against any methods;
4. Experience with similar projects;
5. Sustainability – the SBTi values sustainability and all other factors being equal, will favor a proposal to more sustainably perform the work;
6. Overall cost of the Contractor's proposal

## 14. REFERENCES

- Bjørn, A., Lloyd, S., & Matthews, D. (2021). From the Paris Agreement to corporate climate commitments: evaluation of seven methods for setting 'science-based' emission targets. *Environmental Research Letters*, 16(5), 054019. <https://doi.org/10.1088/1748-9326/abe57b>
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- Faria, P. C. S., & Labutong, N. (2020). A description of four science-based corporate GHG target-setting methods. *Sustainability Accounting, Management and Policy Journal*, 11(3), 591–612.
- Rekker, S., Ives, M. C. , Wade, B., Webb, L., & Greig, C. (2022). Measuring corporate Paris Compliance using a strict science-based approach. *Nature Communications*, 4441(13).
- Science Based Target initiative (SBTi). (2019). *Foundations of Science-based Target Setting*. Available at <https://sciencebasedtargets.org/resources/files/foundations-of-SBT-setting.pdf>
- Walenta, J. (2020). Climate risk assessments and science-based targets: A review of emerging private sector climate action tools. *Wiley Interdisciplinary Reviews: Climate Change*, 11(2), e628. <https://doi.org/10.1002/WCC.628>



## ANNEX: DRAFT PRINCIPLES FOR SCIENCE-BASED TARGET-SETTING METHODS

The Science Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets. As the scientific and social context of global climate action evolves, developments in new technology, new scientific evidence, pathways, and methods that are relevant to target setting are regularly produced. It is important for the SBTi to periodically review these emerging scenarios and methods in a robust and transparent manner, thus ensuring that company targets validated by the SBTi are up-to-date with the latest climate science and best practice in target setting, while remaining consistent with our organization's values and mission.

To that end, the following draft principles reflect the values and goals that science-based target setting methods are intended to serve. These principles will guide the SBTi's review of emerging science and practice, facilitating assessment of target setting methods and proposed methods revisions. Note that the principles, while fully applicable to the call for proposals, are in draft form and are subject to revision. Any future revision of the principles by the SBTi will not be applied to change the scope or deliverables of the independent methods review.

1. **Transparent:** The method should be clear and open, providing full disclosure of the assumptions, data sources, and calculation processes. This transparency ensures that stakeholders can understand how targets are derived and trust in their legitimacy.
2. **Replicable:** The method must enable other practitioners to duplicate the process and achieve the same results using the same data and assumptions. This repeatability is crucial for verifying the method's reliability and for fostering broader adoption across different entities and sectors.
3. **Peer-reviewed:** The method should be subjected to scrutiny by independent experts in the field to verify its scientific validity, credibility, and alignment with established climate science. Peer review helps to ensure that the method adheres to rigorous academic standards and is recognized as a legitimate tool by the scientific community.
4. **Free and Open Source:** The method and any associated tools should be freely available, allowing users to apply, modify, and distribute them without restriction. Open-source approaches promote collaboration, innovation, and democratization of access to climate action tools.
5. **Feasible:** The method should be practical to implement and be based on widely available input variables. The method should be practical for the SBTi to design and support, considering the operational constraints within which the SBTi operates (e.g., data availability).
6. **Fair:** The method should be complimentary with other sustainability goals, including equity and justice. To the extent possible, the method should take into consideration a) historic emissions, b) current level of performance, c) capabilities of the target-setting entity, including the projected contribution of the target-setting entity to relevant economic output.
7. **Responsible:** The method should guarantee that if all companies in a sample apply the

method, a relevant emissions budget for the sample is not exceeded. The method should not rely on carbon budget conservation by shifting decarbonization effort to non-target setting entities.

8. **Robust and relevant:** The method should employ metrics that are stable and robust to extraneous variation, such that changes to the metric's value reflect genuine decarbonization of the operations of the target-setting entity (for example, the elimination or abatement of emissions sources in a company's reporting boundary or the replacement of higher-GHG commodities or energy services with lower-GHG alternatives inside or outside a company's reporting boundary).