

# The SBTi's Net-Zero Standard Road Test

## Workshop 1

22<sup>nd</sup> July 2021

Partner organizations



United Nations  
Global Compact



WORLD  
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# Today's speakers and the Net-Zero project team



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# CONTENTS

- Today's objectives
- Net-Zero Standard Development process
- Road test survey and what it means to be an SBTi NZ Champion
- Deeper dive into Net-Zero Standard Criteria
- What's planned for Workshop 2?



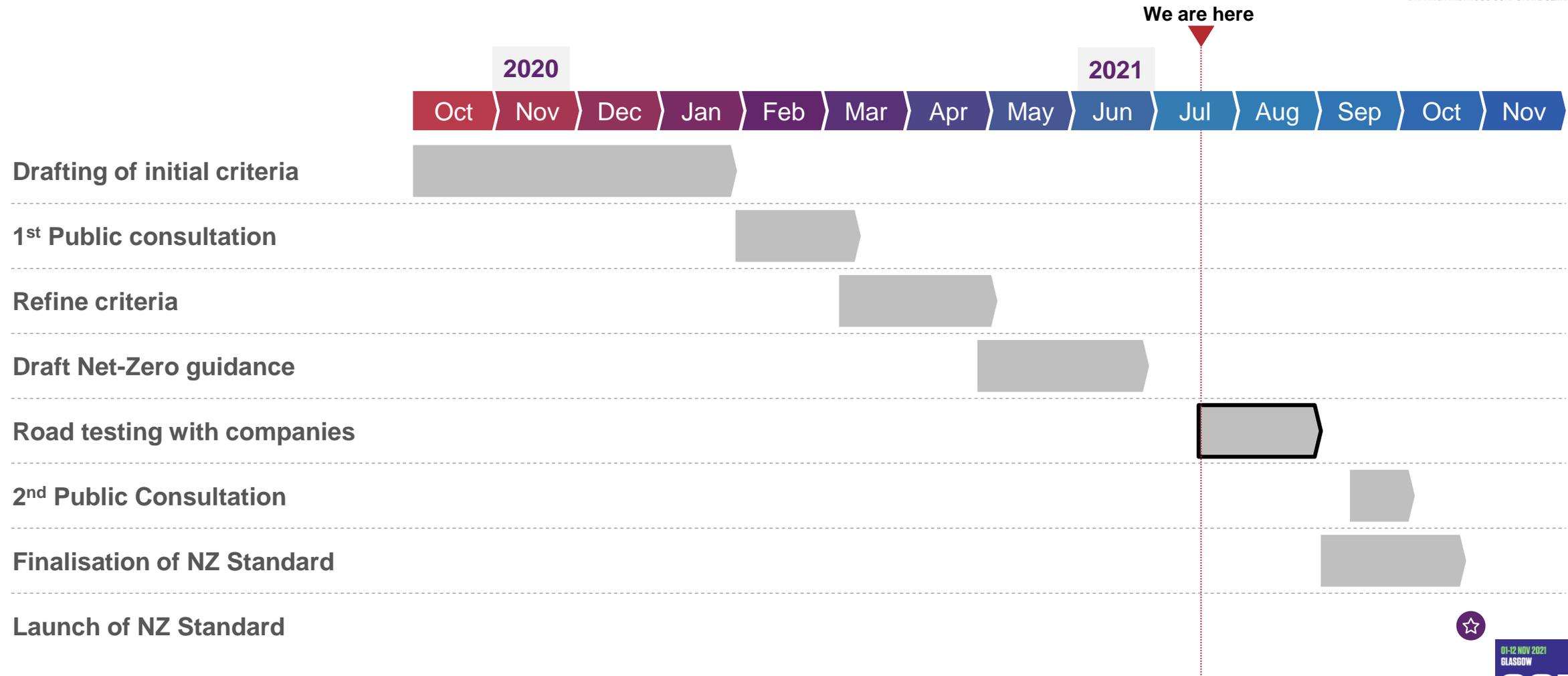
## Today's objectives

- Further explain the road testing process (including details on what it means to be an SBTi champion and the survey)
- Provide explanation on the Net-Zero Standard Criteria for near and long-term SBTs
- Update road testers on the SBTi's new strategy



# Net-Zero Standard development process

# The Net-Zero Standard – where are we in the process?

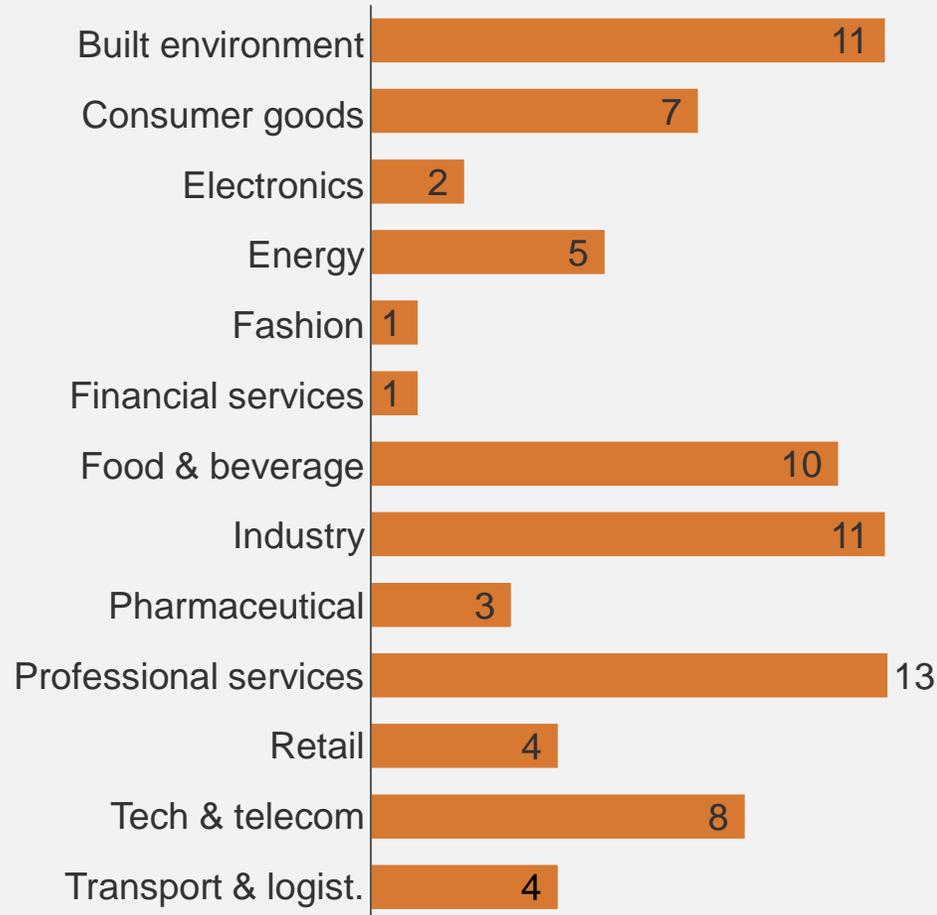


☆ Target launch date has been moved forward to Monday, 18<sup>th</sup> of October.



# 79 companies are participating in the road test

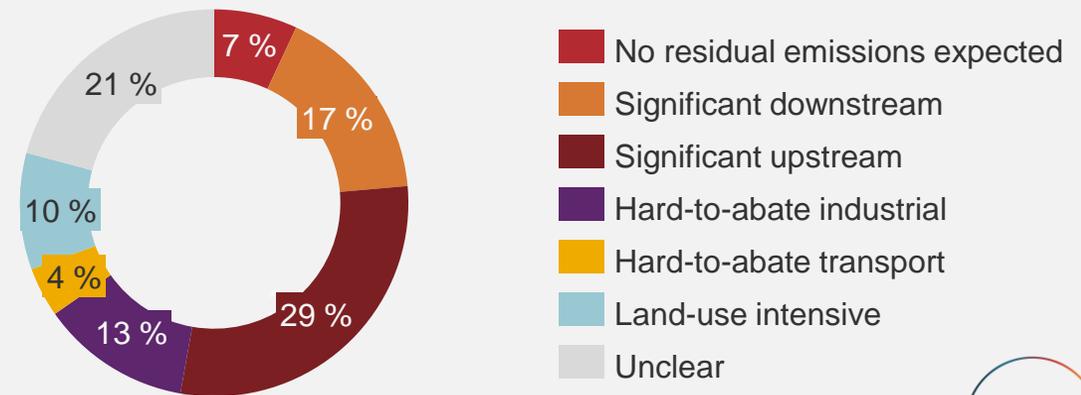
## Industries



## Geographies



## Type of emissions



## Three key objectives for the road testing process

- Gather feedback on the clarity, robustness and practicality of the target setting tool, criteria and guidance
- Identify key challenges for adoption and implementation of the standard across industries
- Build a strong network of companies on the journey to setting net-zero targets in line with climate science



# Road testing deliverables



## Deliver target modelling results

- Trial the target-setting tool
- Share results with SBTi



## Provide detailed feedback through survey

- Review the criteria
- Answer all questions in the survey



## Engage with SBTi to address issues

- Participate in workshops where possible
- Make use of office hours to discuss any questions, obstacles, or suggestions
- Participate in one-on-one discussions as needed



## Become a NZ SBTi champion

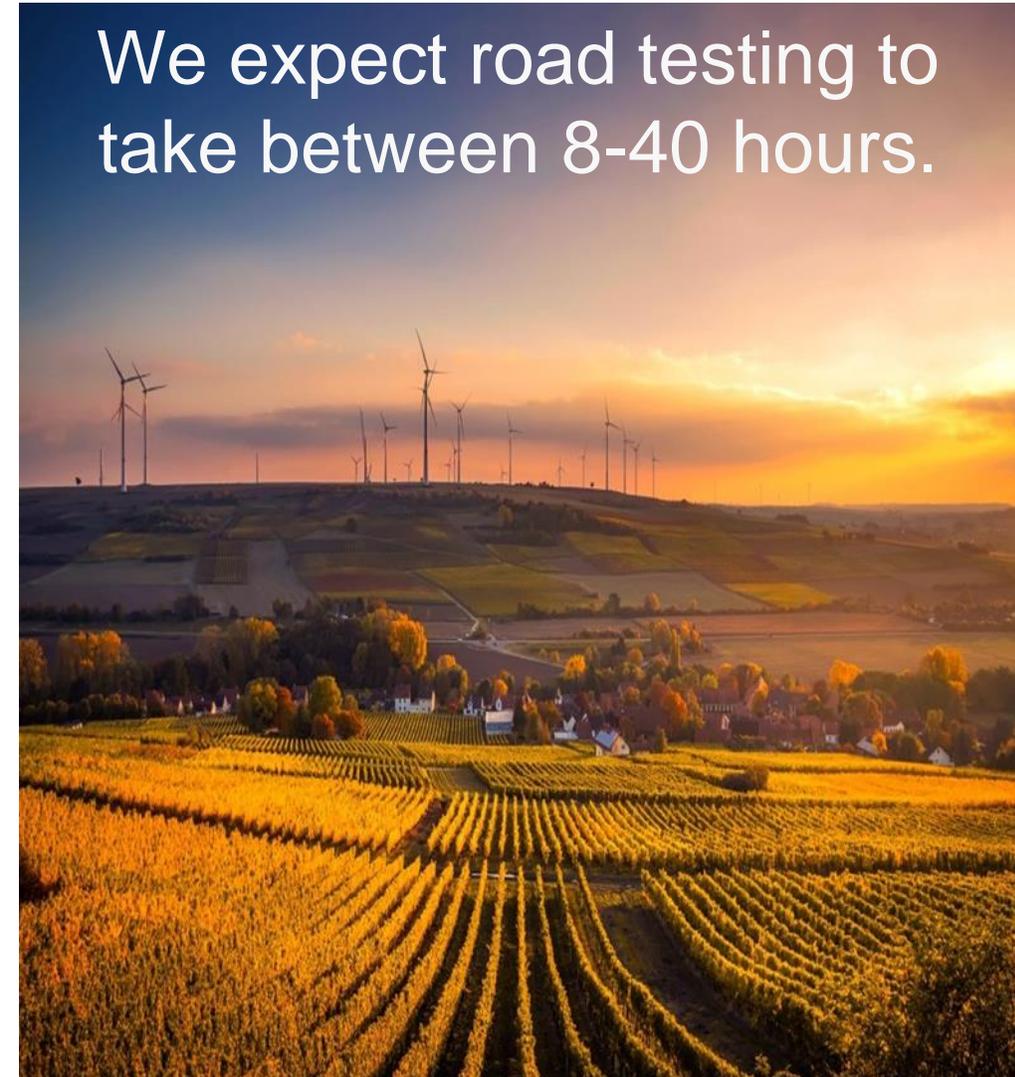
- Take part in deep dive interviews to discuss adoption barriers, expectations, gaps, etc.
- Develop case studies

*Expected of all participants*

*Recommended*

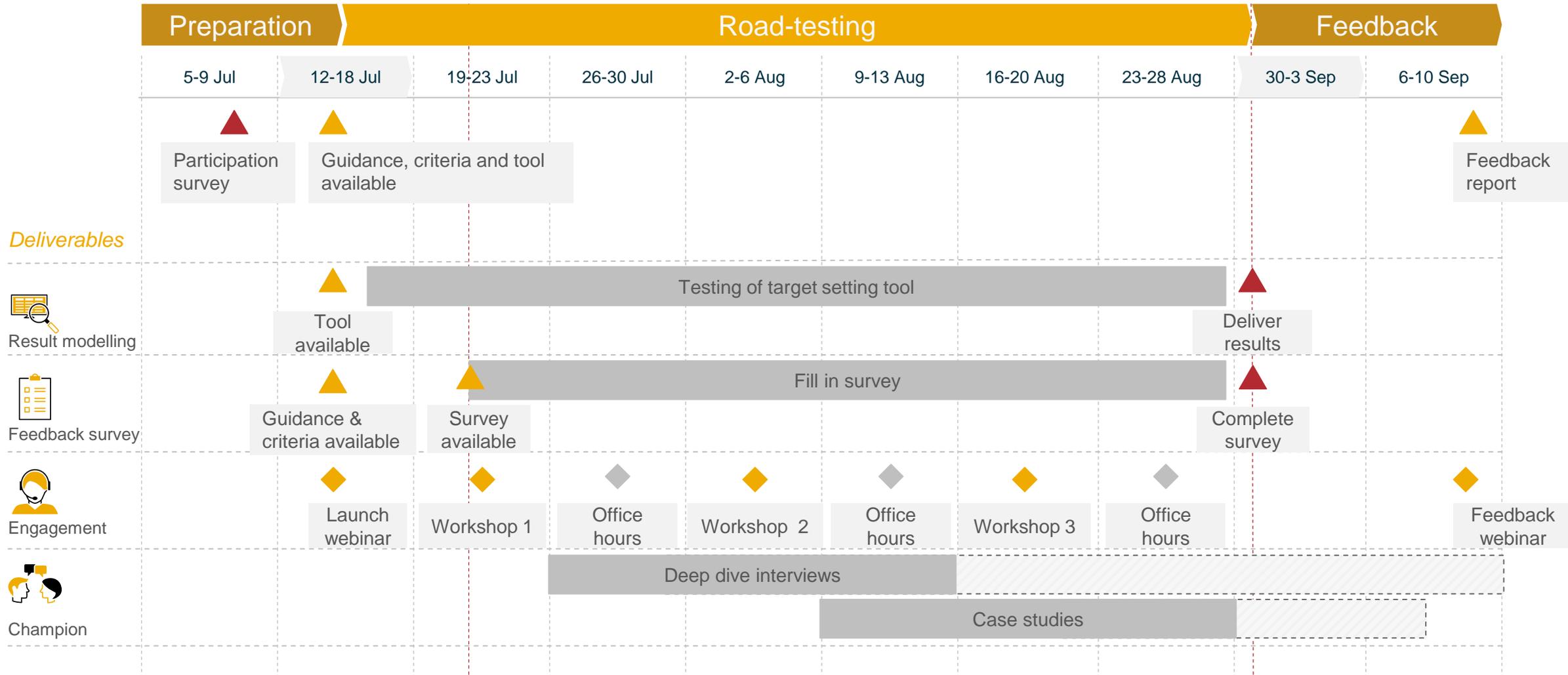
*Optional*

We expect road testing to take between 8-40 hours.



# What is the timeline for road testing?

-  *Deadline for participants*
-  *Milestone*
-  *Meeting*



# Meetings to support participants and gather feedback during the process

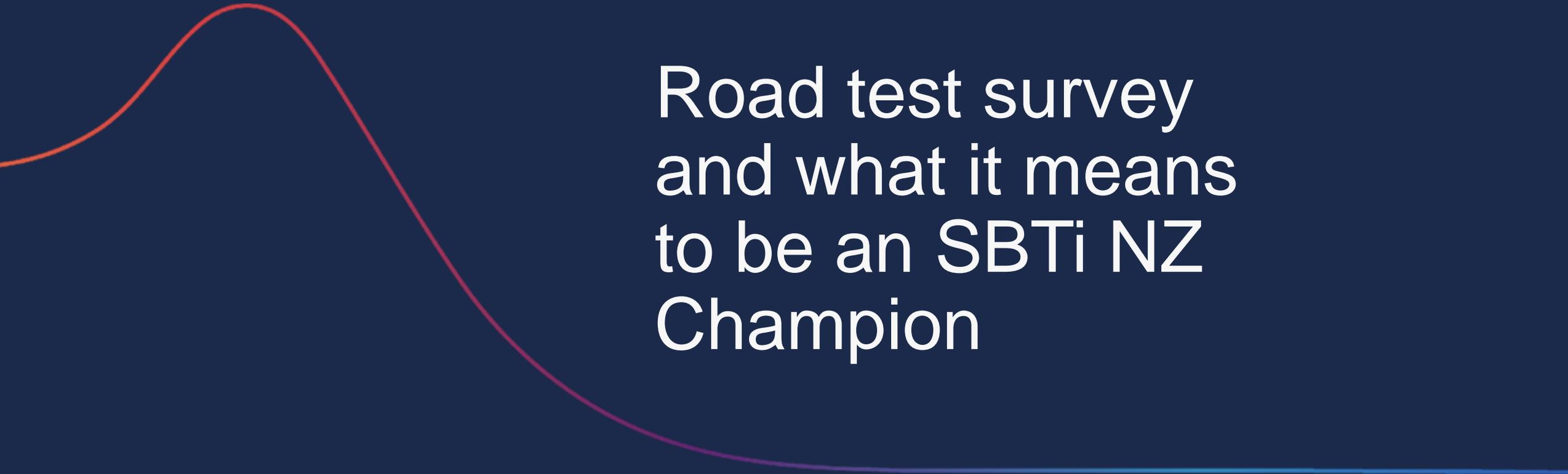
**CONFIDENTIALITY**  
We offer one-on-ones for participants that wish to remain confidential

**We are here**

|                        | ◆  | ◆   | ◆                                   | ◆                                       | ◆                                   | ◆   | ◆                                   |
|------------------------|--|---|-------------------------------------|---|-------------------------------------|---|-------------------------------------|
|                        | <b>Launch</b>                                | <b>Workshop 1</b>                                 | <b>Office hours 1</b>               | <b>Workshop 2</b>                       | <b>Office hours 2</b>               | <b>Workshop 3</b>                           | <b>Office hours 3</b>               |
| <i>Eastern (CEST)</i>  | 15 July<br>10:00-11:00                       | 22 July<br>10:00-11:00                            | 28 July<br>10:00-10:50              | 5 August<br>10:00-11:00                 | 11 August<br>10:00-10:50            | 19 August<br>10:00-11:00                    | 25 August<br>10:00-10:50            |
| <i>Western (CEST)</i>  | 15 July<br>15:00-16:00                       | 22 July<br>16:00-17:00                            | 29 July<br>16:00-16:50              | 5 August<br>16:00-17:00                 | 12 July<br>16:00-16:50              | 19 August<br>16:00-17:00                    | 26 August<br>16:00-16:50            |
| <b>Attendance</b>      | Required                                     | Preferred   | Optional                            | Preferred                               | Optional                            | Preferred                                   | Optional                            |
| <b>Topics covered*</b> | Explanation of methods, tool, guidance, etc. | Further explanation & discussion around materials | Open to questions from participants | Using the tool and workshopping targets | Open to questions from participants | Discussion on gaps, adoption barriers, etc. | Open to questions from participants |

**Next workshop**





# Road test survey and what it means to be an SBTi NZ Champion

# What does it mean to be an SBTi champion?

We will be in touch with those companies who have indicated they would like to participate further next week.



## Basic road-testing

*Complete result modelling and provide feedback on materials*

### Up to 40 hours time investment:

- Read through Net-Zero Standard materials
- Complete result modelling
- Complete 30-min survey

Our ask



## Deep-dive interview

*Engage with SBTi in an interview to zoom in on adoption barriers*

### 1 hour additional time investment:

- Participate in 45-min virtual interview with SBTi Net-Zero team
- Potential follow-on discussion



## External-facing case study

*Participate in case study based on deep-dive interview*

### 3 hours additional time investment:

- Provide offline feedback on draft text based on interview
- Promote publication through your channels

Objectives for SBTi

- Receive structured input on understanding of overall method, added value, and feasibility and key challenges for adoption
- Solve technical issues and unclarties

- Understand different interpretations of "net-zero"
- Discuss key drivers and challenges for adopting long-term SBTs
- Brainstorm on potential solutions and recommendations to increase adoption

- Build a strong network of promoters and advocates
- Create continuous communication with the public to showcase the development process of long-term SBTs
- Educate other companies and stakeholders on the process of adopting long-term SBTs

Added value for participant

- Share your perspective and understanding of net-zero
- Provide inputs and recommendations to the Net-Zero Standard

- Opportunity to engage with SBTi and learn more about long-term SBTs and the Net-Zero Standard
- Share your perspective and understanding of net-zero
- Provide inputs to the final version of Net-Zero Standard and think collectively about recommendations

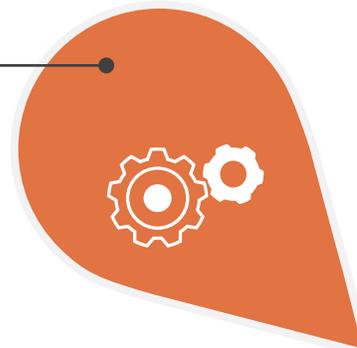
- Establish yourself as frontrunner in climate action
- Build sustainability credentials and expertise within your organization
- Provide inputs and feedback to the Net-Zero Standard by working closely together with SBTi



# Survey gathers your structured input on four key dimensions and is now open

## Overall NZ method

Questions on the criteria, pathways and framework options



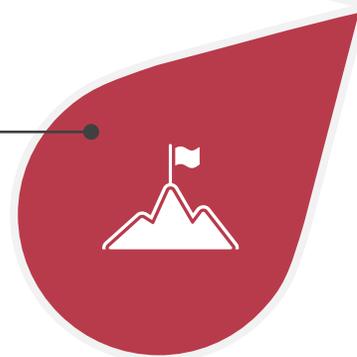
## Target setting tool

Questions on user-friendliness of the tool in general



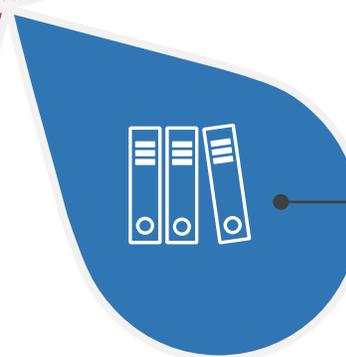
## Feasibility and key challenges

Questions on how realistic the results and timelines are for your specific industry and what adoption barriers you would see for wide-scale implementation



## Supporting materials

Questions on ease of use and clarity of the materials provided to support the process (e.g. instructions, guidance, etc.)



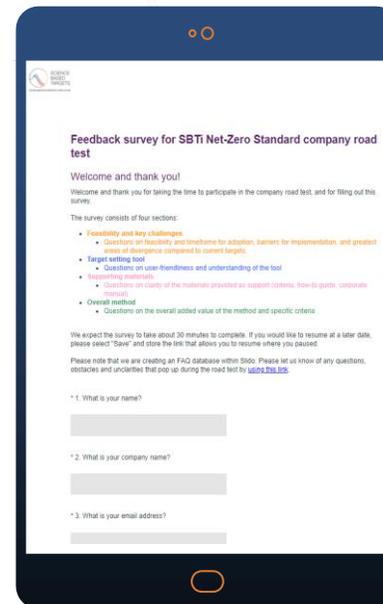
# Feedback survey and Q&A tool for questions

## Feedback Survey

A 30-minute survey to complete after trying out the target setting tool and using the supporting materials.

★ Provide feedback on the feasibility, key challenges, ease of use of the target setting tool, and overall method

★ Link:  
<https://www.surveymonkey.com/r/V7WWHM3>



Feedback survey for SBTi Net-Zero Standard company road test

Welcome and thank you!

Welcome and thank you for taking the time to participate in the company road test, and for filling out this survey.

The survey consists of four sections:

- **Feasibility and key challenges**
  - Questions on feasibility and timeline for adoption, barriers for implementation, and greatest areas of divergence compared to current targets.
- **Target setting tool**
  - Questions on user-friendliness and understanding of the tool
- **Supporting materials**
  - Questions on clarity of the materials provided as support content, how-to guide, corporate strategy.
- **Overall method**
  - Questions on the overall added value of the method and specific criteria.

We expect the survey to take about 30 minutes to complete. If you would like to resume at a later date, please select "Save" and store the link that allows you to resume where you paused.

Please note that we are creating an FAQ database within Slido. Please let us know of any questions, obstacles and uncertainties that pop up during the road test by [submitting this link](#).

\*1. What is your name?

\*2. What is your company name?

\*3. What is your email address?

## Slido Interactive Platform

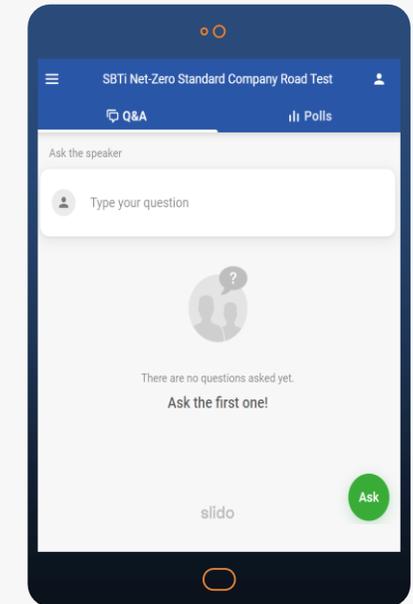
Question and answer and polling platform for the company road test.

★ Enter in any questions that pop up during the road test process

★ Review questions that have already been answered

★ Vote up questions that you have too

★ Link:  
<https://app.sli.do/event/wbdzq2qt/live/questions>



SBTi Net-Zero Standard Company Road Test

Q&A Polls

Ask the speaker

Type your question

There are no questions asked yet.  
Ask the first one!

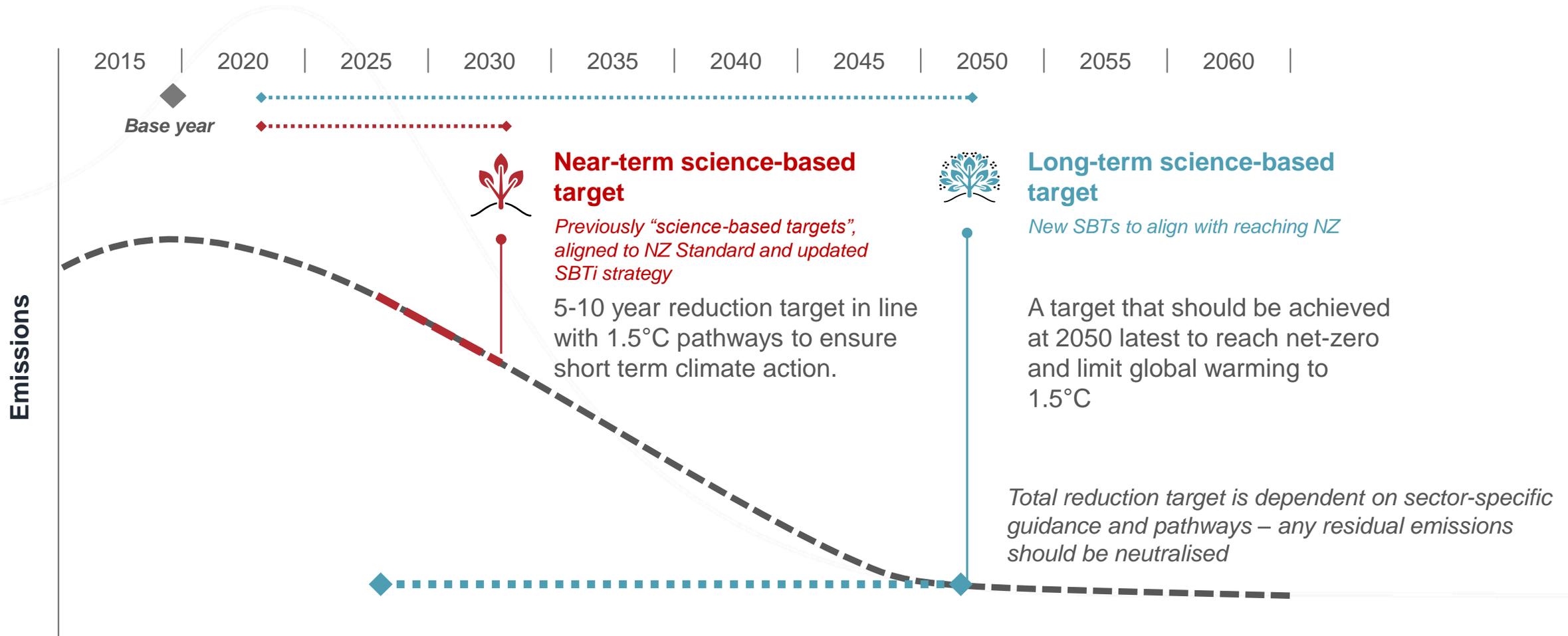
slido Ask





# Deeper dive into the Net-Zero Criteria

# SBTi's Net Zero Standard covers both near-term and long-term SBT methods for corporate target setting



# Overview of the Net-Zero Standard criteria

The three components that are required for companies to set science-based targets as part of a net-zero commitment



## Near-term science-based target criteria

Lays out requirements for near-term science-based targets that supersede the requirements within the SBTi's science-based target criteria.

Previously known as 'science-based targets' or 'interim science-based targets'.

**I** Near-term Science-Based Targets

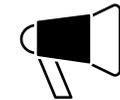


## Long-term science-based target criteria

Addresses long-term science-based target criteria on timeframe requirements, how much value chain emissions must be reduced to reach net-zero, and how companies should define emission reduction boundaries.

Previously known as deep decarbonisation targets.

- II** Long-term SBT timeframe
- III** Long-term SBT ambition
- IV** Long-term SBT boundary



## Communication, Claims and Validity

The final chapter specifies official target wording that must be publicly available as well as reporting requirements.

**V** Target Formulation and Reporting



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TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

# Updates to near-term SBT criteria



# Climate ambition: SBTi raises the bar to 1.5°C

- Last Thursday, the SBTi unveiled its new strategy to increase minimum ambition in corporate target setting from ‘well below 2°C’ to ‘1.5°C’ above pre-industrial levels.
- The new strategy is being rolled out in response to increasing urgency for climate action and the success of science-based targets to date.
- All companies and financial institutions that submit targets from 15 July 2022 will need to align to the new criteria.





# Changes to near-term SBT criteria to align with the Net-Zero Standard

Ambition for near term targets has increased because in order to achieve net zero by no later than 2050, GHG emissions must be halved by 2030 – meaning emissions reductions in the near-term need to be scaled up massively.



## Scope 1 & 2 Ambition

The minimum scope 1 and 2 ambition of near-term SBTs will be increased from well-below 2°C to 1.5°C



## Scope 3 Ambition

The minimum scope 3 ambition of near-term SBTs will be increased from 2°C to well-below 2°C. Supplier engagement targets will remain eligible; however, the SBTi is considering removing physical intensity target-setting and GEVA methods.



## Timeframe

Under the current criteria, near-term SBTs may have a target year 5-15 years from the date of submissions. In the new criteria, this will be changed to 5-10 years from the date of submission.

SBTi will launch the Net-Zero Standard and V5 of SBTi Criteria in mid-October, before the UN COP26 conference. These criteria and will be in force for **all SBTs** from 15 July 2022. At this point the NZ Standard will not include criteria for near-term SBTs, as these will be integrated into SBTi Criteria V5.



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# Long-term science-based target criteria



## Long-term science-based targets criteria

Long-term targets are critical to the development of net zero criteria to limit global warming to 1.5°C by 2050. They drive economy-wide alignment and long-term business planning to reach the level of global emissions reductions needed for climate goals to be met based on science.



### Timeframe

Long-term SBTs to be set for a target year no later than 2050



### Target Ambition

Emissions in scopes 1, 2, and 3 that are covered by the long-term SBT boundary must align with 1.5°C net zero pathway at the global or sector level



### Target Boundary

Companies to cover at least 95% of scope 1, 2 and 3 emissions in the long-term SBT boundary



# Eligible methods and associated pathways for long-term SBTs by sector and type of user

Relevant for  
scopes:



## Absolute contraction

## Physical intensity convergence



### Land intensive:

- Agriculture



Pathways available restaurants, groceries, and other purchasers of beef, chicken, pork, dairy, palm oil, maize, wheat, rice and soya (mainly upstream scope 3)



Pathways available for commodity producers of beef, chicken, pork, dairy, palm oil, maize, wheat, rice and soya (scope 1 and upstream scope 3)



### Transport:

- Aviation
- Heavy-duty vehicles (HDV)
- Shipping



For airline users, car users, retail companies (e.g., scope 3 emissions from transport), other transport service purchasers



For airlines and airplane manufacturers, auto manufacturers, transportation service providers



### Industry:

- Iron and steel
- Cement



For building companies, real estate, auto manufacturers, other steel and cement purchasers (mainly upstream scope 3 emissions from purchased materials)



For steel and cement producers, capital goods producers (e.g., downstream emissions from machinery used to produce materials)



### Built environment:

- Buildings, residential, service



For building tenants and users



For real estate companies



### Energy

- Power generation



For electricity users



For electric utilities

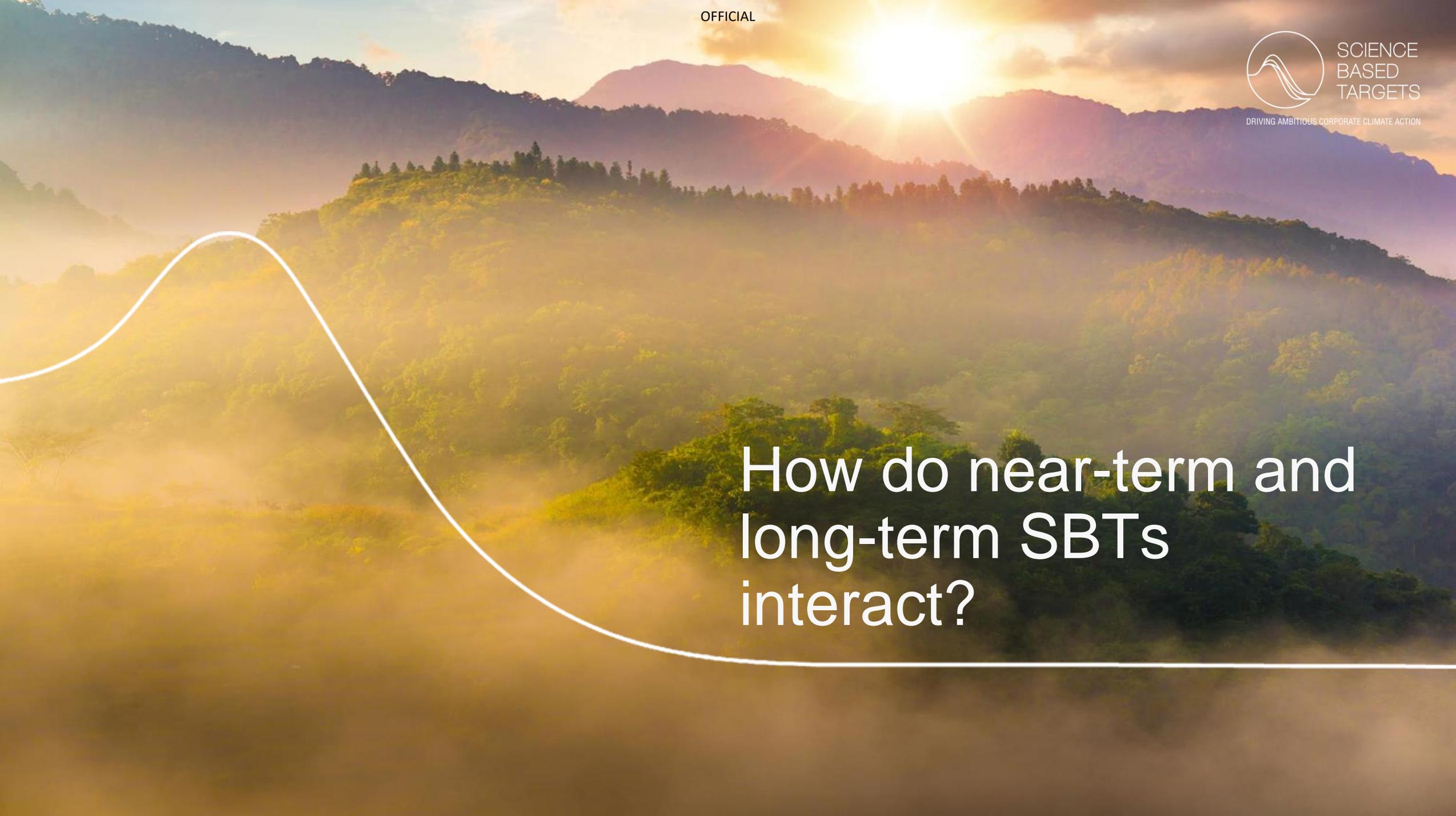


### All other sectors



Universal or agriculture pathway may be used by all companies except power generation utilities and timber companies





# How do near-term and long-term SBTs interact?

# Criteria to set near and long-term science-based targets in SBTi's Net Zero Standard



|        |                                      | Near-term science-based target  |   |  | Long-term science-based target  |   |   |
|--------|--------------------------------------|---|---|--|---|---|---|
| Scopes | Target boundary                      | 95% coverage  |   |  | 95% coverage  |   |   |
|        | Aligned to                           | 1.5°C ambition  |   |  | 1.5°C ambition  |   |   |
|        | Target year                          | 5-10 years from date of submission  |   |  | 2050 or sooner  |   |   |
|        | Eligible methods to calculate target | <b>Absolute contraction</b> <ul style="list-style-type: none"> <li>4.2% linear annual reduction (l.a.r.)</li> </ul> | <b>Physical intensity convergence</b> <ul style="list-style-type: none"> <li>Depends on sector and company input</li> </ul> | <b>Renewable electricity (Scope 2)</b> <ul style="list-style-type: none"> <li>80% by 2025</li> <li>100% by 2030</li> </ul> | <b>Absolute contraction<sup>1</sup></b> <ul style="list-style-type: none"> <li>90% reduction overall (mixed pathway)</li> </ul>     | <b>Physical intensity convergence</b> <ul style="list-style-type: none"> <li>Depends on sector</li> </ul>                           | <b>Renewable electricity (S2)</b> <ul style="list-style-type: none"> <li>100%</li> </ul>  |
| Scope  | Target boundary                      | If >40% of total emissions, 67% coverage required   |   |  | 95% coverage  |   |   |
|        | Aligned to                           | At least well-below 2°C ambition <sup>2</sup>   |   |  | 1.5°C ambition  |   |   |
|        | Target year                          | 5-10 years from date of submission  |   |  | 2050 or sooner  |   |   |
|        | Eligible methods to calculate target | <b>Absolute contraction</b> <ul style="list-style-type: none"> <li>2.5% l.a.r.</li> </ul>                           | <b>Physical intensity convergence</b> <ul style="list-style-type: none"> <li>Depends on sector and company input</li> </ul> | <b>Physical intensity contraction</b> <ul style="list-style-type: none"> <li>5.1% l.a.r.<sup>3</sup></li> </ul>            | <b>Economic intensity (GEVA)</b> <ul style="list-style-type: none"> <li>7% year-on-year (compound) reduction<sup>3</sup></li> </ul> | <b>Supplier or customer engagement</b> <ul style="list-style-type: none"> <li>E.g. 80% of suppliers by emissions by 2025</li> </ul> | <b>Absolute contraction<sup>1</sup></b> <ul style="list-style-type: none"> <li>90% reduction overall (mixed pathway)</li> </ul> |

1. When setting long-term SBTs, companies may use sector-specific absolute pathways to set absolute targets, as an alternative to the mixed pathway

2. Although minimum scope 3 ambition for near-term SBTs is well-below 2°C (as shown by this figure), companies are encouraged to set scope 3 targets aligned with 1.5°C ambition

3. For near-term SBTs, the minimum ambition of the scope 3 methods physical intensity contraction and economic intensity (GEVA) are being reviewed and updated to align with well-below 2C

N.B. Methods and minimum ambition values are subject to change

# What does my company have to do to align with SBTi requirements?

|  |                         | In order to align with...targets must meet all below requirements   |   |                                |
|--|-------------------------|---|---|--------------------------------|
| When?  | What?                   | SBTi V4.2   | SBTi V5 (new 1.5°C strategy)                      | SBTi's Net-Zero Standard       |
|  <p><b>Near-term science-based targets</b></p>   | <b>Before July 2022</b> | <b>Ambition</b> <br>Min. WB2C for scopes 1 & 2<br>2°C on scope 3 | Min. 1.5°C across scopes 1 & 2<br>WB2C on scope 3 |                                |
|  |                         | <b>Timeframe</b> <br>5-15 years                                  | 5-10 years  |                                |
|  |                         | <b>Boundary</b> <br>95% scope 1 & 2<br>2/3 scope 3               | 95% scope 1 & 2<br>2/3 scope 3                    |                                |
|  | <b>After July 2022</b>  | <b>Ambition</b> <br>No longer allowed*                           | Min 1.5°C across scopes 1 & 2<br>WB2C on scope 3  |                                |
|  |                         | <b>Timeframe</b> <br>No longer allowed*                          | 5-10 years  |                                |
|  |                         | <b>Boundary</b> <br>No longer allowed*                          | 95% scope 1 & 2<br>2/3 scope 3                    |                                |
|  <p><b>Long-term science-based targets</b></p> | <b>N/A</b>              | <b>Ambition</b> <br>Not applicable                             |   | Min. 1.5°C across all scopes   |
|  |                         | <b>Timeframe</b> <br>Not applicable                            |   | Before 2050                    |
|  |                         | <b>Boundary</b> <br>Not applicable                             |   | 95% scope 1 & 2<br>95% scope 3 |

\* Companies that already have SBTs are required to review every 5 years to ensure they are up to date with the latest climate science. These companies will then be required to upgrade 1.5°C



## How to upgrade near-term SBTs to align with Net-Zero Standard and the SBTi's 1.5°C Strategy

Companies that have existing near-term SBTs that do not meet the updated SBTi criteria are invited to upgrade their targets.

To update targets, companies can resubmit using the SBTi resubmission service by emailing a completed target submission form to [targets@sciencebasedtargets.org](mailto:targets@sciencebasedtargets.org) and paying a \$2,490 fee.



Simplified process to achieve SBTi approval if conditions are met:

1. Base year and target year of the updated target remains unchanged;
2. The assumptions used to model the original target continue to be valid (e.g., significance thresholds, boundary, growth projections, etc.)

The process companies follow during the revalidation of their upgraded targets is outlined below:



- 1 Company submits the one-page recalculation form
- 2 Initial screening to check compliance with all conditions above
- 3 Desk review to check ambition alignment
- 4 Final decision on compliance is sent to companies



# Workshop 2: Deeper dive on road test materials and tool

# Next time, we will walk through the guidance and tools step-by-step

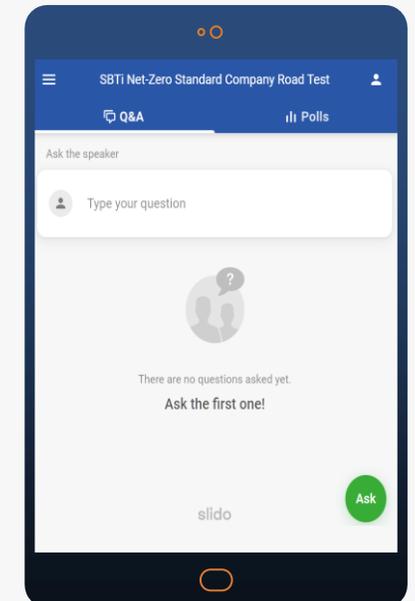
## Questions we've been hearing from you

- ☆ How can we compare our existing long-term targets to what is required by the Net-Zero Standard?
- ☆ How should I take advantage of the Pro Tool's ability to calculate up to 11 targets?
- ☆ What if the target reduction seems unrealistic? How can I design a strategy for these targets?
- ☆ I do not see my sector listed in the "activities" list. Can I still set activity-specific targets?
- ☆ Is my company eligible to set long-term intensity targets?

## Reach us via Slido or email

*Please make sure of the Slido platform to log general questions, but feel free to reach out directly to us with anything specific.*

- ☆ Enter in any questions that pop up during the road test process
- ☆ Review questions that have already been answered
- ☆ Vote up questions that you have too
- ☆ Link: <https://app.sli.do/event/wbdzq2qt/live/questions>



Do you have any  
questions?





## Thank you for listening!

For questions related to the road-testing process and the Net Zero Standard in general, please contact:

Emma Watson  
Senior Manager Net-Zero  
[emma.watson@cdp.net](mailto:emma.watson@cdp.net)

Paulina Tarrant  
Net-Zero Engagement Manager  
[paulina.tarrant@cdp.net](mailto:paulina.tarrant@cdp.net)

Next week we will be available to answer questions on Wednesday and Thursday during office hours.

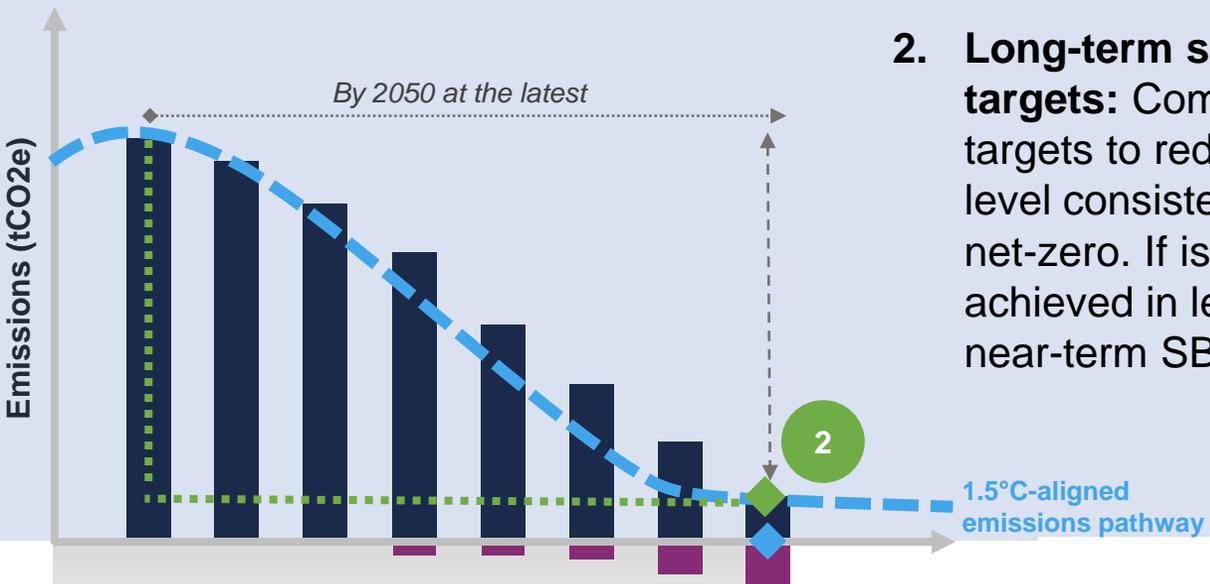
Thank you!



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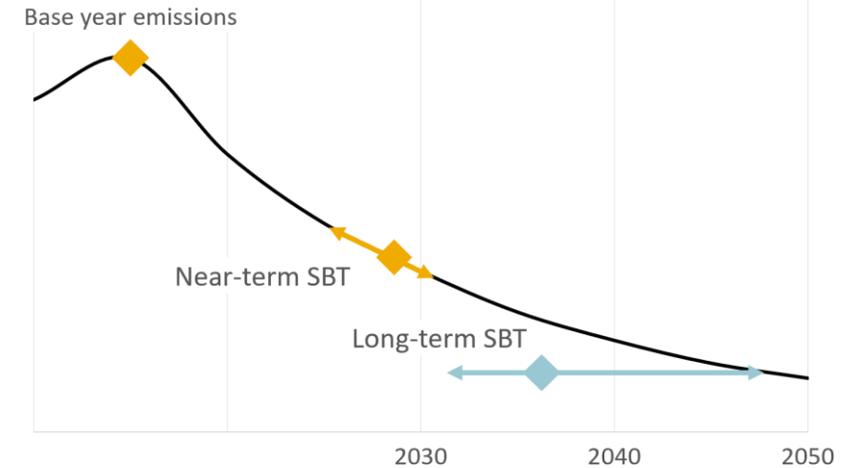
[sciencebasedtargets.org](https://sciencebasedtargets.org)    [@ScienceTargets](https://twitter.com/ScienceTargets)    [Science Based Targets](https://www.youtube.com/ScienceBasedTargets)  
[/science-based-targets](https://www.linkedin.com/company/science-based-targets)    [info@sciencebasedtargets.org](mailto:info@sciencebasedtargets.org)

The SBTi has developed long-term science-based target setting methods to define what “residual emissions” are for corporates.



**2. Long-term science-based targets:** Companies must set targets to reduce emissions to a level consistent a state of global net-zero. If is this target is achieved in less than 10 years, near-term SBTs are not required.

- Gross GHG emissions in the value-chain
- Carbon removals
- Compensation activities
- Net-zero emissions



Near-term SBTs require a scale of emissions reduction that is company target year-dependent, while long-term science-based targets are company target year-independent.

