

SCIENCE BASED TARGET-SETTING IN THE CEMENT SECTOR

INVITATION TO PARTICIPATE

September 2021

About

The Science Based Targets initiative (SBTi) mobilizes companies to set science-based targets and boost their competitive advantage in the transition to the low-carbon economy. It is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments.

The SBTi defines and promotes best practice in science-based target (SBT) setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets. The SBTi's overall aim is that SBT setting will be standard business practice and corporations will play a major role in driving down global GHG emissions.

SBTi will develop a set of science-based target setting methodologies, tools and guidance that will help cement companies and other stakeholders understand the level of target-setting ambition required to meet the Paris Agreement 1.5°C goals.

Background

The cement sector is the third-largest industrial energy consumer and the second-largest industrial CO₂ emitter¹ and represents about 7% of CO₂ emissions globally². Cement demand is projected to continue rising and will be some 20% higher than today by 2050 in the absence of efforts to optimize its use in buildings and construction².

In 2015, the Science Based Targets initiative (SBTi) developed the Sectoral Decarbonisation Approach (SDA), a scientifically-informed method for companies to set GHG reduction targets necessary to stay within a 2°C temperature rise above pre industrial levels. This interpreted data about carbon budgets from the IPCC and IEA to allow companies to set their own targets that were in line with science. Subsequently a well-below 2°C pathway and an Excel tool were developed.

¹ [Technology Roadmap Low-Carbon Transition in the Cement Industry, IEA \(2018\)](#)

² [Energy Technology Perspectives, IEA \(2020\)](#)

Sector-specific pathways are relevant because they enable companies to apply the SBTi's Sectoral Decarbonization Approach (SDA) methodology for target-setting. The SDA greatly facilitates science-based target-setting by companies in sectors where emission reductions are considered particularly challenging by allowing them to set targets that align with science-based decarbonization pathways while taking into account the particular barriers and opportunities in their sector.

The Paris Agreement and the recent [IPCC 6th Assessment Report](#) have highlighted the need to keep warming within a 1.5°C temperature rise. By setting emission reduction targets in line with this objective and defining appropriate decarbonization strategies, cement companies can help accelerate the transition to a low carbon economy and avoid the worst effects of climate change.

Project overview

This project's main aim is to develop resources to enable the adoption of 1.5°C-aligned emission reduction targets in the cement industry. The project will not necessarily develop the 1.5°C pathway, but aims to develop target-setting resources based on existing pathways (e.g. [IEA Net Zero by 2050](#)), and detailed sectoral guidance documents and tools, which do not exist yet for the cement industry. The project will convene sector experts from industry, academia, and civil society to develop these sector-specific resources and support companies in setting SBTs aligned with 1.5°C temperature goals. These resources should resolve sector-specific methodological questions, and make the target development and validation process easier for companies.

Deliverables

The project will build on the previously developed SDA methodology for cement to develop 1.5°C-aligned resources, delivering the following guidelines and tools:

1. **Guidance** for setting 1.5°C-aligned science-based GHG emission reduction targets for the production of cement for Scope 1; Scope 2 and 3 also to be reviewed and revised in line with latest SBTi guidance;
2. Target setting **tool** to help cement companies model GHG emission-reduction targets consistent with the ambition required to limit warming to 1.5°C;
3. Incorporation of 1.5°C-aligned sector-specific benchmarks into the SBTi **Target Validation Protocol** to enable third-party validation of 1.5°C-aligned targets for cement production;
4. To **socialise** the resources developed as part of this project, we envision joint capacity building activities, including webinars and/or workshops.

Governance and participation

This sector development project will follow an inclusive engagement approach with extensive opportunities for feedback from stakeholders, public workshops and webinars.

SBTi as the project lead will act as convening agent and project manager. Participating in this project is possible via the following groups:

- **Technical partners.** Composed of representatives of non-profit organizations and academia, will co-develop project deliverables, participate in decision-making discussions and be recognized as co-authors in the final deliverables.
- **Expert Advisory Group.** Composed of technical experts from stakeholder organisations and companies interested in setting an SBT and contributing to the project execution.
- **General stakeholder consultation.** Both industry and non-industry representatives will be able to provide feedback on each project component through workshops and webinars. The project lead will ensure a balanced participation of stakeholder categories.

Joining our Expert Advisory Group

Expert Advisory Group (EAG) members will benefit from directly participating in specialized methodological discussions with industry and civil society peers, obtaining better insights into the data, tool and guidance, and will receive recognition as project supporters in the final deliverables and on the SBTi website.

Organisations interested in joining the EAG are encouraged to make an SBT commitment (e.g. [submitting a commitment letter to the SBTi](#)³). It is expected that EAG members will participate in monthly calls, public consultations, online and/or limited in-person events and in the review of draft materials. The effort estimated to participate in all activities is max. 10 FTE days over the duration of the project. In addition, EAG members may, if they wish, also support progressing the project to final deliverables through financial and/or in-kind contributions, although this is not obligatory⁴. (EAG members interested in making a financial contribution to this project can contact the project team.)

See Annex I for Terms of Reference of the EAG.

³ This project will not affect the established timelines for target validations that companies must comply with. This is applicable to new commitments and for already committed companies. For information about the SBTi's commitments policy please consult our [Protocol to Manage Expired Commitments](#).

⁴ Initial funding for this project has been provided by Holcim Ltd.

Timeframe

SBTi will convene EAG members over September 2021. A tentative project kick-off is planned for early October 2021.

The estimated project duration is ten months from kick-off date, with completion expected by June 2021 in order to align with the timeline for [SBTi's 1.5°C ambition update](#).

Tentative project timeline:

- September - October 2021: Convening the EAG and project kick-off
- October - December 2021: Deriving 1.5°C decarbonisation pathways (from IEA Net Zero report; other potential sources to be reviewed)
- December 2021 - February 2022: creating and testing target-setting tool
- January - April 2022: developing guidance documents and consultation period
- May 2022: SBTi review and approval
- May - June 2022: Incorporation of new resources into SBTi Target Validation Protocol
- End June 2022: Publication of final deliverables
- July-September 2022: socialisation of resources developed

Consultation/events:

- Monthly EAG update calls (October 2021 - May 2022)
- November 2021: EAG workshop I
- February 2022: EAG workshop II
- March 2022: Public stakeholder webinar (to encourage interest in consultation)
- March 2022: Written public consultation

Contact

For further information on the project please contact:

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Annex I – Terms of Reference for Expert Advisory Group (EAG)

Membership

The Expert Advisory Group (EAG) will have a maximum of 20 members. Eligible participants include private sector companies, civil society organisations, investors, policymakers, academics and experts.

Invitations for participation in the EAG will consider the need for a balance of stakeholder categories, geographical diversity and gender balance.

For the purpose of this project, the minimum acceptable level of ambition must be compatible with the definitions for 1.5 degrees of the SBTi, as defined in the [Foundations of Science Based Targets](#) document.

Role and Responsibilities

- Review draft methodologies and deliverables presented by SBTi and its technical partners in particular within the constraints of minimum acceptable levels of ambition of this TOR, as it pertains to allocation mechanisms and reference scenarios;
- Acknowledge the challenges and limitations of any methodology, with its assumptions, methods and indicators, and propose alternatives and pragmatic ways forward or help define the limits of its validity and applicability;
- Provide inputs and suggestions to be incorporated into the drafting of methodologies in a constructive spirit, namely in improving its clarity and scientific or technical accuracy;
- Support the translation of climate science into business parameters for the industry;
- Participate in monthly EAG calls or face-to-face meetings;
- Test and review draft methodologies and tools developed for use by companies;
- The EAG will play an advisory role and will not approve the final draft of the methodologies. CDP will present the methodologies to the four partners (CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF)), represented in their Technical and Leadership teams for approval.
- Funding provided by EAG members does not confer any special status in the EAG or project governance.
- EAG members will not misuse their position to argue for reduced climate mitigation ambition;
- EAG members must consent to the use of their company name in relation to the EAG, but not for any additional purpose;
- EAG company members are encouraged to submit their commitment to set a science-based target to the SBTi before publication of the final deliverables.

- Contentious issues and challenges shall be recorded, and main opposing views and rationales noted. If they cannot be resolved within the EAG, CDP will propose a way forward, recording the pros and cons of the proposal as well as alternatives proposed. Areas of disagreement might need to be forwarded to the Steering Committee of the SBTi for final resolution.
- The decision over approval of final deliverables rests solely with the Steering Committee of the Science Based Targets initiative.

Timeline

The expected duration of the project is **ten** months, but this could be extended up to two months to accommodate extended technical discussions, upon agreement with EAG.

Communicating involvement and branding

All financial contributions from private sector companies for the work conducted under this ToR will be publicly acknowledged.

The organizations and SBTi (together the “participants”) will use the following language when referring to participation in the initiative and will not portray or imply any other association or collaboration between the participants:

“[Company name] participates in the Expert Advisory Group of the Science Based Targets initiative (SBTi) contributing to the development of science-based target methodologies for the cement sector. The Expert Advisory Group has an advisory role, and decisions on final methodologies will be made by CDP, UNGC, WRI and WWF as founders of SBTi. The methodologies developed in this project will be available at no cost to all stakeholders with the aim of supporting alignment with the Paris Agreement goals.

Please indicate your acceptance of these terms by signing and returning a copy of this letter to Karl Downey.

Agreed to for and on behalf of [Company name]

Name: _____

Title: _____

Date: _____