



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SCIENCE BASED TARGETS: THE CALL TO ACTION

AN INITIATIVE BY:



WORLD
RESOURCES
INSTITUTE





DEFINITION OF SCIENCE-BASED TARGETS

Targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered “science-based” if they are in line with the level of decarbonization required to keep global temperature increase below 2 degrees Celsius compared to pre-industrial temperatures, as described in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR5).

Smart companies understand the risks posed by climate change and demonstrate leadership by setting science-based greenhouse gas reduction targets.

More than 80 per cent of the world’s 500 largest companies established emission reduction or energy-specific targets in the 2014-15 financial year;¹ evidence that the business community is investing in a stable climate and seizing opportunities in the new low-carbon economy. The next step in protecting that investment is to ensure that GHG reduction targets are consistent with the pace recommended by climate scientists to limit the worst impacts of climate change.

Science Based Targets, a joint initiative by CDP, the United Nations Global Compact, the World Resources Institute (WRI) and WWF, identifies and promotes innovative approaches to setting ambitious and meaningful corporate GHG reduction targets.

Dozens of companies have already committed to align their GHG reduction targets with climate science, including businesses like H&M, Honda, Mars, National Grid and BT Group. This group continues to grow as more business leaders see the benefits of taking ambitious climate action.

COMPANIES AND THE ROLE OF CLIMATE CHANGE

Despite the introduction of climate change mitigation measures by governments, companies, civil society and other actors, total anthropogenic GHG emissions are continuing to increase. Under the current trajectory, global mean temperatures are projected to increase by 3.7 to 4.8°C by the end of this century, far beyond the levels of warming that the international scientific community has identified as safe.

The world’s carbon budget is the total volume of GHGs that can be emitted while providing a degree of confidence that temperature rise will be limited to a manageable 2 degrees Celsius. Science-based targets recognize that budget, limiting a company’s GHG emissions to an allocation using various existing approaches.

Most of the global GHG emissions are either directly or indirectly influenced by the corporate sector. Companies have a clear role to play in protecting our climate and ensuring that the transition to a low-carbon economy is smooth and prosperous.

¹ Mind the Science Report, <http://mindthescience.sciencebasedtargets.org/>

BENEFITS OF SETTING SCIENCE-BASED TARGETS

Reducing GHG emissions protects our climate and our communities – and it's also good for business. Companies that set science-based targets build long-term business value and safeguard their future profitability in four important ways:

- 1. Drive innovation**
The transition to a low-carbon economy will catalyze the development of new technologies and operational practices. The companies that set ambitious targets now will lead innovation and transformation tomorrow.
- 2. Save money and increase competitiveness**
Setting ambitious targets now ensures a lean, efficient, and durable company in a future where resources become increasingly more expensive – particularly resources derived from fossil fuels. Rising prices of raw materials can mean the difference between profit and loss.
- 3. Build credibility and reputation**
Companies taking a leadership position on climate bolster their credibility and reputation among stakeholders, including investors, customers, employees, policy makers and environmental groups. Approximately half of consumers worldwide believe climate change will have a negative effect on their own lives, and 65 per cent of consumers agree that human activity is responsible for climate change.² Meanwhile, companies increasingly want to do business with suppliers that are taking climate change seriously so that they can reduce GHG exposure in their value chain.

- 4. Influence & prepare for shifting public policy**
Taking ambitious action now helps companies stay ahead of future policies and regulations to limit GHG emissions. Companies that are seen as leaders are better able to influence policy makers and help shape developing legislation.

BECOME A CLIMATE LEADER

The Science Based Targets initiative is calling on companies to demonstrate their leadership on climate action by publicly committing to science-based GHG reduction targets. **We aim to enlist 100 companies in 2015 and 250 companies by 2020.** All participating companies will be recognized at sciencebasedtargets.org.

To join the movement and take this important step towards the low-carbon economy, complete the following three steps:

- 1. Complete the commitment letter form**
Submitting the 'Commitment Letter' indicates your company is committed to set a science-based target. Companies that submit a commitment letter will be recognized as "committed to setting a science-based target" at sciencebasedtargets.org, as well as our partners' websites at We Mean Business and CDP.

If your company has already developed a science-based target, submitting the letter indicates interest in joining the Call to Action and having your existing target reviewed for alignment with the Call to Action eligibility criteria (see step 3). Please email the completed commitment letter to info@sciencebasedtargets.org.



² National Geographic, Greendex 2014: Escolha do Consumidor e Meio Ambiente - Um Inquérito de Acompanhamento a Nível Mundial



2. **Develop a target**

Your company will have 24 months to develop and announce a science-based target.

3. **Announce your target**

Your company must submit the 'Science Based Target Form'. The information provided enables the Science Based Targets team to review the target against the eligibility criteria. On confirmation, the company will be listed and showcased on the Science Based Targets website and in other communications.

- **Scope 3:** An ambitious and measurable Scope 3 target with a clear time-frame is required when Scope 3 emissions cover a significant portion (greater than 40% of total scope 1, 2 and 3 emissions) of a company's overall emissions. The target boundary must include the majority of value chain emissions as defined by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (e.g. top 3 categories, or 2/3 of total scope 3 emissions).

- **Reporting:** The company will disclose company-wide GHG emissions inventory on an annual basis.

Criteria for setting science-based targets include:

- **Boundary:** The target must cover company-wide Scope 1 and Scope 2 emissions and all relevant GHGs as required in the GHG Protocol Corporate Standard.
- **Timeframe:** The target must cover a minimum of 5 years and a maximum of 15 years from the date of announcement of the target.
- **Level of ambition:** At a minimum, the target will be consistent with the level of decarbonization required to keep global temperature increase to 2°C compared to pre-industrial temperatures, though we encourage companies to pursue greater efforts towards a 1.5° trajectory.

Additional recommendations / requirements include:

- Companies are encouraged to also develop long-term goals (e.g. 2050).
- Companies are encouraged to express their targets on an absolute AND intensity basis.
- To ensure consistent tracking of performance over time, the target should be recalculated, as needed, to reflect significant changes that would compromise its relevance and consistency. A target recalculation should be triggered by significant changes in the types of gases in its greenhouse gas inventory, growth projections, other assumptions used with science-based target-setting methodologies and significant changes to your business or data and emissions factors used in your inventory process. The latter will also require recalculation of the base year inventory. Companies should check the validity of their target projections annually.
- Companies should complete a Scope 3 screening before setting their GHG emission reduction targets.

Financial institutions:

- Financial institutions are invited to commit to setting science-based targets for scope 1 and 2 and for their investment activities under the Call to Action by submitting the commitment letter. However, because there is not yet sufficient development as to how to assess financial institutions' scope 3 emissions against a 2°C trajectory, the partners of the Science Based Targets initiative are currently not be able to verify the targets.
- Financial institutions that submit the commitment letter will be invited to participate in future developments in this area.

HOW WE CAN HELP YOU

CDP, UN Global Compact, WRI and WWF provide guidance, resources and support for companies interested in setting science based targets:

1. Participating companies may choose the most suitable methodology for setting science-based targets. One method is the Sectoral Decarbonization Approach (SDA). The SDA is sector-specific, enabling users to account for differences in mitigation potentials and costs among sectors and is most suitable for companies in the following sectors: Aluminum, iron and steel, cement, power generation, transport (air, light-road, heavy-road, rail), pulp and paper, and service buildings.
2. Companies are invited to webinars, workshops, and events to build capacity and share corporate knowledge about setting science-based targets.
3. Participating companies are recognized and profiled on www.sciencebasedtargets.org, corporate factsheets, and other communication activities planned by the Initiative.
4. Participating companies receive a detailed review of their target to ensure it meets the established criteria.
5. For a fee, interested companies can receive more in-depth technical support from the Science Based Targets partner organizations to develop their target.

WHY NOW?

Taking action now will ensure the smoothest-possible transition to the low-carbon economy while preserving ecological stability. If action is delayed, companies will need to make deeper cuts to their GHG emissions, which will be extremely disruptive to business. Companies can demonstrate leadership by joining the Initiative now and receive expert support and greater long-term benefits.

www.sciencebasedtargets.org



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