



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

info@sciencebasedtargets.org
www.sciencebasedtargets.org



www.facebook.com/ScienceBasedTargets



www.twitter.com/sciencetargets

SBTi Criteria and Recommendations

TWG-INF-002 | Version 2.0

24 February 2017

An initiative by



United Nations
Global Compact



WORLD
RESOURCES
INSTITUTE



Table of Contents

Introduction	2
Effective Dates of Updated Criteria	2
Criteria and Recommendations	2
1. Science-based target boundary	2
2. Timeframe.....	3
3. Ambition.....	3
4. Scope 2.....	4
5. Scope 3.....	4
6. Reporting.....	5
7. Recalculation.....	5
8. Document History	6

SBTi Criteria and Recommendations

Introduction

All of the criteria listed below must be met in order for target(s) to be recognized as science-based by the Science Based Targets initiative's (SBTi). In addition, companies should follow the [GHG Protocol Corporate Standard](#), [Scope 2 Guidance](#), and [Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#).

The recommendations provided are also important to ensure transparency and best practices.

While every effort is made to keep companies informed of the latest criteria and recommendations, the initiative reserves the right to make adjustments as needed to reflect the most recent emissions scenarios, policies, and greenhouse gas accounting practices.

Unless otherwise noted, all criteria apply to scopes 1, 2, and 3.

NB: The Science Based Targets initiative also offers the possibility of conducting an unofficial validation of corporate targets. Companies are encouraged to engage with the SBTi early in their target development process so that the initiative can provide constructive feedback prior to the internal approval of any target.

Effective Dates of Updated Criteria

Criteria with an asterisk (*) preceding the title will go into effect on April 16, 2017. All other criteria are currently in effect. The language of some criteria that are in effect were expanded upon in January 2017 in order to make their intent clearer to the reader.

Criteria and Recommendations

1. Science-based target boundary

Criteria

C1 - Scopes: The targets must cover company-wide scope 1 and scope 2 emissions, as defined by the GHG Protocol Corporate Standard.

C2 - Significance thresholds: Companies may exclude up to 5% of scope 1 and scope 2 emissions combined in their inventory and target.

C3 - Greenhouse gases: The targets must cover all relevant GHGs as required per the GHG Protocol Corporate Standard.

Recommendations and additional guidance

R1 - Subsidiaries: It is recommended for only the parent company to submit its targets; however, subsidiaries may submit separate targets if they so wish. In cases where both parent companies and subsidiaries submit targets, they must make it clear whether the parent company's target includes or excludes the target of the subsidiary. Please see boundary criteria above.

R2 - Avoided emissions: Avoided emissions fall under a separate accounting system from corporate inventories and do not count toward science-based targets.

2. Timeframe

Criteria

C4 - Base and target years: All targets must cover a minimum of 5 years and a maximum of 15 years from the date the target is submitted to the SBTi for an official validation.¹

C5 - Progress to date: Targets that have already been achieved by the date they are submitted to the SBTi are not acceptable.

Recommendations and additional guidance

R3 - Base year: The SBTi recommends choosing the most recent year for which data are available as the target base year.

R4 - Target year: Companies are encouraged to also develop long-term targets (e.g. 2050) in addition to the required mid-term targets.

R5 - Consistency: It is preferable that companies use the same base and target years for all targets within the mid-term timeframe and all targets within the long-term timeframe.

R6- Progress to date: Targets should be forward-looking and ideally should not cover progress to date already made by the company.

3. Ambition

Criteria

C6 - 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.

C7 - Absolute vs. intensity: Intensity targets are only eligible when they lead to absolute emission reduction targets in line with climate scenarios for keeping global warming below 2°C or when they are modelled using an approved sector pathway or method approved by the Science Based Targets initiative (e.g. the Sectoral Decarbonization Approach).

*C8- Method validity: Targets must be modeled using the latest version of methods and tools approved by the initiative. Targets modeled using previous versions of the tools or methods can only be submitted to the SBTi for an official validation within six months of the revision.

*C9- Combined scope targets: Targets that combine scopes (e.g. 1+2 or 1+2+3) are permitted; however, when a company has a combined scope 1, 2, and 3 target the scope 1 and 2 portion of the target must be in line with climate science.

¹ For targets submitted for an official validation in first half of 2017 the valid target years are 2021-2031 inclusive. Those submitted in the second half of 2017 must be between 2022 and 2032.

Recommendations and additional guidance

R7 - Choosing an approach: The SBTi recommends using the most ambitious decarbonization scenarios that lead to the earliest reductions and the least cumulative emissions.

R8 - Offsets: The use of offsets is not counted as reductions toward the progress of companies' science-based targets. The SBTi requires that companies set targets based on emission reductions through direct action within their own boundaries or their value chains. Offsets are only considered to be an option for companies wanting to contribute to finance additional emission reductions beyond their science-based targets.

4. Scope 2

Criteria

*C10 - Approaches: Companies shall disclose whether they are using a location or market-based approach as per the GHG Protocol Scope 2 Guidance to calculate base year emissions and to track performance against a science-based target.

Recommendations and additional guidance

R9 - Heat and steam: For science-based target modelling purposes, it is recommended that companies model heat and steam related emissions as if they were part of their direct (i.e. scope 1) emissions.

R10 - Efficiency: If not already embedded in the science-based target setting method, it is recommended that electricity-related Scope 2 targets are modelled taking into account efficiency gains for the specific sector and the decarbonization projected for the power sector based on below 2°C scenarios.

5. Scope 3

Criteria

C11- Boundary: Companies must complete a scope 3 screening for all relevant scope 3 categories in order to determine their significance as per the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. If a company's scope 3 emissions are at least 40% of total scope 1, 2, and 3 emissions, a scope 3 target is required. The scope 3 target boundary must include the majority of value chain emissions; these are the top 3 categories or 2/3 of total scope 3 emissions.

C12 - Ambition: Scope 3 targets should clearly demonstrate **how** the company is addressing the main sources of GHG emissions within their value chain in line with current best practice.

*C13 - Power generators that distribute fossil fuels: All electricity-generating companies that distribute natural gas or other fossil fuel products shall set scope 3 targets for the use of sold products.

*C14 - Scope 3 Timeframe: See "C4 - Base and target years" criterion above.

Recommendations and additional guidance

R11 - Adapting SBT methods for scope 3 target setting: While current science-based target setting methods were developed for scope 1 and 2 emissions (with the exception of light-duty passenger vehicle

manufacturing in the Sectoral Decarbonization Approach), companies should consider using these methods to inform their scope 3 targets when possible.

6. Reporting

Criteria

C15- Frequency: The company will publicly report its company-wide GHG emissions inventory and progress against their targets on an annual basis.

Recommendation and additional guidance

R12 - Where to disclose: There are no specific requirements regarding where the inventory should be disclosed, as long as it is public. Recommendations include annual reports, sustainability reports, the company's website, and/or CDP's annual questionnaire.

7. Recalculation

Recommendation and additional guidance

R13 - Target recalculation: 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. The SBTi recommends that companies check the validity of their target projections annually. At a minimum, targets should be reassessed every five years. The company should notify the SBTi of any significant changes and report these major changes publically, as relevant.

A target recalculation should be triggered by significant changes in:

- Company structure (e.g. acquisition, divestiture, mergers, insourcing or outsourcing)
- Growth projections
- Data used in setting the target (e.g. discovery of significant errors or a number of cumulative errors that are collectively significant)
- Inventory processes (this will require a recalculation of the base year inventory)
- Other projections/assumptions used with science-based target-setting methods

Document History

Version	Change/update description	Date finalized	Effective Dates
1.0	Original version of Science Based Targets Initiative Criteria and Recommendations	May 2015	May 2015 to 16 April 2017
2.0	Updated version of criteria and recommendations to reflect current best practice and latest experience.	24 February 2017	From 24 February 2017