Target Validation Protocol

TWG-PRO-002 | version 1.0

April 2019
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1. Introduction

The Science Based Targets initiative (SBTi) provides companies with a unique opportunity to have their emission reduction targets independently validated by its team of technical experts through the target validation service. To support this service, the Target Validation Protocol was created to describe the steps and procedures that are followed during the target validation process for both official and preliminary target submissions. The protocol aims to increase transparency and ensure the credibility and consistency of the target validation service and will be updated periodically to reflect changes in the criteria.

Section 2 of the protocol outlines the structure of the SBTi and the role of the teams involved throughout the target validation process. Each step in the validation process is presented in detail in Section 3. The conflict of interest policy that is followed to ensure independent, impartial and objective reviews is detailed in Section 4. Section 5 presents a breakdown of the minimum ambition thresholds that are used for both absolute and sector-based approaches. Section 6 introduces the protocol for classifying targets against long-term temperature goals and Section 7 outlines the protocol used for target recalculations.

The criteria table presented in section 8 describes how each of the SBTi criterion is interpreted and assessed by the validation team. The sector guidance overview in Section 9 lists specific guidance, tools, and assumptions that should be considered by companies operating in different sectors.

1.1. How to use the Target Validation Protocol

The Target Validation Protocol should be used in conjunction with other key SBTi target-setting resources, notably the SBTi criteria. The latter defines the minimum qualitative and quantitative criteria for targets to be recognized by the SBTi. The protocol is a useful aid for companies to interpret these criteria and understand how they are assessed by the validation team.

The ambition thresholds that are used for absolute and sector-based approaches are summarized in the protocol, to make it easier for companies to understand the minimum quantitative values used to assess their targets. The derivation of these values is explained in the Foundations of Science-based Target Setting paper, which also describes the different science-based target setting methods and scenarios that the SBTi currently endorses.
2. The SBTi and its target validation process

2.1. SBTi team structure

The Science Based Targets initiative defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies’ targets. It also provides a framework for companies to set greenhouse gas (GHG) emission reduction targets based on the latest available science. The team is a global team comprised of people from all partner organizations – the UNGC, CDP, WWF and WRI. Figure 1 below illustrates the structure of the SBTi. Each team contributes to the overall mission of making science-based target setting standard business practice. The target validation process mainly involves three teams:

- **Target Validation Team (TVT):** A team of technical experts whose function is to conduct target validations. It consists of an SBTi secretariat who processes submissions, conducts the initial screenings of all target submissions and assigns a validation team. The validation team consists of a lead reviewer (LR) and an appointed approver (AA). The LR performs the desk review of the submission, prepares the deliverables, organizes a feedback call if necessary, and acts as the point of contact between the company and the SBTi throughout the validation process. The AA acts as a peer reviewer on the completed desk review. For all target submissions, the LR and AA assigned are employed by two different partner organizations.

- **Technical Working Group (TWG):** A team that consists of technical experts involved in the development of sector-specific methodologies, tools and guidance. The TWG team assists where necessary, with target validations.

- **Communications Team:** A team whose main function in the validation process is to contact approved companies to coordinate the public announcement of targets. The team also manages the public target database.

![Figure 1. The SBTi team structure](image-url)
3. Target validation process

The target validation process is composed of several steps, from target reception to the communication of final decisions and feedback.

1. Initial screening: An initial screening is conducted to determine if all necessary information is provided and/or to assess if the target meets the basic criteria.

- Once the initial screening is passed, under the paid target validation service, companies will be asked to sign Terms & Conditions and will receive an invoice with payment information after the signature process.

2. Validation team assignment: SBTi assigns a validation team (includes a lead reviewer, an appointed approver and a Steering Committee member, if needed).

3. Desk review: Lead reviewer performs the desk review to assess the targets against the SBTi criteria.

4. Appointed approver review: Appointed approver reviews the assessment done by the lead reviewer.

5. TVT discussion: Target validation team discusses the target and the desk review completed by the lead reviewer.

6. Steering Committee approval: Steering Committee member signs off on final decision, if needed.

7. Communicating decisions and feedback: For each assessment, one comprehensive target validation report including recommendations to address non-compliances, if applicable, and a written decision letter will be received within 30 working days. If targets are approved, letter includes target wording for publication as agreed with the company. For each assessment, up to 60 min of feedback conversations with a technical expert from the SBTi will be provided, on request.

Figure 2. Overview of the target validation process
3.1. Initial screening

Upon receiving the company’s submission, the SBTi secretariat performs the initial screening. The initial screening is a first, high-level assessment of the submission form to verify its completeness and, for official validations, the company’s eligibility to be officially validated. In the initial screening, the secretariat also assesses compliance with several criteria as indicated in Table 1. Note that not all of the criteria are assessed at this stage.

a) If the company does not pass the initial screening, a formal desk review will not be undertaken by the TVT. A decision letter indicating the reasons of non-compliance is then issued and sent to the company.

b) If the company passes the initial screening, the submission proceeds to the next stage for a formal desk review by the TVT. No communication is issued in this case.

Table 1. Initial screening steps

<table>
<thead>
<tr>
<th>Steps</th>
<th>Applicability</th>
<th>Screening procedure</th>
<th>Screening outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Sector check</td>
<td>Official validations only</td>
<td>The submission is reviewed to assess if the company operates in the Financial or Oil &amp; gas sector. The SBTi does not validate targets of cities, local governments, public sector institutions, educational institutions or non-profit organizations.</td>
<td>If the company is in the Financial sector, the submission cannot be officially validated at this time and will not proceed past the initial screening stage.</td>
</tr>
<tr>
<td>II. Form completeness</td>
<td>Official &amp; preliminary validations</td>
<td>The submission is reviewed to assess if the form is completed as required.</td>
<td>If the form is incomplete and missing key information, the submission cannot be assessed due to lack of information.</td>
</tr>
<tr>
<td>III. Scope 3 screening</td>
<td>Official validations only</td>
<td>The submission is reviewed to assess if the company has conducted a complete scope 3 screening or inventory.</td>
<td>If the company did not conduct a complete scope 3 screening or inventory, the submission does pass the initial screening stage.</td>
</tr>
<tr>
<td>IV. Scope 3 target</td>
<td>Official validations only</td>
<td>The submission is reviewed to assess the contribution of scope 3 emissions to the GHG inventory. If Scope 3 emissions account for more than 40% of total emissions, the submission is further reviewed to assess if company has a Scope 3 target.</td>
<td>If Scope 3 emissions are $\geq 40%$ of total emissions, and no target is set, the submission does not pass the initial screening stage.</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>V. Timeframe check</td>
<td>Official validations only</td>
<td>The submission is reviewed to assess if there is at least one target per scope required that has a valid target year.</td>
<td>If the company does not have at least one target covering each scope as required with a valid target year, the submission does not pass the initial screening stage.</td>
</tr>
<tr>
<td>VI. Use of offsets</td>
<td>Official validations only</td>
<td>The submission is reviewed to assess if the company indicated the use of offsets in the submission form.</td>
<td>If the company uses offsets to achieve its targets, the submission does not pass the initial screening stage.</td>
</tr>
<tr>
<td>VII. Avoided emissions</td>
<td>Official validations only</td>
<td>The submission is reviewed to assess if the company indicated the use of avoided emissions in the submission form.</td>
<td>If the company uses avoided emissions to achieve its targets, the submission does not pass the initial screening stage.</td>
</tr>
</tbody>
</table>

### 3.2. Target validation team assignment

A validation team, consisting of an LR and an AA is assigned for each target submission, avoiding any potential conflict of interest. This is determined through the conflict of interest process detailed in Section 4. The LR will be the main point of contact between the company and the SBTi. The following rules are also considered when assigning a validation team:

- The LR and the AA are always selected from different partner organizations.
- In cases where the company is re-submitting targets, the same validation team is assigned whenever possible, to ensure continuity.
3.3. Desk review

- Once the validation team has been assigned, the target submission form and all supporting documents are assessed against the SBTi criteria as per Error! Reference source not found.. All information received from the company within the context of the target validation process is treated as strictly confidential.
- The LR thoroughly assesses the accuracy, relevance, completeness, consistency, and transparency of the information provided by the company in the submission form and any accompanying documents.
- If clarifications or additional information are required from the company, the LR may send a query to the company using the query log to obtain the required information. Queries may be sent to the company at this or any other stage in the process. If it is deemed necessary, the LR may request a call to clarify certain aspects of the company’s submission.
- The company must respond to queries sent by the LR within 2 business days to receive the deliverables within 30 business days. If a response is not received within 2 business days, the SBTi does not guarantee the deliverables will be ready in a 30 business day timeframe.
- It is the company’s responsibility to provide all the information required to complete the desk review. If the information provided is deemed insufficient by the SBTi after at least two query attempts, the SBTi may consider the submission to be non-compliant. During the desk review, the target language is also assessed to ensure compliance with the SBTi’s guidelines. This does not necessarily mean the target will be approved; however, this process is initiated to avoid delays in case the company’s targets are ultimately approved.
- Once the desk review is completed, the LR drafts the deliverables and the results of the assessment for the peer review process.

**Box 1: Query vs. non-compliance**

LR’s use a “query form” to clarify any elements that are not clear in the submission form or to request any additional information required to determine compliance or non-compliance against any of the SBTi criteria e.g., the company has submitted an intensity target but has not provided the activity data needed to assess the ambition in absolute terms.

Non-compliances rather than queries are declared when the lack of information clearly implies that the criteria will not be met, and/or if the request for additional information would require a substantial amount of time for the company to complete. E.g., the company’s scope 3 emissions are more than 40% of total emissions and there is no scope 3 target.
3.4. Appointed approver review

- A review of the assessment results and the deliverables prepared is completed by the AA to ensure their accuracy and compliance with the Target Validation Protocol.
- Disagreements between the LR and the AA on the results of the assessment are resolved during TVT meetings. If the AA agrees with the recommendations of the LR, the LR presents the targets for discussion at the TVT meeting.

3.5. TVT and TWG discussion

- Upon completion of desk and peer review process, the assessment is discussed at the TVT meeting. Meetings are held on a weekly basis.
- If the TVT is unable to come to a decision on the results of the assessment during the TVT meeting, the case is further discussed by the wider TWG until a decision is reached.
- If, for any reason, the TWG is unable to make a final decision on the results of the assessment, the case is raised to the SC for a final decision.

3.6. Final approval

- In cases where both the TVT and the TWG are unable to come to a decision on the results of the assessment, the SC discusses the submission and makes the final decision.
- Upon reaching a final decision, the LR completes the deliverables for the company (target validation report and decision letter).

3.7. Communicating decisions and feedback

- Deliverables are sent directly to the company contacts included in the Submission Form.
- For preliminary validations, the company receives a target validation report, which contains detailed information on the assessment, and a feedback letter, which contains a summary of results and recommendations.
- For official validations, the company receives a target validation report, which contains detailed information on the assessment, and a decision letter, which contains the decision (approval/non-approval) and summary of the non-compliances, if relevant.
In addition to the target validation report and the letter, the company can request a feedback call with the TVT, to be held within the three following weeks after the deliverables were sent to the company. The company should contact their LR directly to request the call.

3.8. **Target publication**

- For official submissions approved by the SBTi, the Communications Team directly coordinates target publication plans with the company upon receipt of the final deliverables.
- A “welcome pack” is sent to the company, outlining how the target can be showcased/communicated, how the SBTi logo may be used, and how the SBTi approval may be referenced.
- The SBTi can accept requests to embargo the release/announcement date of an approved target, but it should be announced within six months of the date the approval letter was sent to the company.
- All approved companies are listed as a company with an “approved target” on our “Companies Taking Action” webpage as well as on our partners’ websites at We Mean Business and CDP.
4. Conflict of interest policy

4.1. Target assignment

Any SBTi partner organization with a conflict of interest (COI) must be excluded from the assessment process. When all partners have a COI, the results of the validation must be unanimous and, when possible, the LR assigned will be an independent consultant. This aims to ensure an independent, credible, and objective target validation process.

4.2. What is considered a COI?

Any situation where the impartiality and independence of a reviewer is at risk, it is considered a COI. More specifically, COIs include but are not limited to the following:

- When any member of a partner organization is paid any amount to provide advisory services to a company on their target.
- When a company provides any significant amount of funds to any of the SBTi partner organizations (e.g., through a partnership, service offering, donation). No SBTi partner organization shall accept funding where an objective of such funding is to influence any science-based target validation decisions. This applies equally to grants, sponsorship, sales of services or any other income.
- Any affirmative answers from the LR to the following questions:
  1. Are you or have you been involved at any level in the development of the proposed target?
  2. Were you involved in any business development concerning the company or other parties involved?
  3. Do you provide any consultancy or other services to the company?
  4. Do you have any professional experience or business relation with the company?
  5. Have you provided any other services to the company or other parties involved?
  6. Are you related to the company or other parties involved, maintaining political, religious or private relations?
  7. Are there any business relations between your employer and the company or other parties involved?
  8. Do you receive any services (loans, mortgages, etc.) from the company or other parties involved?
  9. Is your employer related to the company or other parties involved, maintaining political, religious or private relations?
  10. Is your employer involved in this target submission? (Consulting or advisory, prior review, etc.)
11. Does your employer receive any services (loans, mortgages, etc.) from the company or other parties involved?

12. Does your family receive any services (loans, mortgages, etc.) from the company or other parties involved?

13. Do you have any positive or negative impressions towards the company or other parties involved, their products or services?

Any attempt by any member of the SBTi excluded from a target validation due to a COI to amend responses or influence science-based targets methodologies or validation results or assist any other party in doing so for personal gain, will be regarded as gross misconduct and dealt with on a case by case basis.
5. Minimum ambition thresholds

The SBTi uses ambition thresholds to assess all targets in a consistent manner. These ambition thresholds apply to targets covering scope 1 and/or scope 2 emissions, and they apply to targets covering scope 3 emissions as outlined in the SBTi criteria. The ambition thresholds associated with three, long-term temperature goals are shown in Table 2.

In addition to absolute contraction rates aligned with 2°C, well below 2°C, and 1.5°C scenarios, SDA pathways exist to model targets against 2°C (2DS) and well below 2°C (B2DS). The SDA uses the IEA Energy Technology Perspectives (ETP) global sectoral scenarios comprising emissions and activity projections, which are used to compute sectoral intensity pathways. IEA ETP scenarios aligned with 1.5°C are not currently available, and the SBTi does not provide a 1.5°C SDA at this time, as no appropriate scenario model with sectoral emissions and activity breakdowns has been identified. Ambition thresholds for 1.5°C are therefore only derived using a global emissions pathway.

Table 2. Minimum ambition thresholds

<table>
<thead>
<tr>
<th>Long-term temperature goal</th>
<th>Absolute contraction method</th>
<th>SDA method</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Absolute reduction targets AND Non-SDA intensity reduction targets</td>
<td>SDA physical intensity reduction targets</td>
</tr>
<tr>
<td>2°C</td>
<td>1.23% annual linear reduction rate over target period</td>
<td>Threshold determined based on SDA / IEA ETP 2DS scenario</td>
</tr>
<tr>
<td>Well below 2°C</td>
<td>2.5% annual linear reduction rate over target period</td>
<td>Threshold determined based on SDA / IEA ETP B2DS scenario</td>
</tr>
<tr>
<td>1.5°C</td>
<td>4.2% annual linear reduction rate over target period</td>
<td>N/A</td>
</tr>
</tbody>
</table>
6. Target classification protocol

Targets adopted by companies to reduce GHG emissions are considered “science-based” if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement—to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. In addition to validating targets that are consistent with our criteria, the SBTi classifies the ambition of individual targets against specific, long-term temperature goals, enabling companies to better understand the context of their target with respect to different climate outcomes. Currently, the SBTi only classifies individual scope 1 and/or scope 2 targets. A procedure to determine the temperature-alignment of scope 3 targets will be addressed through future work.

6.1. What is a target classification?

A target classification describes the ambition of a company’s emissions reduction target, relative to a long-term temperature goal. This classification, however, does not imply that a company’s overall ambition and business strategy are aligned with a temperature goal, as the current classification does not extend to scope 3, i.e., does not cover its full GHG inventory.

Submitted targets must meet all relevant qualitative and quantitative SBTi criteria before being classified against a long-term temperature goal. Targets covering each scope are assessed to ensure compliance with the SBTi criteria, while only targets covering scope 1 and/or scope 2 are currently assessed to determine alignment with long-term temperature goals based on the thresholds described in Section 5. Figure 3 outlines how the target classification procedure fits into the overall validation process.
Figure 3. Target classification procedure
6.2. Temperature alignment ranges

The ambition of a scope 1 and/or scope 2 target must be aligned with either a global or sector-specific emissions pathway, corresponding to the absolute contraction and SDA target-setting methods, respectively.

- **Global emissions pathway**: Targets to reduce emissions at the same rate as a global emissions pathway are assessed against absolute contraction ambition ranges.
- **Sector emissions pathways**: Targets to reduce emissions based on a sector-specific pathway, accounting for the company's base year emissions intensity and projected activity growth, are assessed against relevant SDA pathways.

The ambition ranges corresponding to 1.5°C and well below 2°C are detailed in “Foundations of Science-Based Target Setting”, and the ambition range for 2°C is based on the average linear reduction (2010-2050) of the 10th percentile of AR5 RCP2.6 pathways (global) and the ETP2017 2DS pathway (sector-specific), as required by previous SBTi methods.

Table 3 presents the ambition ranges used to classify scope 1 and/or scope 2 targets against three long-term temperature goals.

<table>
<thead>
<tr>
<th>Long-term temperature goal</th>
<th>Ambition range (global emissions pathway)</th>
<th>Ambition range (sector emissions pathway)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2°C</strong></td>
<td>1.23% ≤ X &lt; 2.5% annual linear reduction rate over target period</td>
<td>SDA 2DS pathway ≤ X &lt; SDA B2DS pathway</td>
</tr>
<tr>
<td>Approx. 50% chance of limiting warming in 2100 to below 2°C</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Well below 2°C</strong></td>
<td>2.5% ≤ X &lt; 4.2% annual linear reduction rate over target period</td>
<td>X ≥ SDA B2DS pathway</td>
</tr>
<tr>
<td>Approx. 66% chance of limiting peak warming between present and 2100 to below 2°C</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1.5°C</strong></td>
<td>X ≥ 4.2% annual linear reduction rate over target period</td>
<td>N/A</td>
</tr>
<tr>
<td>Approx. 50% chance of limiting peak warming between present and 2100 to below 1.5°C</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
6.3. Timeframe vs. forward-looking ambition

Target classifications consider both the timeframe ambition (i.e., ambition from the base year to the target year) and the forward-looking ambition (i.e., ambition from the most recent year of data to the target year), if the base year is not the same as the year of the most recently disclosed inventory.

For cases where both timeframe and forward-looking ambition need to be assessed, the lower of the two ambition values is used to determine the target classification. For example, if the timeframe ambition is classified as well below 2°C aligned, but the forward-looking ambition is only 2°C aligned, then the target would be classified at the lower rate, in this case as 2°C aligned.

For approved targets to date, the SBTi will assess forward-looking ambition using the most recently available inventory at the time of the original submission.
7. Target recalculation protocol

Companies may review and revise their approved targets in order to keep them up to date and aligned with the most recent climate science and best practices. Targets can be recalculated and submitted for revalidation to:

1. Reflect significant changes that would compromise the relevance and consistency of the original target (target revalidation).
2. Update target ambition in line with most recent climate science (voluntary target recalculation).

7.1. Target revalidation

Companies must submit an updated target submission form in order to allow the SBTi to assess the nature and the impact of the changes that triggered the recalculation. It is highly recommended for companies to provide a detailed explanation of the causes and implications of the changes in relation to the methods, emissions factors, assumptions, company structure, inventory and/or targets.

The following changes should trigger a target recalculation:

a. Scope 3 emissions become 40% or more of scopes 1, 2 and 3 emissions;
b. Exclusions in the inventory or target boundary change significantly;
c. Significant changes in company structure and activities (e.g., acquisitions, divestitures, mergers, insourcing or outsourcing, shifts in product or service offerings);
d. Significant changes in data used to calculate the targets such as growth projections (e.g., discovery of significant errors or several cumulative errors that are collectively significant);
e. Other projections/assumptions used with science-based target setting methods.

Companies with approved targets may use the resubmission service to have a target revalidated by SBTi. Note that SBTi will check forward-looking ambition against the most recently available inventory at the time of the original submission.

7.2. Voluntary target ambition update

Voluntary target recalculations occur if a company intends to increase its target ambition in order to comply with most recent climate science or has achieved its target ahead of time. Recalculated targets should be aligned with either a well below 2°C or a 1.5°C pathway. Companies wishing to validate their
upgraded target(s) can follow a simplified process to achieve SBTi approval if they meet the following conditions:

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.)

Figure 4 outlines the process companies follow during the revalidation of their upgraded targets:

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

Companies not complying with the minimum temperature alignment thresholds will be provided with a simple feedback letter and/or redirected to use the target validation service. Note that SBTi will check forward-looking ambition against the most recently available inventory at the time of the original submission.
8. Assessment of SBTi criteria

The SBTi criteria outline the minimum qualitative and quantitative criteria for targets to be recognized by the Science Based Targets initiative. The validation team reviews the submission form and associated documents to ensure that all criteria are met. The interpretation and specific requirements of the criteria are presented in Table 1. This table provides more detailed information to companies on the procedure followed by the reviewer to assess each criterion, and a clear explanation on when the criterion is met.

The validation team adheres to the criteria assessment table when validating targets and all decisions are justified using this guide.

Table 1. Criteria Assessment Table

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Validation requirements, and recommendations</th>
<th>Criterion assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C1 – Scopes</strong>&lt;br&gt;The targets must cover company-wide scope 1 and scope 2 emissions, as defined by the GHG Protocol Corporate Standard.</td>
<td>• At least one target covering scope 1 (S1) and scope 2 (S2) must be submitted (can be a combined target or separate targets), regardless of the size of each scope’s emissions.&lt;br&gt;• Either percentage-based emission-reduction targets or renewable energy procurement targets are acceptable for S2 emissions.</td>
<td>Criterion met if:&lt;br&gt;• Targets cover both S1 and S2 separately or as a combined target&lt;br&gt;Criterion not met if:&lt;br&gt;• No S1 or S2 target is set, regardless of the scale of these emissions</td>
</tr>
</tbody>
</table>
| **C2 – Significance thresholds**<br>Companies may exclude up to 5% of scope 1 and scope 2 emissions combined in the boundary of the inventory and target. | • The GHG inventory must account for at least 95% of corporate-wide emissions.<br>• All exclusions (e.g., activities, facilities) must be clearly justified with estimates of associated emission value.<br>• Specific regions/business activities can be excluded if they represent less than 5% of | Criterion met if:<br>• No GHG emissions are excluded from the S1 and S2 inventory or target boundary, **OR**<br>• GHG exclusions of S1 and S2 combined in the inventory and target boundary represent less than 5% of total S1 and S2 emissions, **AND**<br>• If exclusions include specific regions or business,
total S1 and 2 emissions. If specific regions or business sections are excluded from S1 or S2, the company must assess if these emissions are relevant for S3 accounting and account for them accordingly.

- If specific regions or business sections are excluded, provided total exclusions remain below 5%, recalculation of targets is required if those regions/business sections increase significantly as per C23 recalculation criteria. However, companies cannot include specific regions and businesses in the official target language.

Criterion not met if:
- Exclusions of one or more activities are listed, for which no reasonable justification is provided, OR
- The GHG exclusions of S1 and S2 combined in the inventory and target boundary represent more than 5% of total S1 and S2 emissions. Example: A company excluding 3% in their GHG inventory and 3% in their target boundary and these emissions do not overlap, would represent 6% total exclusions.

C3 – Greenhouse gases

*The targets must cover all relevant GHGs as required per the GHG Protocol Corporate Standard.*

- All relevant GHGs required, as per the Kyoto Protocol (CO$_2$, CH$_4$, N$_2$O, HFC, PFC, SF6, NF3), must be included.
- GHG exclusions must be clearly justified, and not exceed 5% of total S1 and 2 emissions.
- The GHG inventory is assessed to ensure any relevant non-CO$_2$ GHG were not unreasonably omitted.

Criterion met if:
- No GHG exclusions are reported, OR
- Exclusion of one or more GHG(s) is reported, representing no more than 5% of the inventory or targets combined, and a reasonable justification is provided.

Criterion not met if:
- Exclusion of one or more GHG(s), representing more than 5% of the inventory or targets combined, OR
- Exclusions of one or more GHG(s) for which no reasonable justification is provided
### C4 – Bioenergy accounting

Direct emissions from the combustion of biomass and biofuels, as well as GHG removals associated with bioenergy feedstock, must be included alongside the company’s inventory and must be included in the target boundary when setting a science-based target and when reporting progress against that target. If biogenic emissions from biomass and biofuels are considered climate neutral, the company must provide justification of the underlying assumptions.

- Companies using bioenergy must disclose the justifications/assumptions on the methods and renewability of the bioenergy sources. This will include assumptions on emission factors.
- Companies using bioenergy must also confirm that they will update their inventory if/when the SBTi endorses specific methods/factors for estimating these emissions/removals.
- Companies using bioenergy must confirm that emissions and removals associated with bioenergy feedstock are included in the target boundary.
- For targets that include bioenergy, the target language must include the following footnote: “*The target boundary includes biogenic emissions and removals from bioenergy feedstocks*”

#### Criterion met if:
- Bioenergy is not being used and no emissions/removals are reported, OR
- Bioenergy is being used and the related emissions/removals are reported alongside the inventory and included in the target boundary.
- Companies must provide details on the methods used to calculate these emissions until SBTi-endorsed method becomes available.
- Companies must provide justifications if net zero emissions are assumed.

#### Criterion not met if:
- Bioenergy is being used but the related emissions and removals are not disclosed with the GHG inventory, OR
- Bioenergy is being used but related emissions/removals are not included in the target boundary and the company refuses to include in the target language that “*The target boundary includes biogenic emissions and removals from bioenergy feedstocks.*” OR
- Bioenergy is being used and the company did not agree to update its inventory using SBTi-endorsed methodology and factors, if they become available in the future.
C5 – Base and target years

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.

- If the target is submitted for validation in the first half of the year (i.e., by the end of June), the timeframe includes the year of submission. If submitted in the second half of the year, the timeframe begins from the start of the following year.
  - E.g., for targets submitted for an official validation in first half of 2019 the valid target years are 2023-2033 inclusive. For those submitted in the second half of 2019 the valid target years are between 2024 and 2034 inclusive.
  - Long-term targets (15 years from the date of submission up to 2050) can be validated as additional optional targets but are not sufficient on their own to meet this criterion. Long term targets can only be validated if relevant ambition criteria, C6 and C7, are met.
  - Base years should cover a complete past calendar or financial year.
  - It is recommended to choose the most recent year for which data are available as the target base-year.
  - 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.

Criterion met if:
- The target year is between 5 and 15 years (inclusive) from the date of submission to the SBT, AND
- Base year data is for a complete past calendar or financial year

Criterion not met if:
- The target year is not between 5 and 15 years (inclusive) from the date of submission to the SBTi, OR
- Base year data is not available for a complete past calendar or financial year, OR
- Only a long-term target (15 years from the date of submission up to 2050) has been submitted.
<table>
<thead>
<tr>
<th>C6 – Progress to date</th>
<th>This criterion is only relevant for percentage-based emission reduction targets. This criterion does not apply to renewable energy targets.</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Targets that have already been achieved by the date they are submitted to the SBTi are not acceptable. The SBTi uses the year the target is submitted to the initiative (or the most recent completed GHG inventory) to assess forward-looking ambition. The most recent completed GHG inventory must not be earlier than two years prior to the year of submission.</em></td>
<td></td>
</tr>
<tr>
<td><em>• Targets must not have already been achieved by the submission date.</em></td>
<td><em>• The most recent GHG inventory provided must be for a complete year, less than 2 years prior to the year of submission. For targets submitted for an official validation in 2019, the most recent inventory data submitted must be for no earlier than 2016.</em></td>
</tr>
<tr>
<td><em>If target is absolute-based:</em></td>
<td></td>
</tr>
<tr>
<td><em>• Forward-looking ambition (i.e., ambition from the most recent year of data to the target year) must be, at a minimum, aligned with the well below 2°C ambition threshold.</em></td>
<td>*The criterion is met if the most recent year is not more than 2 years prior to the year of submission, <strong>AND</strong></td>
</tr>
<tr>
<td><em>If target is intensity-based:</em></td>
<td><em>If target is absolute-based, criterion met if:</em></td>
</tr>
<tr>
<td><em>If an SDA pathway is relevant:</em></td>
<td><em>• Forward-looking ambition is aligned with a linear reduction rate of at least 2.5% per year.</em></td>
</tr>
<tr>
<td><em>• The pathway must be representative of the company’s activities and the forward-looking ambition must be aligned with the minimum ambition threshold of the relevant SDA pathway or the minimum well below 2°C ambition threshold of the absolute contraction approach. This means that companies must determine</em></td>
<td><em>If target is intensity-based, criterion met if:</em></td>
</tr>
<tr>
<td></td>
<td>*• A relevant SDA pathway is used AND forward-looking ambition is aligned with the minimum ambition threshold of the relevant SDA pathway, <strong>OR</strong></td>
</tr>
<tr>
<td></td>
<td><em>• Forward-looking ambition in absolute terms is aligned with a linear reduction rate of at least 2.5% per year.</em></td>
</tr>
<tr>
<td></td>
<td><em>If target is intensity-based, criterion not met if:</em></td>
</tr>
<tr>
<td></td>
<td><em>• Company is unable to provide relevant activity/growth data to be able to assess the intensity target’s forward-looking ambition.</em></td>
</tr>
</tbody>
</table>
### C7 – Level of ambition

At a minimum, scope 1 and scope 2 targets will be consistent with the level of decarbonization required to keep global temperature increase to well below 2°C compared to pre-industrial temperatures, though companies are encouraged to pursue greater efforts towards a 1.5°C trajectory. Both the target timeframe ambition (base year to target year) and the forward-looking ambition (most recent year to target year) must meet this ambition criteria.

<table>
<thead>
<tr>
<th>If target is absolute-based, the criterion is met if:</th>
<th>If target is intensity-based, criterion met if:</th>
</tr>
</thead>
</table>
| • The timeframe ambition (i.e., ambition from the base year to the target year) must be, at a minimum, aligned with the well below 2°C ambition threshold. | • SDA pathway is representative of company activities AND  
• The timeframe ambition is aligned with the minimum ambition threshold of the relevant SDA pathway, OR  
• Timeframe ambition in absolute terms is aligned with a linear reduction rate of at least 2.5% per year. |

#### Forward-looking ambition must be, at a minimum, aligned with the well below 2°C ambition threshold.

<table>
<thead>
<tr>
<th>If target is absolute-based:</th>
<th>If target is intensity-based, criterion not met if:</th>
</tr>
</thead>
</table>
| • The company should translate the intensity target into absolute emissions reductions in order to be able to assess ambition and progress to date. | • Company is unable to provide relevant activity data in order to assess the intensity target’s absolute  
• Forward-looking ambition must be, at a minimum, aligned with the well below 2°C ambition threshold. |
<table>
<thead>
<tr>
<th>C8 – Absolute vs. Intensity</th>
<th>Relevant SDA pathway or the minimum well below 2°C ambition threshold of the absolute contraction approach.</th>
</tr>
</thead>
</table>
| If no SDA pathway is relevant: | - The absolute reductions derived from the intensity target should be disclosed  
- Timeframe ambition must be, at a minimum, aligned with the well below 2°C ambition threshold.  
- Please refer to chapter 3 of the Science-Based Target Setting Manual for guidance on choosing methods for various sectors. |
| | ambition, **OR**  
- If no relevant SDA pathway is available, the absolute reductions of the intensity target is not aligned with an annual linear reduction rate of at least 2.5% per year, **OR**  
- If an SDA pathway is available, AND the timeframe ambition is not aligned with the minimum ambition threshold of the relevant SDA pathway or with an annual linear reduction rate of at least 2.5% per year. |

**C8 – Absolute vs. Intensity**

*Intensity targets for scope 1 and scope 2 emissions are only eligible when they lead to absolute emission reduction targets in line with climate scenarios for keeping global warming to well below 2°C or when they are modelled using an approved sector pathway. Absolute reductions must be at least as ambitious as the minimum of the range of emissions scenarios consistent with the well below 2°C goal, or aligned with the relevant sector reduction pathway within the Sectoral Decarbonization Approach.*

**This criterion is only relevant for intensity-based reduction targets.**

- The intensity denominator should be representative of the company's activities.  
- The intensity targets should be paired with relevant activity growth projections and the absolute reductions derived from the intensity target should be disclosed.  
- The ambition of the target must be in line with the requirements of C7.

**Criterion met if:**

- The ambition of the intensity target can be assessed in absolute terms when relevant activity data is provided **AND**  
- The absolute ambition is aligned with an annual linear reduction rate of at least 2.5% per year **AND**  
- The intensity denominator is representative of the company activities.

If a representative SDA pathway is available, criteria met if:

- The intensity target ambition is aligned with the minimum ambition threshold of the relevant SDA pathway, **AND**  
- The intensity denominator is representative of the company activities.

**Criterion not met if:**

- The ambition of the intensity target is not aligned with the requirements of C7.  
- The intensity denominator is not representative of the company activities.
### C9 – Method validity

Targets must be modelled using the latest version of methods and tools approved by the initiative. Targets modelled using previous versions of the tools or methods can only be submitted to the SBTi for an official validation within 6 months of the publication of the revised method or the publication of relevant sector-specific tools.

- Companies must use correct target setting methods for their sector.
- The latest version of the method/tool should be used to set targets.
- Older versions of a method or a tool can only be used within 6 months of the publication of an updated version.

If an approved SBT method was employed to develop the target, the criterion is met if:

- The latest version of the methods and tools are used to set the targets, and
- If the company is in a sector that requires a specific method to be used (e.g., power generation, transport), the appropriate method/tool is used, or
- An older version of a tool/method was used but the target was submitted within 6 months of the publication of the latest corresponding tool/method.

### C10 – Combined scope targets

If the combined scope 1+2+3 target is not in line with a well below 2°C scenario: the scope 1+2 portion must be in line with a well below 2°C scenario and the scope 3 portion of the target has to meet the ambition requirements outlined in C19.

If the combined scope 1+2+3 target is

Targets combining S1+2 should be in line with the ambition criteria C6 and C7.
- For targets combining S1, S2, and scope 3 (S3): the S1+2+3 target and the S1+2 portion of the target should be in line with criteria C6 and C7.
- If the S1+2+3 target is not in line with C6 and C7, the S1+2 portion should be in line with criteria C6 and C7, and the S3 portion should be in line with criterion C19.

For combined S1+2 targets, criterion met if:

- Combined S1+2 portion meets criteria C6 and C7

For combined S1+2+3 targets, criterion met if:

- Both the combined S1+2+3 target and the S1+2 portion are in line with C6 and C7, or
- The combined S1+2 target is in line with C6 and C7 and the S3 portion is in line with criterion C19.

For combined S1+2+3 targets, criterion not met if:

- Ambition of S1+2 portion or S3 portion is not
**C11 – Offsets**

The use of offsets is not counted as emissions reduction 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 operations or their value chains. Offsets are only considered to be an option for companies wanting to finance additional emission reductions beyond their science-based targets.

<table>
<thead>
<tr>
<th>Criterion met if:</th>
</tr>
</thead>
<tbody>
<tr>
<td>No use of carbon offsets is disclosed by the company or perceived in the submission form, <strong>OR</strong></td>
</tr>
<tr>
<td>Use of carbon offsets is disclosed by the company but they confirm they do not count them towards the progress of their science-based target.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Criterion not met if:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any form of voluntary or compliance related carbon offsets are counted as reductions toward the progress of the company’s target.</td>
</tr>
</tbody>
</table>

**C12 - Avoided emissions**

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

<table>
<thead>
<tr>
<th>Criterion met if:</th>
</tr>
</thead>
<tbody>
<tr>
<td>No use of avoided emissions is disclosed by the company in the submission form, <strong>AND</strong></td>
</tr>
<tr>
<td>No sign of use of avoided emissions in the inventory or the target boundary.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Criterion not met if:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The following are example claims that are not valid when setting SBTs:</td>
</tr>
</tbody>
</table>
| Product use targets, which claim to “help
| C13 – Approaches | avoid” product users’ emissions in comparison to an alternative product, on a purely hypothetical basis.  
- Claims that a product’s total lifecycle emissions are lower than alternative products that provides equivalent functions.  
- Use of “baselining” to calculate the emissions impact of a product, which is only acceptable for project accounting and different from corporate accounting.  
- Companies must select consistent approaches for S2 accounting both for the base year and most recent year GHG inventories and tracking progress against S2 targets. | Submission reveals any use of avoided emissions, either as part of the inventory or the target setting process.  
Criterion met if:  
- The method used to account for base year and most recent year S2 inventory is the same, **AND**  
- The method used to track performance towards its S2 target is consistent with the methods used for base and most recent year inventories.  
Criterion not met if:  
- Company disclosed a base year S2 inventory, (which includes a consistent approach to both base year and most recent year accounting, if relevant) that is inconsistent with its target performance tracking approach. |
| C14 – Renewable electricity | Targets should be formulated to specifically address active sourcing of renewable electricity. | Active sourcing of renewable electricity in the target year is at or above the minimum share |
Electricity at a rate that is consistent with well below 2°C scenarios are an acceptable alternative to scope 2 emission reduction targets. The SBTi has identified 80% renewable electricity procurement by 2025 and 100% by 2030 as thresholds (portion of renewable energy over total energy use) for this approach in line with the recommendations of RE100. Companies that already source electricity at or above these thresholds shall maintain or increase their use share of renewable electricity to qualify.

<table>
<thead>
<tr>
<th>C15 – Scope 3 screening</th>
<th>Criterion met if:</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>• A complete S3 screening, at a minimum, is conducted for all relevant categories, AND</td>
</tr>
<tr>
<td>• Companies must complete a full screening of all relevant S3 categories.</td>
<td>• Clear justification is provided for categories that are deemed not applicable or where the emissions are deemed insignificant.</td>
</tr>
<tr>
<td>• Companies must provide sufficient and reasonable justification for categories that have not been quantified or are deemed not relevant or applicable.</td>
<td></td>
</tr>
<tr>
<td>• Sector-specific emission profiles and compliance with the chosen consolidation approach should be addressed when screening and/or neglecting S3 categories.</td>
<td></td>
</tr>
</tbody>
</table>

- S2 renewable energy targets should cover at least 95% of S2 emissions and meet the minimum active sourcing requirements.
- Companies who are already actively sourcing renewable electricity at or above the minimum thresholds can commit to maintain or increase their use share of renewable electricity to qualify.
- The target language explicitly refers to ‘active sourcing’ of renewable electricity, AND
- The target covers at least 95% of the electricity consumed by the company.
### C16 – Requirements to have a Scope 3 target

*If a company’s relevant scope 3 emissions are 40% or more of total scope 1, 2, and 3 emissions, a scope 3 target is required. All companies involved in the sale or distribution of natural gas or other fossil fuel products shall set scope 3 targets for the use of sold products irrespective of the share of these emissions compared to the total S1+2+3 emissions of the company.*

- For companies **not** involved in the sale, transmission, or distribution of fossil fuels, at least one S3 target must be set if the S3 emissions are responsible for more than 40% of the total emissions.
- For companies involved in the sale, transmission, or distribution of fossil fuels, a target must be set regardless of how these emissions contribute to the overall inventory.

### C17 – Boundary

*Companies must set one or more emission reduction targets and/or supplier or customer engagement target that collectively covers at least 2/3 of total scope 3 emissions in conformance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.*

- S3 targets, collectively, should cover at least 2/3 (i.e., 67%) of total S3 emissions.
- Targets addressing indirect use-phase emissions do not count towards the 2/3 boundary.
- Targets accounting for emission reductions outside the company’s value chain (avoided emissions) do not count towards the 2/3 boundary.
- Companies can account for projected grid improvements in GHG intensity that contribute to emissions reduction in scope 3 category 11. Companies should provide supplementary materials with detailed calculation methods to support claims on

### For companies not involved in the sale, transmission, or distribution of fossil fuels, criterion met if:

- S3 emissions represent 40% or more of total S1+2+3 emissions **AND**
- At least one S3 target has been set.

### Criterion met if:

- S3 targets collectively cover at least 67% of total S3 emissions.

### Criterion not met if:

- Target boundary is unclear or covers less than 67% of total S3 emissions, **OR**
- If the target boundary includes indirect use-phase emissions **OR**
- Company uses avoided emissions accounting to meet the boundary requirements.
### C18 – Timeframe

*Emission reduction targets must cover a minimum of 5 years and a maximum of 15 years from the date the company’s target is submitted to the SBTi for an official validation.*

Companies are encouraged to develop such long-term targets up to 2050 in addition to the required mid-term targets. Long-term scope 3 targets must comply with C20 to be considered ambitious.

| This criterion applies to percentage-based S3 emission reduction targets. Supplier engagement targets are an exception (see C19.1) |
|---|---|
| • If the target is submitted for validation in the first half of the year (i.e., by the end of June), the timeframe includes the year of submission. If submitted in the second half of the year, the timeframe begins from the start of the following year. |
| • E.g., for targets submitted for an official validation in first half of 2019 the valid target years are 2023-2033 inclusive. For those submitted in the second half of 2019 the valid target years are between 2024 and 2034 inclusive. |
| • Longer term optional targets are valid if the target year is between 15 years from the date of submission and 2050. Long-term targets can be validated as additional optional targets but are not sufficient to meet this criterion. |
| • The target base year should cover a complete past year (calendar or financial year). |
| • It is recommended to choose the most recent year for which data are available as |

<table>
<thead>
<tr>
<th>Criteria met if:</th>
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</thead>
<tbody>
<tr>
<td>• Target year is between 5 and 15 years (inclusive) from the date of submission to the SBTi, <strong>AND</strong></td>
</tr>
<tr>
<td>• Base year covers complete past year (calendar or financial year).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Criterion not met if:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Target year is less than 5 years or greater than 15 years from the date of submission to the SBTi, <strong>OR</strong></td>
</tr>
<tr>
<td>• Base year data is not complete (company uses a base year in the future).</td>
</tr>
</tbody>
</table>
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.

### C19 - Level of ambition for scope 3 emissions reductions targets

Emission reduction targets (covering the entire value chain or individual scope 3 categories) are considered ambitious if they fulfill any of the following:

**Absolute:** Absolute emission reduction targets that are consistent with the level of decarbonization required to keep global temperature increase below 2°C compared to pre-industrial temperatures, in accordance with C7.

**Economic intensity:** Economic intensity targets that result in at least 7% year-on-year improvement of emissions per value added.

**Physical intensity:** Intensity aligned with the relevant sector reduction pathway within the Sectoral Decarbonization Approach or does not result in absolute emissions growth.

---

#### For absolute percentage-based emission reduction targets:

- The timeframe ambition (i.e., ambition from the base year to the target year) must be, at a minimum, aligned with the 2°C ambition threshold.

**If target is based on reduction of economic intensity:**

- The intensity targets should be paired with relevant activity growth projections and the absolute reductions derived from the intensity target should be disclosed.
- The absolute reductions are assessed to determine if the timeframe ambition is, at a minimum, aligned with the 2°C ambition threshold.
- Alternatively, the economic intensity reductions can be aligned to a 7% year-on-year GEVA threshold.

**If target is based on reduction of physical intensity:**

- \( \text{Timeframe ambition in absolute terms is aligned with a annual linear reduction rate of at least } 1.23\% \text{ per year, OR} \)
- The timeframe ambition exceeds 7% year-on-year reduction per unit of gross value added over the target time period.

---

#### For absolute based percentage emission reduction targets, criterion met if:

- Timeframe ambition is aligned with an annual linear reduction rate of at least 1.23% per year.

---

#### For intensity-based percentage emission reduction targets, criterion met if:

**If target is economic-based:**

- Timeframe ambition in absolute terms is aligned with an annual linear reduction rate of at least 1.23% per year, OR
- Timeframe ambition exceeds 7% year-on-year reduction per unit of gross value added over the target time period.

**If target is physical intensity-based, criterion met if:**

- Timeframe ambition in absolute terms is aligned with an annual linear reduction rate of at least 1.23% per year, OR
- The timeframe ambition is aligned with the minimum ambition threshold of the relevant SDA pathway, OR
and leads to intensity improvements equivalent to at least 2% linear, at a minimum.

<table>
<thead>
<tr>
<th><strong>intensity:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• The physical intensity denominator should be representative of the company’s activities.</td>
<td></td>
</tr>
<tr>
<td>• If an SDA pathway is available, the timeframe ambition must be aligned with the minimum ambition threshold of the relevant SDA pathway.</td>
<td></td>
</tr>
<tr>
<td>• If no SDA pathway is relevant OR the targets are not in line with the relevant SDA pathway, the intensity targets should be paired with relevant activity growth projections and the absolute reductions derived from the intensity target should be disclosed, and the timeframe ambition must be, at a minimum, aligned with the 2°C ambition threshold.</td>
<td></td>
</tr>
<tr>
<td>• Alternatively, targets should drive ambitious physical intensity reduction to prevent absolute emissions growth from base year levels and lead to at least a 2% physical intensity reduction in annual linear term.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Criterion met if:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• The target does not lead to absolute emissions increases in the target timeframe <strong>AND</strong> leads to at least a 2% annual linear intensity improvement over the target period.</td>
<td></td>
</tr>
</tbody>
</table>

**C19.1– Supplier or customer engagement targets**

**Company targets to drive the adoption of science-based emission reduction targets by their suppliers and/or**

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• The supplier engagement target boundary should correspond only to the suppliers’ emissions that are being covered by the target.</td>
</tr>
<tr>
<td>• If suppliers are only required to set SBTs on certain scopes, only those scopes of emissions are covered by the target.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Criterion met if:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Companies provide information on the percentage of emissions (or annual spend as a proxy if emissions not available) and the relevant upstream categories the target covers, <strong>AND</strong></td>
<td></td>
</tr>
<tr>
<td>• The target year is at maximum, 5 years from the reporting year.</td>
<td></td>
</tr>
</tbody>
</table>
customers are considered acceptable when the following conditions are met:

**Boundary:** Companies may set engagement targets around relevant and credible upstream or downstream categories.

**Formulation:** Companies shall provide information in the target language on what percentage of emissions from relevant upstream and/or downstream categories is covered by the engagement target or, if that information is not available, what percentage of annual procurement spend is covered by the target.

**Timeframe:** Companies’ engagement targets must be fulfilled within a maximum of 5 years from the date the company’s target is submitted to the SBTi for an official validation.

**Level of ambition:** The company’s suppliers/customers shall have science-based emission reduction targets in line with SBTi resources.

<table>
<thead>
<tr>
<th>Emissions should be accounted for in the boundary.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The portion of suppliers that are covered by the target and how much they represent in overall emissions should be disclosed.</td>
</tr>
<tr>
<td>• If emissions data is not available, companies may use a “per spend” proxy and provide an estimate of the emissions coverage associated with that spend to demonstrate that C17 is met.</td>
</tr>
<tr>
<td>• The target year, in which suppliers’ targets have been set, must be within 5 years (inclusive) from the date of submission: E.g., for targets submitted for an official validation in first half of 2019, valid target years are up to and including 2023. For those submitted in the second half of 2019 valid target years are up to and including 2024.</td>
</tr>
<tr>
<td>• Suppliers should consult SBTi resources to set targets. Official validation of suppliers’ targets by SBTi are not required.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>from the date the target is submitted for an official validation, <strong>AND</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Companies specify in official target language that its suppliers will have science-based targets that meet the latest SBTi criteria.</td>
</tr>
</tbody>
</table>

**Criterion not met if:**

- Target year is more than 5 years from the date it’s submitted for an official validation, **OR**
- Target does not specify percentage emissions or spend by the suppliers covered, **OR**
- Target does not specify the requirement for its suppliers to have science-based targets with SBTi guidance and tools. Instead, it uses generic language such as GHG reduction or engagement targets.
### C19.2 Fossil fuel sale, transmission, distribution

Companies that sell, transmit, or distribute natural gas or other fossil fuel products shall set absolute or intensity percentage-based emission reduction scope 3 targets for the use of sold products that are consistent with the level of decarbonization required to keep global temperature increase well below 2°C compared to pre-industrial temperatures.

This criterion is only relevant for companies that are involved in the sale, transmission, or distribution of fossil fuels
- Companies must disclose if this criterion is relevant and, if so, must submit a scope 3 target that specifically covers the downstream use of fossil fuels.
- The timeframe ambition must be, at a minimum, aligned with the well below 2°C ambition threshold.

**Criterion met if:**
- At least one target covering the direct use phase emissions of fossil fuels sold, transmitted, or distributed is set, **AND**
- Timeframe ambition in absolute terms is aligned with a linear reduction rate of at least 2.5% per year.

**Criterion not met if:**
- No target has been set that covers the direct use phase emissions of fossil fuels sold, transmitted, or distributed, **OR**
- Timeframe ambition in absolute terms is not aligned with a linear reduction rate of at least 2.5% per year.

### C20: Requirements from sector-specific guidance

Companies should follow relevant specific requirements for target setting (i.e., GHG accounting, ambition, etc.), as indicated in the sector-specific guidance from 6 months of the sector guidance publication.

If a company operates within a sector where sector-specific guidance is available, it should follow the latest guidance within 6 months of its publication.

**Criterion met if:**
- No sector-specific guidance is relevant or available for the company’s sector, **OR**
- Sector-specific guidance is available and if the latest version is followed within 6 months of its publication.

### C21 - Frequency

The company shall publicly report its company-wide GHG emissions inventory and progress against its targets on an annual basis.

Companies must state where they will disclose the progress and the frequency of the issuance of its public GHG inventory report and progress against their target.

**Criterion met if:**
- The company commits to publicly reporting its GHG inventory and target progress on annual basis, **AND**
- States where this information will be disclosed.
### C22 Target recalculations

*To ensure consistency with most recent climate science and best practices, targets must be reviewed, and if necessary, recalculated and revalidated, at a minimum, every 5 years. The latest year in which companies with already approved targets must revalidate is 2025.*

Companies with an approved target that requires recalculation must follow the most recently applicable criteria at the time of resubmission.

**Companies must state whether they will review, and if necessary, recalculate and revalidate their targets, at a minimum, every 5 years.**

Targets should be recalculated, as needed, to reflect significant changes that would compromise relevance and consistency of the existing target. The following changes would trigger a target recalculation:

- Scope 3 emissions become 40% or more of Scopes 1, 2 and 3 emissions;
- Exclusions in the inventory or target boundary change significantly;
- Significant changes in company structure and activities (e.g., acquisitions, divestitures, mergers, insourcing or outsourcing, shifts in product or service offerings);
- Significant changes in data used to calculate the targets such as growth projections (e.g., discovery of significant errors or several cumulative errors that are collectively significant);
- Other projections/assumptions used with science-based target setting methods.

**Criterion met if:**

- The company commits to review, and if necessary, recalculate and revalidate their targets, at a minimum, every 5 years., **AND**
- The company commits that they will follow the most recently applicable criteria if re-submitting targets.

### C23 Target validity

Companies with approved targets must announce their target publicly on

- If officially approved by the SBTi, companies may choose to announce their targets at any time within 6 months of the approval date.

**Criteria met if:**

- Targets are officially approved by the SBTi, **AND**
- Publicly announced by the company within 6 months of the approval date.
| the SBTi website within 6 months of the approval date. Targets unannounced after 6 months will have to go through the approval process again, unless a different publication timeframe was agreed with the SBTi. | • Targets unannounced after 6 months must be resubmitted to the SBTi for an official validation. |
9. Sector-specific requirements

Sector-specific guidance is currently available for the transport sector. All new, sector-specific guidance that becomes available will be uploaded to the sector development page on the SBTi website. The SBTi is currently working on guidance for the Apparel and Footwear, Financial Institutions, Oil and Gas, Aluminum, and Chemical and Petrochemical sectors. The SBTi has sector-specific requirements related to the use of target-setting methodologies and minimum ambition levels.

Table 2. Sector-specific guidance

<table>
<thead>
<tr>
<th>Sector</th>
<th>Scope 1 and 2</th>
<th>Scope 3</th>
<th>Guidance/Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Generation</td>
<td>The Sectoral Decarbonization Approach (SDA) power generation pathway defines the minimum forward-looking ambition the company must use to set targets</td>
<td>Ambition must meet be in line with C19</td>
<td>If scope 1 emissions account for more than 95% of scope 1+2 emissions, a separate target for scope 2 is not required. Target language must, however, specify coverage of scope 1+2 emissions</td>
</tr>
<tr>
<td>Original equipment manufacturers (OEMs)/ automakers</td>
<td>Sufficient ambition if in line with the SDA Transport Tool for passenger light-duty vehicle (PLDV) manufacturers or absolute contraction approach</td>
<td>Targets covering ‘use of sold products’ must meet the minimum level of ambition determined by the SDA Transport tool, covering Well-to-Wheel (WTW) emissions of sold vehicles.</td>
<td>Tested vs Real emissions for OEMs original equipment manufacturers: Original equipment manufacturers must convert their base year emissions figures for the use-phase of their products into real emissions with the use global standards (e.g., Worldwide Harmonized Light Vehicle Test)</td>
</tr>
<tr>
<td>Category</td>
<td>Information</td>
<td>Notes</td>
<td></td>
</tr>
<tr>
<td>--------------------------------</td>
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<td>----------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Transport Services</td>
<td>Sufficient ambition if in line with the SDA Transport Tool or absolute contraction approach</td>
<td>Note 1. Refer to the SBTi Transport guidance for a description of all transport sub sectors covered by the SDA Transport tool and to learn about best practices in target-setting for transport activities.</td>
<td></td>
</tr>
<tr>
<td>Fossil fuel sale/transmission/distribution</td>
<td>Not applicable</td>
<td>Note 2. The SDA transport tool provides a pathway for aviation (passenger and freight) and sea freight transport based on the absolute contraction method.</td>
<td></td>
</tr>
<tr>
<td>Industrial Sectors:</td>
<td>Sufficient ambition if in line with the SDA Transport Tool or absolute contraction approach</td>
<td>Note 3. Well-to-wheel boundary: Companies setting targets for transport-related emissions should cover well-to-wheel emissions (WTW) in their target boundary to accurately capture emissions shifts between the tank-to-wheel (TTW) and the well-to-tank (WTT), for example due to changes in power train technologies.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scope 3 targets must be set on scope 3 category 11 “use of sold products” using absolute emissions contraction or intensity targets in line with absolute contraction.</td>
<td>Targets must be set for category 11, irrespective of the share of these emissions compared to the total S1+S2+S3 emissions of the company.</td>
<td></td>
</tr>
<tr>
<td>Sector Category</td>
<td>Target Setting Approach</td>
<td>Ambition Requirement</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------</td>
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</tr>
<tr>
<td>Iron and Steel, Cement, Aluminum, Pulp and Paper, Services/Commercial Buildings</td>
<td>with the available SDA pathway or absolute contraction approach</td>
<td>C19</td>
<td></td>
</tr>
<tr>
<td>Other Industrial Sectors:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemicals and Petrochemicals, Agriculture, Forestry and Other Land Use, Residential Buildings</td>
<td>Sufficient ambition if in line with the absolute contraction approach</td>
<td>Ambition must be in line with C19</td>
<td></td>
</tr>
<tr>
<td>All other sectors</td>
<td>Sufficient ambition if in line with the Absolute contraction approach</td>
<td>Ambition must meet be in line with criteria C19</td>
<td>Companies across the apparel and footwear value chain should consult the Apparel and Footwear sector SBT guidance for detailed guidance on target setting. Add link to apparel page</td>
</tr>
</tbody>
</table>
Appendix 1: Glossary

- **Business day**: a day other than a Saturday, Sunday or public holiday in the United States when banks in the United States are open for business.
- **Confidential information**: all information disclosed by the company in whatever medium including in written, oral, visual or electronic form for the purposes of the target validation process.
- **Deliverables**: materials to be sent to the company at the end of the target validation process. This includes a letter (decision letter for official validation, feedback letter for preliminary validations) and a target validation report.
- **Desk review**: detailed review by the lead reviewer of the target submission form and any other documents submitted by the company to assess compliance with the SBTi Criteria in accordance with the Target Validation Protocol.
- **Initial screening**: a preliminary review of the target submission form for completeness and for compliance with certain criteria, when it is first received by the SBTi Secretariat.
- **SBTi Criteria**: the set of requirements for SBTs agreed by the SBTi as set out in the linked document.
- **Contract**: contract between CDP on behalf of the SBTi and a Client for the assessment of emissions reduction targets under the new target validation service.
- **Preliminary validation**: Evaluation process that can be used to determine if a target or part of a target is in line with the SBTi criteria. No results are communicated publicly. The target validation is not a negotiation of a company’s target(s), rather an assessment of the target(s) against the SBTi criteria.
- **Official validation**: Evaluation process that a target must pass in order for the SBTi to endorse it as science-based. Only positive results are communicated publicly. The target validation is not a negotiation of a company’s target(s), rather an assessment of the target(s) against the SBTi criteria.
- **Services start date**: the day on which the SBTi begins the target validation process for submissions under the target validation service.
- **Steering Committee**: the SBTi body with final authority for decision-making within the SBTi, including for target validations that are particularly complex, as needed.
- **Target validation process**: the process to be used by the Parties to assess Clients’ emissions reduction targets as set out in Schedule 1 and in compliance with the Target Validation Protocol, including reviewing submission forms, assessing targets against the SBTi Criteria.
preparing target validation reports, conducting feedback calls, liaising with companies, and submitting assessments and recommendations.