Target Validation Protocol

TWG-PRO-002 | Version 2.1

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Table of Contents

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 describes the steps and procedures that are followed during the target validation process. The protocol aims to increase transparency and ensure the credibility and consistency of the target validation service and is updated annually to reflect any changes in the criteria.

Section 1 introduces the Validation Protocol and outlines how it can be used alongside other SBTi resources. 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 an independent, impartial, and objective review of each submission is detailed in Section 4. Section 5 presents a breakdown of the minimum ambition thresholds that are used for both absolute and sector-based target-setting approaches. Section 6 introduces the protocol for classifying targets against long-term temperature goals and Section 7 outlines the protocol used for target recalculations and resubmissions.

The criteria table presented in section 8 describes how each of the SBTi criteria is interpreted and assessed by the validation team. The sector guidance overview in Section 9 lists specific guidance, tools, and assumptions that must be considered by companies operating in different sectors. Section 10 summarizes the target wording requirements.

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, most notably the SBTi Criteria (Version 4.2). The latter defines the minimum qualitative and quantitative criteria for targets to be recognized by the SBTi. This 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

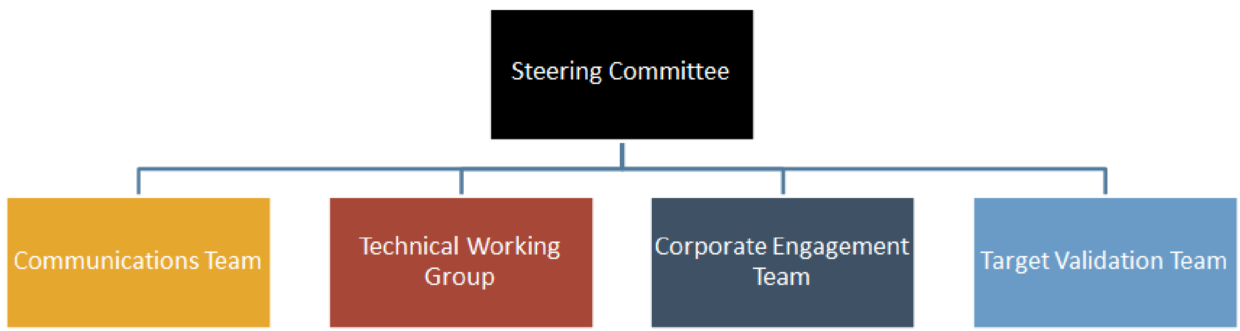
The Science Based Targets initiative defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets. It also provides a framework for companies to set greenhouse gas (GHG) emissions reduction targets based on the latest available science. The initiative is a global team composed of employees from all partner organizations – CDP, the UN Global Compact, 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.

- **Steering Committee (SC):** The highest management-level body in the SBTi. The Steering Committee consists of one member of each of the four partner organizations. In the context of the target validation process, unique target-setting questions or situations are brought to the Steering Committee for feedback. If the target validation team and technical working group are unable to reach consensus on a target validation decision, the target validation is escalated to the SC as the body with final authority for decision-making within the SBTi.
- **Corporate Engagement Team (CE):** A team composed of externally facing engagement managers who support companies in various regions as they consider setting SBTs. The CE team works with companies before, during, and after companies commit to set science-based targets.
- **Target Validation Team (TVT):** A team of technical experts whose function is to conduct target validations. It consists of an SBTi administrative team that processes submissions, conducts the initial screenings of all target submissions, and assigns a validation team for each submission. 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 (target validation report and certificate, if approved), 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 per the Conflict-of-Interest policy detailed in Section 4.

- **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 conducts technical foundation research on SBT methods and tracks the latest development in climate science. The team also assists where necessary with target validations.
- **Communications Team:** A team whose main function in the validation process is to coordinate the public announcement of targets. The team also manages the public target database.

Figure 1. The SBTi team structure



3. Target validation process

The target validation process is composed of several steps, from target reception to the communication of final decisions and feedback. The target validation process falls under the SBTi target validation service. Under this service, there are three distinct validation options available:
1) Small and Medium Enterprises (SME) target validation
2) Financial institution target validation
3) Standard corporate target validation
For more information on the target validation service, please refer to the Corporate Manual.

3.1. SME validation option

Small and Medium Enterprises (SMEs) are entitled to submit targets through a dedicated SME target validation route. For target validation by SBTi, an SME is defined as a non-subsidiary, independent company that employs fewer than 500 employees.

By submitting the SME science-based target setting form, SMEs commit to:

- Work towards achieving the chosen science-based scope 1 and 2 target following the rules of the GHG Protocol within the specified timeframe.
- Measure and reduce scope 3 emissions. While the SBTi does not require specific scope 3 targets to be set by SMEs, it encourages companies to orientate themselves on the SBTi criteria and best practice recommendations when considering their scope 3 emissions.
- Publicly report its company-wide scope 1 and 2 GHG emissions inventory and progress against published targets on an annual basis. Companies shall follow the GHG Protocol Corporate Standard and Scope 2 Guidance.

Table 1 below displays the scope 1 and 2 target options available to SMEs. Submissions will be considered valid if the company selects one of these options and meets other requirements as described in the SME science-based target setting form.

Table 1. SME scope 1 and 2 science-based target options

1.5°C aligned option "__________ commits to reduce absolute scope 1 and scope 2 GHG emissions __% by 2030 from a 20__ base year, and to measure and reduce its scope 3 emissions." ☐ 50% from a 2018 base year ☐ 46% from a 2019 base year ☐ 42% from a 2020 base year
Well-below 2°C aligned option " __________ commits to reduce absolute scope 1 and scope 2 GHG emissions __% by 2030 from a 20__ base year, and to measure and reduce its scope 3 emissions." ☐ 30% from a 2018 base year ☐ 28% from a 2019 base year ☐ 25% from a 2020 base year

3.2. Financial sector options

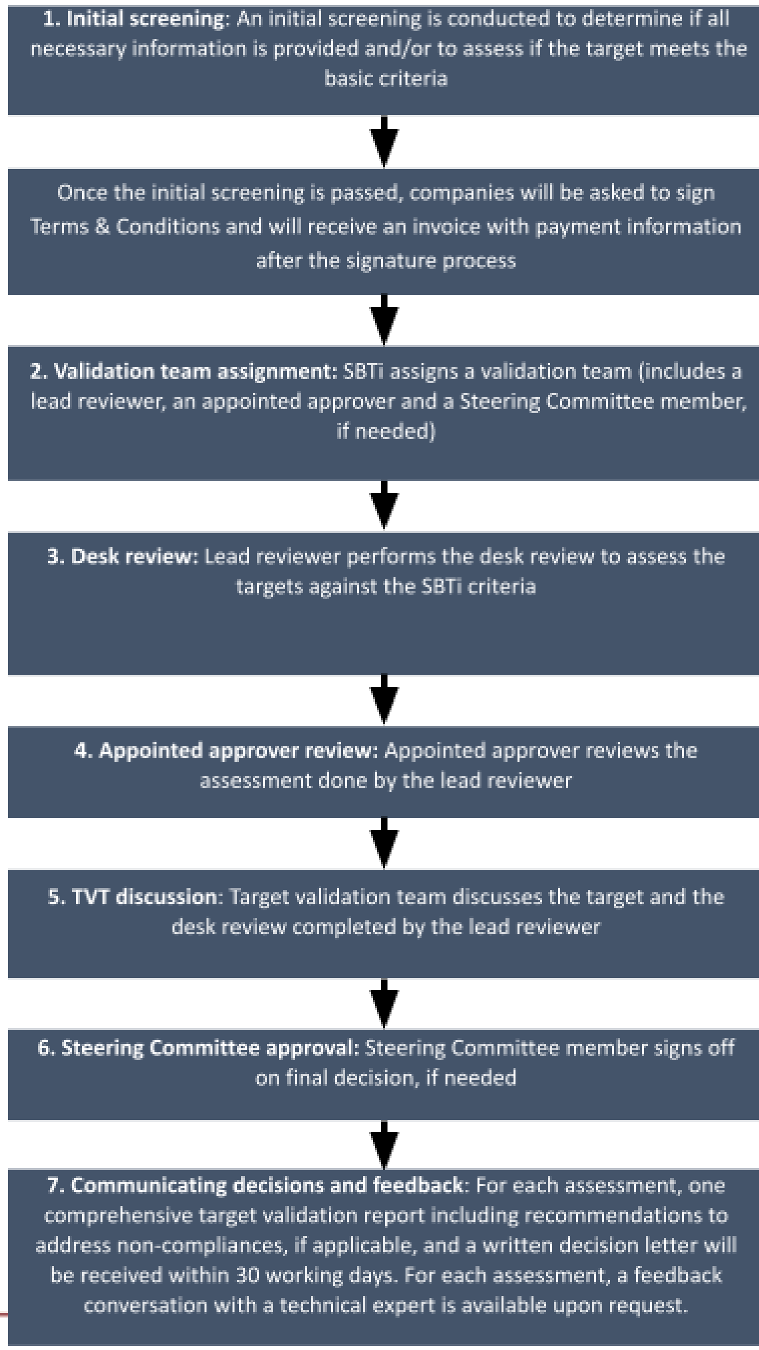
In October 2020, the SBTi formally launched its target setting framework for Financial Institutions (FIs). A specific set of criteria and guidance for FIs has been developed and must be followed by all relevant FIs. A target setting protocol, to compliment the target setting criteria for Financial Institutions, is under development.

Financial Institutions may still submit their scope 1+2 targets for partial validation via the standard SBTi corporate route. Targets submitted through partial validations are not formally recognized and published by SBTi even if they meet all criteria.

3.3. Standard corporate validation option

The target validation process for all other companies besides SMEs and FIs is composed of several steps, displayed in Figure 2.

Figure 2. Target validation process steps



3.3.1. Initial screening

Upon receiving the company's submission, the validation team performs the initial screening. The initial screening is a first, high-level assessment of the submission form to verify its completeness and the company's eligibility to be validated. In the initial screening, the administrative team also assesses compliance with several criteria as indicated in Table 2. Note that not all 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 for non-compliance and recommendations for resubmission is then issued and sent to the company. Companies can make the recommended changes and immediately resubmit to the SBTi for another initial screening.
b) If the company passes the initial screening, the submission proceeds to the next stage for a formal desk review by the TVT. The company will receive an email indicating they have passed the initial screening and will be directed to sign the Terms & Conditions and informed of the next steps for invoicing related to the validation service. The target validation service is conducted within 30 business days, which begin once Terms & Conditions have been fully executed by both parties.

Table 2. Initial screening steps

Steps	Screening procedure	Screening outcome
I. Eligibility check	The submission is reviewed to assess if the company belongs to one of the following cases:	
	The Oil and Gas sector is defined as any company with exploration/production activities, in addition to companies who derive more than 50% of their revenue from activities in their value chain related to fossil fuels (involved in sale or distribution).	If the company is in the Oil & Gas sector, no submissions can be reviewed at this time and these companies are kindly asked to wait for the relevant sector development to be completed before submitting targets for assessment.
	The submission is reviewed to assess if the company operates in the financial sector. The SBTi defines Financial Institutions as companies whose business involves the dealing of financial and monetary transactions, including deposits, loans, investments, and currency exchange. If 5 percent or more of a company's revenue or assets comes from activities such as those described above, they are considered to be financial institutions. Development financial	If the company is classified as a Financial Institution, it will be requested to submit its targets via the SBTi FI framework. The scope 1+2 targets can still be submitted for a partial validation.

	institutions are currently out of project scope.	
	The submission is also reviewed for organizational type - the SBTi does not validate targets of cities, local governments, educational institutions or non-profit organizations.	No validation is conducted.
	Small and Medium-Sized Enterprises (SMEs), defined as a non-subsidiary, independent company with fewer than 500 employees must validate targets using the streamlined process for SMEs, instead of the standard route.	SME is redirected to the streamlined route. No validation is conducted.
II. Form completeness	The submission is reviewed to assess if the form is completed as required.	If the form is incomplete and missing key information, the submission cannot be assessed due to lack of information.
III. Scope 3 - screening	The submission is reviewed to assess if the company has conducted a complete scope 3 screening or inventory.	For companies not selecting a partial validation for scope 1 and 2 only, an incomplete scope 3 GHG screening or inventory means that the submission will not pass the initial screening stage.

IV. Scope 3 – target	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 the company has a scope 3 target.	If scope 3 emissions are ≥ 40% of total emissions and no target is set, the submission will not pass the initial screening stage.
V. Timeframe check	The submission is reviewed to assess if all relevant targets have a valid target year.	If the company does not cover relevant emissions with target(s) that have valid target year(s), the submission will not pass the initial screening stage.
VI. Use of offsets	The submission is reviewed to assess if the company indicated the use of offsets in the submission form.	If the company uses offsets to achieve its targets, the submission will not pass the initial screening stage.
VII. Avoided emissions	The submission is reviewed to assess if the company indicated the use of avoided emissions in the submission form.	If the company uses avoided emissions to achieve its targets, the submission will not pass the initial screening stage.

3.3.2. 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.

3.3.3. Desk review

- Once the validation team has been assigned, the target submission form and all supporting documents are assessed against the SBTi Criteria and Recommendations.
- 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 is 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. Queries from the LR range in subject but are focused on ensuring a target is assessed correctly against SBTi criteria. Common query topics include clarifying GHG accounting processes, asking for underlying assumptions or calculations, and ensuring the correct interpretation of data provided by the company in the target submission form.
- The company must respond to queries sent by the LR **within 2 business days to receive a decision within 30 business days** from execution of the terms & conditions. If a response is not received within 2 business days, the SBTi cannot guarantee the decision or deliverables will be ready within a 30 business day timeframe. If a company uses target wording that deviates from SBTi guidelines, this may also delay a decision beyond 30 business days.
- 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).

3.3.4. Appointed approver review

- A review of the assessment results and deliverables 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 joint recommendation on targets for discussion at the TVT meeting.

3.3.5. TVT and TWG discussion

- Upon completion of the desk and peer review process, the assessment is discussed at the TVT meeting. Meetings are held weekly.
- If the TVT is unable to decide 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.

3.3.6. Final approval

- In cases where both the TVT and the TWG are unable to decide 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.

3.3.7. Communicating decisions and feedback

- Deliverables are sent directly to the company contacts included in the Submission Form.
- The company receives a target validation report, which contains detailed information on the assessment and the overall target validation decision (approval/non-approval).
- In addition to the target validation report, the company can request a feedback call with the lead reviewer of their target validation after the deliverables have been received by the company. The company should contact their LR directly to request the call. The SBTi only recommends a feedback call when the result of the decision is a rejection and there is feedback to discuss with the company.

3.3.8. Target publication

- For complete 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 suggests a publication date when sending the deliverables, usually one month from the date these are sent. 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 was sent to the company. In cases where a company requests not to publish a target within six months, their targets will no longer be valid, and they will need to resubmit targets for validation to be recognized.
- All approved companies are listed as a company with "targets set" on our "Companies Taking Action" webpage as well as on our partners' websites at We Mean Business and CDP.

The SBTi reserves the right to remove a company from its list of companies with approved targets as well as from partner websites at its discretion, for reasons including reputational concerns, non-compliance with the requirements laid out in SBTi resources, or failure to update the SBTi on business changes (e.g. no longer existing as an entity due to merger or dissolution).

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. The validation must also be approved by the SBTi Steering Committee. 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 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 relations 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 that is excluded from a target validation due to a COI, to amend responses or influence 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 consistently. The ambition thresholds associated with three long-term temperature goals are shown in Table 3. The SBTi is currently working to define how each of these ambition thresholds apply to targets covering scope 3 emissions. For the current applicability of ambition thresholds to scope 3 targets, please refer to the SBTi criteria.

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 or Sector Decarbonization Approach (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.

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) scenarios. A 1.5°C SDA pathway is also available for the power generation sector. 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 (except for the power generation sector), as no appropriate scenario model with sectoral emissions and activity breakdowns has been identified for all other SDA sectors.

Table 3. Minimum ambition thresholds

Long-term temperature goal	**Absolute Contraction Method** (absolute reduction targets AND non-SDA intensity reduction targets)	**SDA method** (SDA physical intensity reduction targets)	**Eligibility for use in SBTi target validation** (V4.0 and V4.1)
2°C Approx. 50% chance of limiting warming in 2100 to below 2°C	**1.23%** annual linear reduction rate over the target period	Threshold determined based on SDA / IEA ETP 2DS scenario	Only acceptable for scope 3 targets
Well below 2°C Approx. 66% chance of limiting peak warming between present and 2100 to below 2°C	**2.5%** annual linear reduction rate over the target period	Threshold determined based on SDA / IEA ETP B2DS scenario	Acceptable for scope 1 and 2 targets
1.5°C Approx. 50% chance of limiting peak warming between present and 2100 to below 1.5°C	**4.2%** annual linear reduction rate over the target period	Threshold determined based on IPCC scenarios (power sector only)	Acceptable for scope 1 and 2 targets

The annual linear reduction rate of a target submitted to the SBTi using the Absolute Contraction Method is calculated for both the timeframe and the forward-looking portions of the target. Please note that the SBTi uses an annual linear reduction rate, not a compound reduction rate for the calculation of the Absolute Contraction Method. Timeframe ambition (ambition of target from base year to target year) calculation:

$$Annual\ linear\ reduction\ rate\ (\%) = \frac{\%\ total\ absolute\ emissions\ reductions\ from\ base\ year\ to\ target\ year}{(target\ year - base\ year)}$$

Forward-looking ambition (ambition of target from most recent year to target year) calculation:

$$Annual\ linear\ reduction\ rate\ (\%)\ = \frac{\%\ total\ absolute\ emissions\ reductions\ remaining\ from\ latest\ year\ to\ target\ year}{(target\ year - latest\ year)}$$

Worked example

A company submits the following target "reduce scope 1 and 2 emissions 80% by 2030 from a 2015 base year." The company's scope 1 and 2 emissions in the base year of 2015 are 1,000 tCO_2e. The most recently available emissions inventory when the company submits is for 2018, in which scope 1 and 2 emissions are now 900 tCO_2e. Both the timeframe ambition and the forward-looking ambition must meet the minimum ambition requirements for the targets to be approved. The linear annual reduction rates for these two time periods are as calculated as follows:

Timeframe ambition:

$$\frac{80\%}{(2030-2015)} = 5.33\%\ annual\ linear\ reduction\ rate$$

Forward-looking ambition:

$$\frac{[(1{,}000*(1-80\%))/900]-1}{(2030-2018)} \times 100 = 6.48\%\ annual\ linear\ reduction\ rate$$

Renewable electricity targets

Targets to actively source renewable electricity are an acceptable alternative to scope 2 emission reduction targets. Table 4 presents the minimum acceptable thresholds for renewable electricity procurement. Renewable electricity targets that are in line with the latest SBTi criteria are considered 1.5°C-aligned.

Table 4. Renewable electricity procurement thresholds for 1.5°C

Metric measured	By 2025	By 2030
Renewable electricity procurement share (% of total scope 2 electricity that is renewable)	80%	100%

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 and renewable electricity procurement targets. A procedure to determine the temperature alignment of scope 3 targets will be addressed through future work.

6.1. Target classification definition

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 SBTi does not conduct comprehensive assessments of companies’ business models or strategies, and 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 emissions 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. For all non-power generation companies setting SDA targets, the ambition is assessed using both the SDA and absolute contraction requirements, with the more ambitious classification being used to classify the company.

Figure 3. Target classification procedure

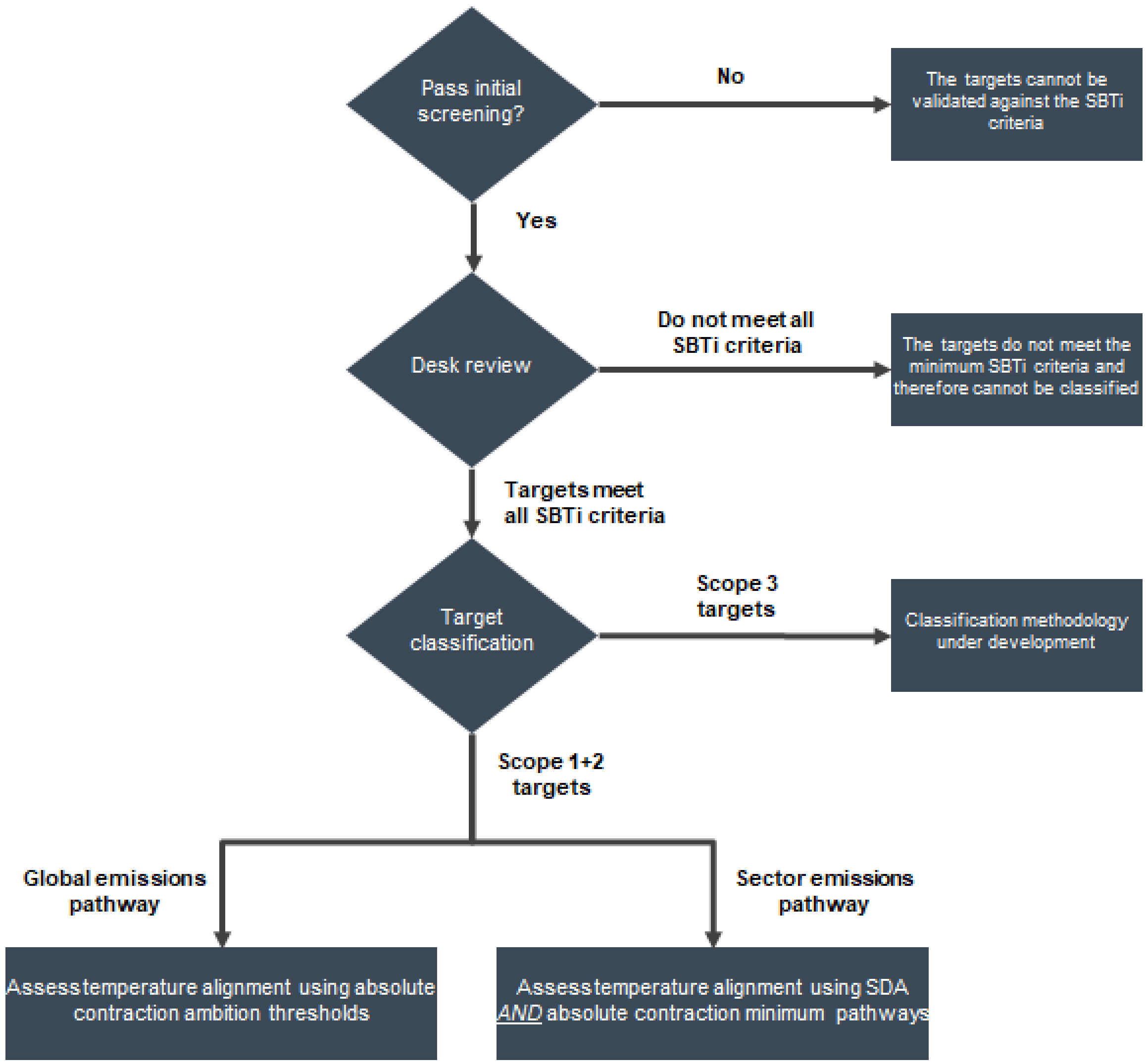


Table 5 presents the ambition ranges used to classify scope 1 and/or scope 2 targets against the three long-term temperature goals.

Table 5. Ambition ranges for target classification

Long-term temperature goal	Ambition range (global emissions pathway)	Ambition range (sector emissions pathway)
2°C Approx. 50% chance of limiting warming in 2100 to below 2°C *No longer accepted in new target submissions as of October 2019.*	**1.23% ≤ X < 2.5%** annual linear reduction rate over the target period	SDA 2DS pathway ≤ X < SDA B2DS pathway
Well below 2°C Approx. 66% chance of limiting peak warming between present and 2100 to below 2°C	**2.5% ≤ X < 4.2 %** annual linear reduction rate over the target period	X ≥ SDA B2DS pathway
1.5°C Approx. 50% chance of limiting peak warming between present and 2100 to below 1.5°C	**X ≥ 4.2 %** annual linear reduction rate over the target period	X ≥ SDA1.5DS pathway for power generation sector

6.2. Target classification rules

Targets are classified based on the target type and scope coverage. Table 6 summarizes the classification rules for a range of targets and scope combinations.

Table 6. Classification rules for target formulations

Target formulations	Classification description
Absolute or intensity scope 1 and 2 combined targets modeled with the Absolute Contraction approach	These targets are classified using the absolute contraction thresholds (column 2 in Table 1 above).
Scope 1 and 2 combined intensity targets modeled with the Sectoral Decarbonization Approach (SDA)	Scope 1 and 2 intensity targets modeled with the SDA method are compared and classified against the Beyond 2°C Scenario (B2DS) in the Science-based Target-setting Tool and/or the SDA Transport tool, and the 1.5DS SDA scenario for power generation. For non-power generation sectors, if the absolute reduction of emissions results in a higher ambition classification under the Absolute Contraction method, then the higher of the classifications is used to classify the target.
Single scope targets	If single scope 1 or scope 2 targets are submitted in addition to combined scope 1 and 2, the classification is based on the combined scope 1 and 2 target. If single scope 1 or scope 2 targets are submitted, the classification is based on the reduction of scope 1 and 2 emissions combined.
Renewable electricity targets	If renewable electricity targets are additional to absolute/intensity scope 1 and 2 targets the classification is based on the scope 1 and 2 targets and not the renewable electricity target. Renewable electricity targets that are in line with our current thresholds are 1.5°C aligned.
Single scope + renewable electricity targets	If a single scope 1 target and a renewable electricity target are set, the resulting classification will be based on an emissions weighted average reduction across the scopes. Renewable electricity procurement targets will be converted to absolute reductions based on the assumption that the procured renewable electricity has zero

	GHG emissions associated with its use. Heating, steam, and cooling-related emissions not covered by renewable electricity targets will be considered separately when the aggregate scope 2 target ambition is calculated.
Mid-term vs long-term targets	Only mid-term targets are classified against temperature goals. Long-term targets are not classified at the moment.
Multiple mid-term targets	If multiple mid-term scope 1 and 2 targets are submitted, the classification is based on the target with the furthest target year. E.g., if a company has two scope 1 and 2 targets with target years of 2025 and 2030, then temperature alignment is based on the 2030 target.
Combined scope targets (scopes 1+2+3)	Companies must provide the breakdown ambition for combined scope targets (scopes 1+2+3), i.e., the ambition of the scope 1+2 portion and the ambition of the scope 3 portion of the target. The classification of the company is then based only on the scope 1+2 ambition.
Scope 3 targets	Companies are welcome to set scope 3 targets that exceed minimum ambition or to update the level of ambition of scope 3 targets. However, the SBTi is currently not classifying scope 3 targets.

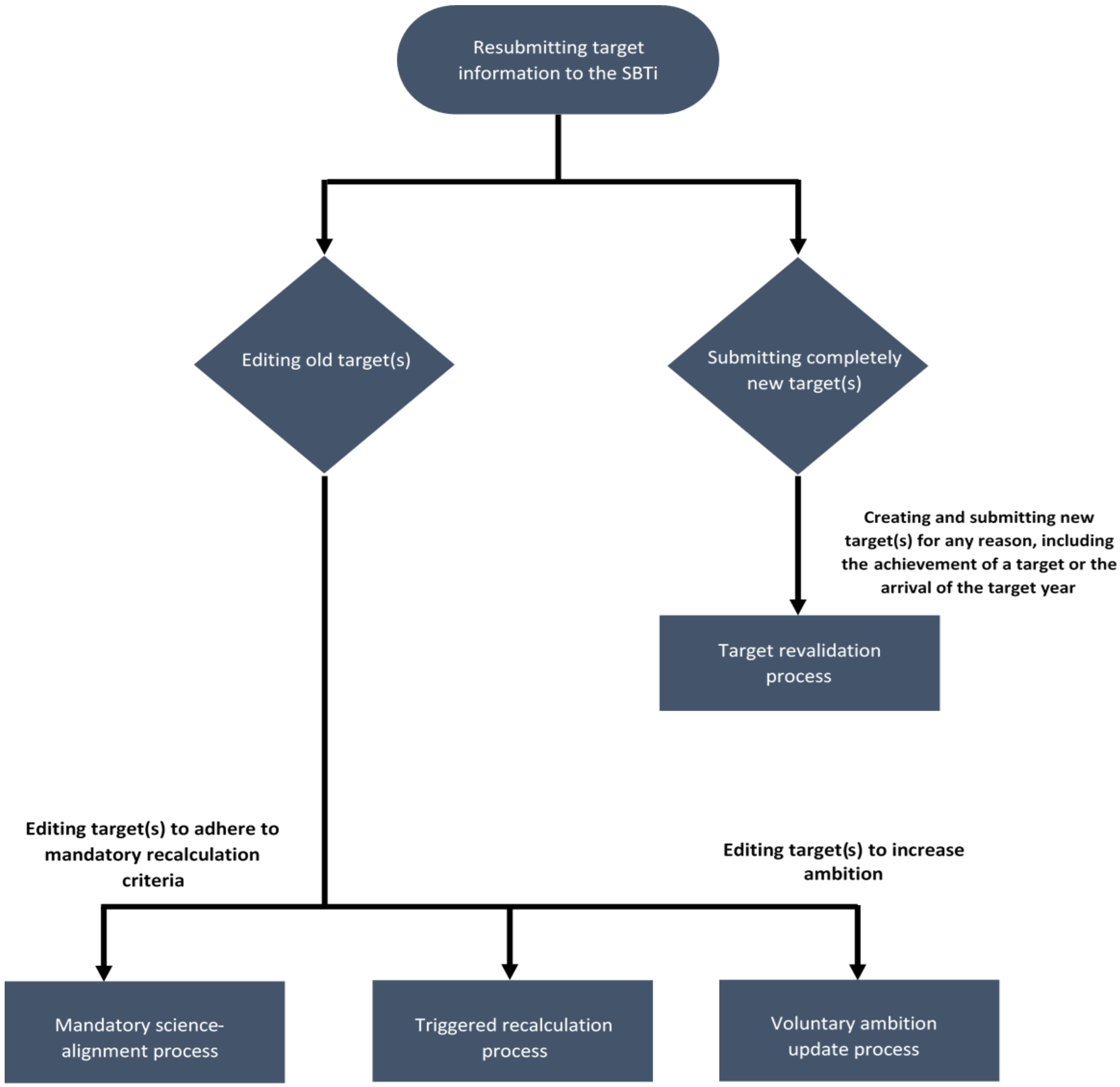
6.3. Timeframe vs. forward looking ambition

Target classifications only consider the timeframe ambition (i.e., ambition from the base year to the target year). This means forward looking ambition (i.e., ambition from the most recent year of data to the target year) is not used to determine target classifications. The SBTi assesses the temperature alignment of a target using the timeframe ambition to best reflect a company's long-term ambition and target trajectory.

7. Target recalculation protocol

Companies may review and revise their approved targets to keep them up to date and aligned with the most recent climate science and best practices. Figure 4 demonstrates the various options and reasons a company would choose to recalculate and resubmit targets to the SBTi.

Figure 4. Recalculation process



7.1. Updating and editing old targets

7.1.1. Mandatory recalculation

Mandatory target recalculation process - Updating previously submitted targets to fulfill criterion C23:

> C23 - Mandatory target recalculation: "To ensure consistency with the most recent climate science and best practices, targets must be reviewed, and if necessary, recalculated and revalidated, at a minimum every 5 years. For companies with targets approved in 2020 or earlier, the latest year targets must be revalidated is 2025. Companies with an approved target that requires recalculation must follow the most recent applicable criteria at the time of resubmission."

When submitting under the mandatory update process, the following rules apply:

- All previously submitted targets must be assessed against current SBTi criteria at the time of submission.
- Any targets not in line with current SBTi criteria will be removed from SBTi website and communications; companies are able to edit previously submitted targets to ensure they are aligned with current SBTi criteria.

Triggered recalculation process – Updating previously submitted targets to reflect business changes or growth of exclusions beyond allowable thresholds.

The following changes should trigger a target recalculation:

- Scope 3 emissions become 40% or more of overall scope 1, 2, and 3 emissions;
- Exclusions in the inventory or target boundary change significantly and/or exceed allowable exclusion limits (more than 5% of scope 1 and 2 emissions and/or more than 33% of scope 3 emissions);
- Significant changes in company structure and activities (e.g., acquisitions, divestitures, mergers, insourcing or outsourcing, shifts in product or service offerings) that would affect the company's target boundary or ambition;
- Significant changes in data used to calculate the targets such as growth projections (e.g., the discovery of significant errors or several cumulative errors that are collectively significant);
- Other changes to projections/assumptions used with science-based target setting methods.

When submitting under the triggered recalculation process, the following rules apply:

- Only the affected previously submitted target(s) must be assessed against current SBTi criteria at the time of resubmission
- Active targets that are not affected by changes will not need to be brought in line with current SBTi criteria.

Voluntary ambition update process – See section 7.1.3 voluntary target ambition update for details.

7.1.2. Submitting new targets

Target revalidation process - Submitting new target(s) to the SBTi when a company already has approved SBTs. Likely reasons for a target resubmission process include:

- Designing new targets to increase the ambition of previously submitted target(s)
- Arriving at the target year of one or more targets, regardless of whether the target was achieved
- Submitting new targets to meet current SBTi criteria outside of the mandatory recalculation process
- Achieving a target ahead of time (before target year)

When submitting under the target revalidation process, the following rules apply:

- Only the newly submitted target(s) must be assessed against current SBTi criteria at the time of resubmission
- Active targets that are not affected by new targets will not need to be brought in line with current SBTi criteria.

For all options except the voluntary update process, companies must submit an updated target submission form and submit via the target revalidation service to allow the SBTi to assess the nature and the impact of the relevant changes. 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 in the newly submitted target submission form.

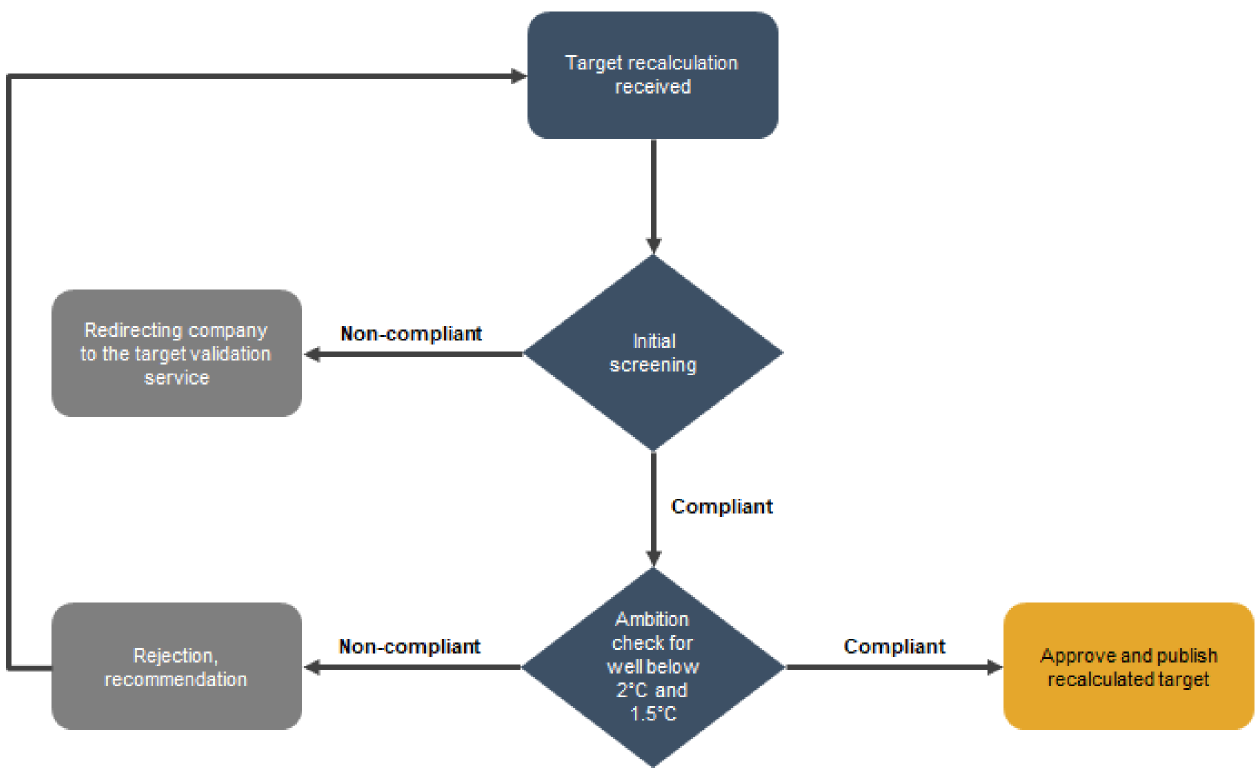
7.1.3. Voluntary target ambition update

Voluntary target recalculations occur if a company intends to increase its target ambition to comply with the most recent climate science or has achieved its target ahead of time and wishes to increase ambition. 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, base year inventory, etc.)

Figure 5 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

Figure 5. Target revalidation procedure



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 or target resubmission service. If you are interested in pursuing this option, please see use the SBTi's separate ambition update submission form.

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 for any target submission to be approved**. The interpretation and specific requirements of the criteria are presented in Table 7. 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 consistently for all companies' target validations and all decisions are justified using this guide.[1]

[1] If a novel case appears in a target validation that is not explicitly covered in this guide, the target validation team will consult with the technical working group (TWG), and if necessary, bring the issue to the Steering Committee for final decision-making. In such cases, there might be significant delay for the target validation team to deliver the final target decisions, and it cannot be guaranteed that targets that do not adhere to the protocol will be approved after the additional consultations with SBTi. If necessary, relevant sections of the target validation protocol will be updated to reflect the additional information/decisions made.

Table 7. Criteria Assessment Table

Criteria	Validation requirements, and recommendations	Criterion assessment
C1 – Scopes *The targets must cover company-wide scope 1 and scope 2 emissions, as defined by the GHG Protocol Corporate Standard.*	● At least one target covering scope 1 (S1) and scope 2 (S2) must be submitted (which may be a combined target or separate targets) if each scope's emissions are above the minimum threshold for exclusion (5% of overall scope 1 and 2 emissions). ● Either percentage-based emission-reduction targets or renewable electricity procurement targets are acceptable for S2 emissions. ● A full scope can be excluded from the target boundary if it represents less than 5% of combined scope 1 and 2 emissions.	**Criterion met if:** ● Targets cover both S1 and S2 separately or as a combined target, ***OR*** ● S1 or S2 make up less than 5% of combined S1+S2 emissions and this scope is not covered by a target (e.g. if S1 makes up 3% of overall S1+S2 emissions, only a S2 target is required as long as it covers 95% or more of combined S1+2 emissions) **Criterion not met if:** ● No S1 or S2 target is set and that scope makes up more than 5% of overall S1+S2 emissions
C2 – Significance thresholds *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. ● All exclusions (e.g., activities, facilities) must be clearly justified with estimates of associated emissions value. ● Specific regions/business activities can be excluded if they represent less than 5% of 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 per the requirement of the GHG protocol Scope 3 Standard. ● If specific regions or business sections are excluded, provided total exclusions remain below 5%, recalculation of targets is required if those	**Criterion met if:** ● No GHG emissions are excluded from the S1 and S2 inventory or target boundary, ***OR*** ● GHG exclusions of S1 and S2 combined in the inventory and target boundary represent less than 5% of total S1 and S2 emissions, ***AND*** ● If exclusions include specific regions or business, the company confirms it will follow the C23 recalculation criteria and will not include these specifications in the official target language **Criterion not met if:**

	regions/business sections increase significantly as per C23 recalculation criteria. However, companies cannot include specific regions and businesses in the official target language.	• 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 (e.g., if a company excludes 3% of S1 and S2 emissions from their GHG inventory and 3% from their target boundary and these emissions do not overlap, this 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_2O, HFC, PFC, SF_6, NF_3) 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 and target boundary and a reasonable justification is provided. **Criterion not met if:** • Exclusion of one or more GHG(s) is reported, representing more than 5% of the inventory and the target boundary, ***OR*** • Exclusion of one or more GHG(s) is reported and no reasonable justification is provided
C4 – Bioenergy accounting *Direct CO2 emissions from the combustion of biofuels and/or biomass feedstocks, as well as sequestered carbon associated with such types of bioenergy feedstock,*	• Companies using bioenergy must report direct CO_2 emissions from the combustion of biofuels and/or biomass feedstocks alongside the inventory. • Following the GHGP, CH_4 and N_2O emissions associated with biofuels and biomass combustion	**Criterion met if:** • Bioenergy is not being used and no emissions/removals are reported, ***OR*** • Bioenergy is being used and the related CO_2 emissions/removals are reported

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 carbon emissions from biofuels and/or biomass feedstocks are accounted for as neutral, the company must provide justification of the underlying assumptions. Companies must report emissions from N2O and CH4 from bioenergy use under scope 1, 2, or 3, as required by the GHG Protocol, and must apply the same requirements on inventory inclusion and target boundary as for biogenic carbon. Companies are expected to adhere to any additional GHG Protocol Guidance on this topic when released in order to maintain compliance with this criterion.	should be reported under scopes 1, 2 or 3, as relevant. This also applies to companies that assume net zero carbon emissions from use of bioenergy. ● 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. This applies even if the companies assume net zero carbon emissions from the use of bioenergy. ● For targets that include bioenergy, the target language must include the following footnote: *"*The target boundary includes biogenic emissions and removals from bioenergy feedstocks."* ● Non-bioenergy-related biogenic emissions are recommended to be reported alongside the inventory and included in the target boundary. GHG removals that are not associated with bioenergy feedstock are currently not accepted to count as progress towards SBTs or to net emissions in the inventory.	alongside the inventory and included in the target boundary, ***AND*** ● the associated CH_4 and N_2O emissions are being reported in the corresponding scopes 1, 2 or 3, as relevant (1), ***AND*** ● Companies agree to include the footnote with the target language (2), ***AND*** ● Companies provide details on the methods used to calculate these emissions/removals until SBTi-endorsed method becomes available and agree to adjust its figures in the future if necessary (3) ● Note that requirements (1), (2), and (3), still apply to companies assuming net zero carbon emissions from the use of bioenergy. **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 and disclosed alongside the inventory, CH_4 and N_2O are reported in the corresponding scopes, but related emissions/removals are not included in the target boundary, ***OR*** ● Bioenergy is being used, disclosed alongside the inventory, CH_4 and N_2O are reported in the corresponding scopes, related emissions/removals are included in the target boundary, but the company refuses to include the footnote in the target language that *"*The target boundary includes biogenic emissions*

		and removals from bioenergy feedstocks." ***OR*** ● Bioenergy is being used, disclosed alongside the inventory, CH_4 and N_2O are reported in the corresponding scopes, related emissions/removals are included in the target boundary, the company agrees to include the footnote in the target language, but does not agree to update its inventory using SBTi-endorsed methodology and factors if they become available in the future. ● Bioenergy is being used and the company complies with all the related requirements but fails to provide proper justifications for the assumptions of net zero carbon emissions from the use of bioenergy
C5 - Subsidiaries: *It is recommended that companies submit targets only at the parent- or group-level, not the subsidiary level. Parent companies must include the emissions of all subsidiaries in their target submission, in accordance with the boundary criteria above. In cases where both parent companies and subsidiaries submit targets, the parent company's target must also include the emissions of the subsidiary if it falls within the parent company's emissions boundary given the chosen inventory consolidation approach.*	● Companies should disclose all tier subsidiaries in the submission form and outline which subsidiaries are included in the GHG inventory and target boundary ● Subsidiaries excluded from the GHG inventory and/or target boundary must be clearly justified by the company	**Criterion met if:** ● The company reports and accounts for all relevant subsidiaries in the GHG inventory and target boundary **Criterion not met if:** ● The company does not report relevant subsidiaries and fails to include them in the GHG inventory and target boundary, ***OR*** ● The company does not provide sufficient justification for the exclusion of specific subsidiaries

C6 – 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 the first half of 2021 the valid target years are between 2025 and 2035 inclusive. For those submitted in the second half of 2021, the valid target years are between 2026 and 2036 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 C7 and C8 are met. ● Base years should cover a complete past calendar or financial year. ● It is recommended companies choose the most recent year for which data is available as the target base year. ● It is recommended companies use the same base year and most recent year when reporting greenhouse gas inventories to the SBTi, but if necessary, companies can report a different year for scope 3 when compared to scope 1 and 2. Scope 1 and 2 base years and most recent years must be consistent, however. ● It is recommended 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 SBTi, **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.

C7 – Progress to date *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.*	This criterion is only relevant for percentage-based emission reduction targets. This criterion does not apply to renewable energy targets. • Targets must not have already been achieved by the submission date. • The most recent GHG inventory provided must be for a complete year, less than two years prior to the year of submission. For targets submitted for an official validation in 2021, the most recent inventory data submitted must be for no earlier than 2019. **<u>If the target is absolute-based:</u>** • 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. **<u>If the target is intensity-based</u>:** If an SDA pathway is relevant: • 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 target ambition based on SDA results using most recent emissions and activity data. If no SDA pathway is relevant: • The company should translate the intensity target into absolute emissions reductions to be able to assess ambition and progress to date. • Activity levels (for the activity unit on which the intensity target is based) for the base year and	The criterion is met if the most recent year is not more than 2 years prior to the year of submission, ***<u>AND</u>*** **<u>If the target is absolute-based, criterion met if:</u>** • Forward-looking ambition is aligned with a linear reduction rate of at least 2.5% per year. **<u>If the target is intensity-based, criterion met if:</u>** • A relevant SDA pathway is used AND forward-looking ambition is aligned with the minimum ambition threshold of the relevant SDA pathway, ***<u>OR</u>*** • Forward-looking ambition in absolute terms is aligned with a linear reduction rate of at least 2.5% per year. **<u>If the target is absolute-based, criterion not met if:</u>** • Forward-looking ambition is less than a linear reduction rate of at least 2.5% per year. **<u>If the target is intensity-based, criterion not met if:</u>** • A relevant SDA pathway is used but forward-looking ambition is not aligned with the minimum ambition threshold of the relevant SDA pathway, ***<u>OR</u>*** • Forward-looking ambition in absolute terms is less than a linear reduction rate of at least 2.5% per year, ***<u>OR</u>*** • The company is unable to provide relevant activity/growth data to be able

	most recent year, and projected activity levels in the target year, must be provided to the SBTi for the assessment of how the intensity targets translate to absolute emissions reductions. ● Forward-looking ambition must be, at a minimum, aligned with the well-below 2°C ambition threshold.	to assess the intensity target's forward-looking ambition.
C8 – Level of ambition *At a minimum, scope 1 and scope 2 targets must 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.*	For renewable electricity procurement targets, refer to criterion C14. For percentage-based emission reduction targets: **<u>If the target is absolute-based:</u>** ● 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. **<u>If the target is intensity-based</u>:** If SDA pathway relevant: ● The pathway must be representative of a company's activities and the timeframe 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. 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 Section 9 of this document for guidance on choosing methods for various sectors.	**<u>If the target is absolute-based, the criterion is met if:</u>** ● Timeframe ambition is aligned with an annual linear reduction rate of at least 2.5%. **<u>If the target is intensity-based, criterion met if:</u>** ● SDA pathway is representative of company activities ***<u>AND</u>*** ● The timeframe ambition is aligned with the minimum ambition threshold of the relevant SDA pathway, ***<u>OR</u>*** ● Timeframe ambition in absolute terms is aligned with a linear reduction rate of at least 2.5% per year. **<u>If the target is absolute-based, the criterion is not met if:</u>** ● Timeframe ambition is less than an annual linear reduction rate of at least 2.5%. **<u>If the target is intensity-based, criterion not met if:</u>** ● The company is unable to provide relevant activity data to assess the intensity target's absolute ambition, ***<u>OR</u>***

		● If no relevant SDA pathway is available, the absolute reduction 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, but 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.
C9 – 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 modeled using an approved sector pathway applicable to companies' business activities. 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 (SDA).*	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 C8.	**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 relevant activity data is not provided or is incomplete, ***OR***

		• The intensity target ambition is not aligned with the minimum ambition threshold of the relevant SDA pathway, ***<u>OR</u>*** • If no SDA pathway is relevant, and the intensity target does not lead to absolute emission reductions aligned with C8.
C10 – 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 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 unless otherwise noted.	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, ***<u>AND</u>*** • If the company is in a sector that requires a specific method to be used (e.g., power generation, transport for scope 3 use of sold products), the appropriate method/tool is used, ***<u>OR</u>*** • 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.
C11 – Combined scope targets *Targets that combine scopes (e.g. 1+2 or 1+2+3) are permitted. When submitting combined targets, the scope 1+2 portion must be in line with at least a well-below 2°C scenario and the scope 3 portion of the target must meet the ambition requirements outlined in C20. For sectors where minimum target ambition is specified for companies' scope 3 activities, C21 supersedes C11.*	• Targets combining S1+2 should be in line with the ambition criteria C7 and C8. • For targets combining S1, S2, and scope 3 (S3): the S1+2 portion of the target should be in line with criteria C7 and C8 and the S3 portion should be in line with criterion C20.	**For combined S1+2 targets, criterion met if:** • Combined S1+2 portion meets criteria C7 and C8 **For combined S1+2+3 targets, criterion met if:** • The combined S1+2 ambition is in line with C7 and C8, ***<u>AND</u>*** • The S3 portion is in line with criterion C20.

C12 – Offsets *The use of offsets must not be counted as emissions reduction toward the progress of companies' science-based targets. The SBTi requires companies set targets based on emission reductions through direct action within their own operations and/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.*	● Offsets are not eligible to be included in the GHG inventory or target boundary. ● For targets submitted, which are very ambitious (>60% absolute reduction) over a short timeframe, companies should justify how these targets are expected to be met without the use of offsets.	**Criterion met if:** ● No use of carbon offsets is disclosed by the company or perceived in the submission form, ***OR*** ● The use of carbon offsets is disclosed by the company but they confirm they will not count them towards the progress of their science-based target. **Criterion not met if:** ● Any form of voluntary or compliance-related offsets is counted as reductions toward the progress of the company's target.
C13 - Avoided emissions *Avoided emissions fall under a separate accounting system from corporate inventories and do not count toward science-based targets.*	● Avoided emissions accounting is not permitted in the GHG inventory or target boundary. The following are example claims that are not valid when setting SBTs: ● Product use targets, which claim to "help 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 provide 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.	**Criterion met if**: ● No use of avoided emissions is disclosed by the company in the submission form, ***AND*** ● No sign of the use of avoided emissions in the inventory or the target boundary. **Criterion not met if:** ● Submission reveals any use of avoided emissions, either as part of the inventory or the target setting process.

C14 – 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. It is recommended that companies report scope 2 emissions in both approaches. However, a single and consistent approach shall be used for setting and tracking progress toward an SBT (e.g. using location-based approach for both target setting and progress tracking).*	● 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.	**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 the base and most recent year inventories. **Criterion not met if:** ● The 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.
C15 – Renewable electricity *Targets to actively source renewable electricity at a rate that is consistent with 1.5°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 electricity over total electricity 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 of renewable electricity to qualify.*	● Targets should be formulated to specifically address the active sourcing of renewable electricity. ● S2 renewable electricity targets should cover at least 95% of S2 emissions and meet the minimum active sourcing requirements. ● Companies that 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. ● Targets that fall between 2025 and 2030 will be accepted if they meet the linear progression of these requirements. Specifically: 84% by 2026; 88% by 2027; 92% by 2028; or 96% by 2029	**Criterion met if:** ● The active sourcing of renewable electricity in the target year is at or above the minimum share thresholds of at least 80% by 2025, 100% by 2030, and/or intermediate targets in line with this rate of reduction ***AND*** ● The target language explicitly refers to 'active sourcing' of renewable electricity (please refer to RE100's quality criteria for options for actively souring renewable electricity), ***AND*** ● The target covers at least 95% of the electricity consumed by the company.

C16 – Scope 3 screening *Companies must complete a scope 3 screening for all relevant scope 3 categories considering the minimum boundary of each category per the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.*	• Companies must complete a full screening or inventory of all relevant S3 categories. • Companies must provide sufficient and reasonable justification for categories that have not been quantified or are deemed not relevant or applicable. • Sector-specific emission profiles and compliance with the chosen consolidation approach should be addressed when screening and/or neglecting S3 categories. • Each category reported must meet the minimum boundary requirements. For a definition of the minimum boundary of each scope 3 category, please see Table 5.4 (page 35) of the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.	**Criterion met if:** • A complete S3 screening, at a minimum, is conducted for all relevant categories, ***AND*** • Clear justification is provided for categories that are deemed not applicable or where the emissions are deemed insignificant.
C17 – Requirement 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 and/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 scope 1, 2, and 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 scope 3 target on use of sold products must be set regardless of how these emissions contribute to the overall inventory. Please see Criterion 20.2 for further details	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. For companies involved in the sale, transmission, or distribution of fossil fuels, companies must follow Criterion 20.2.

C18 – Boundary *Companies must set one or more emission reduction targets and/or supplier or customer engagement targets that collectively cover(s) at least 2/3 of total scope 3 emissions considering the minimum boundary of each category 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 or other optional sources of scope 3 emissions do not count towards the 2/3 boundary. For a definition of optional emissions for each scope 3 category, please see Table 5.4 (page 35) of the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. ● Targets covering categories of emissions that the company plans to reduce by activities outside the company's value chain (i.e., 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 emissions reductions.	**Criterion met if:** ● S3 targets collectively cover at least 67% of total S3 emissions, considering the minimum boundary of each S3 category. **Criterion not met if:** ● Target boundary is unclear or covers less than 67% of total S3 emissions, ***OR*** ● Companies include categories of emissions they plan to reduce by activities outside of the corporate value chain (e.g. avoided emissions) in the 2/3 target boundary.
C19 – 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 mid-term targets as required by C19. Long-term scope 3 targets must comply with C20 to be considered ambitious.*	This criterion applies to percentage-based scope 3 emission reduction targets. Supplier engagement targets are an exception (see C20.1). ● 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 the first half of 2021 the valid target years are 2025-2035 inclusive. For those submitted in the second half of 2021 the valid target years are between 2026 and 2036 inclusive.	**Criteria met if:** ● Target year is between 5 and 15 years (inclusive) from the date of submission to the SBTi, ***AND*** ● Base year covers complete past year (calendar or financial year). **Criterion not met if:** ● Target year is less than 5 years or greater than 15 years from the date of submission to the SBTi, ***OR*** ● Base year data is not complete (e.g., the company uses a base year in the future).

	● Longer-term *optional* targets are valid if the target year is between 15 years from the date of submission and 2050, inclusive. 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 is available as the target base year. ● It is recommended 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.	
C20 - 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 to 2°C compared to pre-industrial temperatures. Absolute targets can be expressed in intensity terms based on units that are consistent and representative of companies' activities.* *Economic intensity: Economic intensity targets that result in at least 7% year-on-year reduction of emissions per unit value added.* *Physical intensity: Intensity reductions aligned with the relevant sector reduction*	**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. **<u>If the target is based on reduction of economic intensity (e.g. revenue):</u>** ● 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.	**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:** <u>If the target is economic-based:</u> ● Timeframe ambition in absolute terms is aligned with an annual linear reduction rate of at least 1.23% per year, ***<u>OR</u>*** ● Timeframe ambition exceeds 7% year-on-year reduction per unit of gross value added over the target period. <u>If the target is physical intensity-based, criterion met if:</u> ● Timeframe ambition in absolute terms is aligned with an annual linear reduction rate of at least 1.23% per year, ***<u>OR</u>***

pathway within the SDA; or targets that do not result in absolute emissions growth and lead to linear annual intensity improvements equivalent to 2%, at a minimum.	**<u>If target is based on reduction of physical intensity</u>:** ● The physical intensity denominator should be representative of the company’s activities. ● If an SDA pathway is available, the timeframe ambition must be aligned with the minimum ambition threshold of the relevant SDA pathway ● If no SDA pathway is relevant ***<u>OR</u>*** 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. ● 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 terms.	● The timeframe ambition is aligned with the minimum ambition threshold of the relevant SDA pathway, ***<u>OR</u>*** ● The target does not lead to absolute emissions increases in the target timeframe ***<u>AND</u>*** leads to at least a 2% annual linear intensity improvement over the target period.
C20.1– Supplier or customer engagement targets *Company targets to drive the adoption of science-based emission reduction targets by their suppliers and/or 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*	● The supplier engagement target boundary should correspond only to the suppliers’ emissions that are being covered by the target. ● If suppliers are only required to set SBTs on certain scopes, only those scopes of emissions should be accounted for in the boundary. ● The portion of suppliers that are covered by the target and how much they represent in overall emissions should be disclosed. ● 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 C18 is met.	**Criterion met if:** ● Companies provide information on the percentage of emissions (or annual spend as a proxy with emissions estimate if emissions not available) and the relevant upstream categories the target covers, **<u>AND</u>** ● The target year is a maximum of 5 years from the date the target is submitted for an official validation, **<u>AND</u>** ● Companies specify in the official target language that their suppliers will have science-based targets that meet the latest SBTi criteria.

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.*	● If using a per spend basis, the percentage covered must only correspond to the spend on suppliers in the desired scope 3 category of coverage. ● 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 the first half of 2021, valid target years are up to and including 2025. For those submitted in the second half of 2021, valid target years are up to and including 2026. ● Suppliers should consult SBTi resources to set targets. Official validation of suppliers' targets by SBTi are not required, though companies are welcome to encourage this if they wish. ● Engagement targets on downstream customers may also be set. If pursuing this route, the company must also disclose how it can influence these customers to set their own targets.	**Criterion not met if:** ● Target year is more than 5 years from the date it was submitted for an official validation, ***OR*** ● Target does not specify the percentage of all suppliers' emissions covered by the target, ***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.
C20.2 Fossil fuel sale, transmission, distribution *Companies that sell, transmit, or distribute natural gas or other fossil fuel products shall set emission reduction scope 3 targets for the "Use of sold products" category that are at a minimum consistent with the level of decarbonization required to keep global temperature increase well-below 2°C compared to pre-industrial temperatures. Customer engagement targets as described in C20.1 are not applicable for this criterion.*	This criterion is only relevant for companies that are involved in the sale, transmission, or distribution of fossil fuels. Companies that derive 50% or more of revenue from fossil fuels cannot have their targets validated at this time and must follow the Oil & Gas sector methodology once published. ● Companies must disclose if this criterion is relevant and, if so, must submit a scope 3 target that covers 100% of downstream use of fossil fuels. ● Fossil fuels distributed or transmitted must be accounted for in GHG inventory and target boundary, even if they are not sold directly by the company. ● 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 well-below 2°C pathway. **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 well-below 2°C pathway

C21: Requirements from sector-specific guidance *Companies must follow requirements for target setting and minimum ambition levels as indicated in relevant sector-specific methods and guidance at the latest, 6 months after the sector guidance publication.* *A list of the sector-specific guidance and requirements is available in Section 9 of this document.*	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 the latest version is followed, ***OR*** ● The company uses an older version of sector-specific guidance for a submission within 6 months of a newer publication.
C22 - Frequency *The company shall publicly report its company-wide GHG emissions inventory and progress against published targets on an annual basis.*	Companies must state where they will disclose the progress and the frequency of the issuance of their 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 an annual basis, ***AND*** ● States where this information will be disclosed.
C23 Mandatory target recalculation *To ensure consistency with the most recent climate science and best practices, targets must be reviewed, and if necessary, recalculated and revalidated, at a minimum every 5 years. For companies with targets approved in 2020 or earlier, the latest year targets must be revalidated is 2025. Companies with an approved target that requires recalculation must follow the most recent 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 the relevance and consistency of the existing target. The following changes would trigger a target recalculation: ● Scope 3 emissions become 40% or more of scope 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,	**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 recent criteria if re-submitting targets.

	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 changes to projections/assumptions used with science-based target setting methods.	
C24 Target validity *Companies with approved targets must announce their target publicly on the SBTi website within 6 months of the approval date. Targets unannounced after 6 months must go through the approval process again, unless a different publication time frame has been agreed with the SBTi.*	● If officially approved by the SBTi, companies may choose to announce their targets at any time within 6 months of the approval date. ● Targets unannounced after 6 months must be resubmitted to the SBTi for a complete validation.	**Criteria met if:** ● Targets are officially approved by the SBTi, ***AND*** ● Publicly announced by the company within 6 months of the approval date.

9. Sector-specific requirements

Sector-specific guidance and methods are currently available for many sectors. All new, sector-specific guidance that becomes available will be uploaded to the sector development page on the SBTi website. The SBTi has sector-specific requirements related to the use of target-setting methodologies and minimum ambition levels.

Table 8. Sector-specific guidance

Sector	Scope 1 and 2	Scope 3	Guidance/Notes
Power Generation	The Sectoral Decarbonization Approach (SDA) power generation pathway defines the minimum forward-looking ambition the company must use to set targets. The timeframe and forward-looking ambition must be, at a minimum, aligned with the well-below 2°C pathway. Companies operating in the power sector must adhere to the guidance for electric utilities	Ambition must be in line with C20	Beginning in January 2021 in line with the latest guidance for electric utilities, companies submitting targets in this sector with scope 3 emissions that represent 40% or more of overall emissions will be required to include an emissions reduction target covering all sold electricity (including purchased and resold electricity in scope 3 category 3), in addition to a target covering power generation in scope 1, for new target submissions. This target must use the SDA pathway and must be, at a minimum, aligned with a well- below 2°C pathway.
Original Equipment Manufacturers (OEMs)/ Automakers	Sufficient ambition if in line with the SDA Transport Tool for passenger light-duty vehicle (PLDV) manufacturers or absolute contraction approach.	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,	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 of global standards (e.g., Worldwide Harmonized Light Vehicle Test Procedure - WLTP) when

		and aligned to the well-below 2°C pathway.	available. In the absence of a normalized test procedure for certain vehicle types, companies are invited to present and justify their own estimates/simulations based on fuel consumption-specific duty cycles to the SBTi.
Transport Services	Sufficient ambition if in line with the SDA Transport Tool or absolute contraction approach	Sufficient ambition if in line with the SDA Transport Tool or absolute contraction approach.	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. For companies in the aviation and maritime transport sectors, please consult the SBTi transport resources for further information on sector-specific transport methodologies. 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.
Oil & Gas	The SBTi is developing targets setting methods for oil & gas companies and cannot officially validate targets for	The SBTi is developing targets setting methods for oil & gas companies and cannot officially validate targets for	For the target validation by the SBTi, "Oil & Gas" includes, but is not limited to, integrated Oil & Gas companies, Integrated Gas companies, Exploration & Production Pure Players, Refining and Marketing Pure

	this sector before the guidance is completed. While the project is underway, oil & gas companies are invited to commit to set SBTs by submitting a [Commitment Letter.]()	this sector before the guidance is completed. While the project is underway, oil & gas companies are invited to commit to set SBTs by submitting a [Commitment Letter.]()	Players, Oil Products Distributors, Gas Distribution and Gas Retailers. The SBTi will assess companies on a case-by-case basis to determine whether companies will be classified as Oil & Gas companies for SBTi validation, and if so, reserve the right to not move forward with their validation until after the SBTi Oil & Gas sector development has been completed.
Fossil Fuel Sale/Transmission/ Distribution* **This information is only applicable to companies that receive less than 50% of their revenue from fossil fuel sale, transmission, or distribution. For companies that receive 50% or more of their revenue from these activities, please refer to the Oil & Gas section above.*	N/A – follow guidance for the primary sector.	In addition to guidance for the primary sector, 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, aligned with at least well-below 2°C ambition thresholds. In the future, a well-below 2°C SDA pathway may be made available.	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. Separate scope 3 targets may need to be set in this case.
Services/Commercial Buildings	Sufficient ambition if in line with the available SDA pathway or absolute contraction approach.	Ambition must be in line with C20.	Real Estate Investment Trusts (REITs) wishing to set targets must specify if they are a mortgage-based REIT or equity-based REIT.

		Inclusion of emissions from use of sold products for architecture/design firms	Equity REITs must pursue the regular target validation route for companies. Mortgage REITs must instead utilize the Financial Institutions guidance for setting SBTs.
Industrial Sectors: ● Iron and Steel ● Cement ● Aluminum ● Pulp and Paper	Sufficient ambition if in line with the available SDA pathway or absolute contraction approach.	Ambition must be in line with C20.	
Financial Institutions	Sufficient ambition if in line with the Absolute contraction approach or relevant SDA pathways (e.g. Services/ Commercial buildings).	As of October 2020, the SBTi has developed the first version of criteria for financial institutions to align their investment and lending portfolios with Paris-aligned climate stabilization pathways, and financial institutions are now welcome to submit targets for official validation based on this criteria.	The SBTi guidance for financial institutions outlines in detail the target setting requirements for setting both scope 1+2 and scope 3 targets for investment and lending activities.

Information and communication technology providers	Sufficient ambition if in line with the Absolute contraction approach or if it meets the minimum requirements of the relevant ICT pathways.	Ambition must be in line with C20.	The SBTI guidance for ICT companies including mobile networks operators, fixed networks operators, and data centers operators outlines in detail the target setting requirements for setting scope 1+2 targets.
Chemical	Sufficient ambition if in line with the absolute contraction approach.	Ambition must be in line with C20.	The chemical sector pathway in the SDA tool cannot be used at present. SBTi has launched an ongoing scoping project to develop sector-specific methods, to guide chemical and petrochemical companies in setting ambitious targets and begin decarbonization. Companies that produce or sell fluoro gases (or products that use HFCs) must account for and report emissions during the use of these gases in cooling units/refrigerants or in industrial applications in their GHG inventory under scope 3 category 11 “use of sold products”. Companies must also account for and report HFC emissions associated with the disposal of products that use HFCs in scope 3 category 12 “end of life treatment of sold products”.
Apparel and footwear	Sufficient ambition if in line with the absolute contraction approach.	Ambition must be in line with C20.	Companies across the apparel and footwear value chain should consult the Apparel and Footwear sector SBT guidance for detailed guidance on target setting.

All other sectors	Sufficient ambition if in line with the absolute contraction approach.	Ambition must be in line with criteria C20.	

For the most up-to-date information on sector developments, please refer to the Sector Development page of the SBTi website.

10. Target wording requirements

The SBTi has specific guidance for target wording to increase comparability and transparency among approved targets. Companies are required to follow specific guidelines for target wording and the SBTi reserves the right to not approve targets that deviate from this guidance. What may appear to be minor nuances may significantly alter the target's intention. Table 9 provides recommended target template wording for each type of target. Please see the SBTi's target submission form to see the latest recommendations for the target language.

Table 9. Recommended target language templates

Target type	Recommended target language
Absolute targets	[Company name] commits to reduce absolute [enter scopes] GHG emissions [percent reduction] % by [target year] from a [base year] base year.
Intensity targets	[Company name] commits to reduce [enter scopes] GHG emissions [percent reduction] % per [unit] by [target year] from a [base year] base year.
Supplier engagement targets	[Company name] commits that [percent] % of its suppliers [by spend/by emissions] covering [name categories] will have science-based targets by [target year].
Renewable electricity procurement targets	[Company name] commits to increase active sourcing of renewable electricity from [percent]% in [base year] to [percent]% by [target year]. **<u>OR</u>**

	[Company name] commits to continue annually sourcing 100% renewable electricity through [target year].
Scope 3 targets category coverage	It is best practice for the target language to refer to specific scope 3 categories covered, e.g., purchased goods and services, or use of sold products. However, the target should not make reference to specific activities e.g. purchasing of building materials.

Additionally, if a company is using bioenergy, the related emissions/removals should be reported alongside the inventory and included in the target boundary as well as the target language. If this is the case, the following footnote is required to be included in target language:

“*The target boundary includes biogenic emissions and removals from bioenergy feedstocks."

Please note that if a company submits a target with a decimal point, e.g. “50.5%”, the target will be rounded to the nearest whole number, e.g. “51%,” for communication clarity on the SBTi website.

Appendix 1: Document history

Version	Change/update description	Date finalized	Effective Dates
1.0	The first version of the Target Validation Protocol	April 2019	From April 2019 to July 2020
2.0	Updated to align with SBTi criteria V4.1 and to provide further information on frequently requested topics, including target classification, resubmission, and sector-specific guidance.	April 2020	July 2020 to March 2021
2.1	Minor updates to provide further clarification and context to existing rules, and criterion, including the following: **Section 3:** updated to reflect how Financial Institutions are	April 2021	From April 2021

	treated during initial screening stage. **Section 6:** refined the target classification rules to provide further clarity on how multiple approved targets can be aggregated to produce a temperature rating. **Section 8:** the criteria table has been updated to reflect modifications to criteria wording, with minor changes made to text for clarification purposes. **Section 9:** updated to provide additional information from the 1) electric utility sector update from June 2020, 2) release of the financial institution guidance in October 2020, 3) current practices related to companies in the oil & gas sector		