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SBTi Criteria and Recommendations

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SBTi Criteria and Recommendations

Introduction

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

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

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

Effective Dates of Updated Criteria

All criteria are currently in effect. Criteria, recommendations and best practices denoted with an asterisk (*) are refinements to/clarifications of pre-existing criteria and recommendations. Principles upon which the updates are based remain the same. Refinements were made to provide greater clarity.

Criteria and Recommendations

1. Science-Based Target Boundary

Criteria

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

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

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

*C4 - Bioenergy accounting: Direct emissions from the combustion of biomass and biofuels, as well as GHG removals associated with biogenic sources, must be included in the company's inventory and target boundary when setting a science-based target and when reporting progress against that target.

Recommendations and additional guidance

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

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

*R3 - Direct land use change emissions - When relevant, companies are encouraged to account for land use change emissions and include them in their target boundary. Since methods to calculate land use change can widely differ, companies should disclose the method used to calculate these impacts in their GHG inventory.

2. Timeframe

Criteria

C5 - Base and target years: Targets must cover a minimum of 5 years and a maximum of 15 years from the date the target is submitted to the SBTi for an official validation.¹

*C6 - 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.

Recommendations and additional guidance

R4 - Base year: The SBTi recommends choosing the most recent year for which data are available as the target base year.

R5 - Target year: Companies are encouraged to also develop long-term targets (e.g. 2050) in addition to the required mid-term targets.

R6 - Consistency: It is preferable that companies use the same base and target years for all targets within the mid-term timeframe and all targets within the long-term timeframe.

3. Ambition

Criteria

C7 - Level of ambition: At a minimum, the scope 1 and scope 2 targets will be consistent with the level of decarbonization required to keep global temperature increase to 2°C compared to pre-industrial temperatures, though companies are encouraged to pursue greater efforts towards a 1.5°C trajectory.

C8 - Absolute vs. intensity: Intensity targets for scope 1 and scope 2 emissions are only eligible when they lead to absolute emission reduction targets in line with climate scenarios for keeping global warming below 2°C or when they are modelled using an approved sector pathway or method approved by the Science Based Targets initiative. Reductions must be at a minimum consistent with the low end of the range of emissions scenarios consistent with the 2°C goal,² or aligned with the relevant sector reduction pathway within the Sectoral Decarbonization Approach.

¹ For targets submitted for an official validation in first half of 2018 the valid target years are 2022-2032 inclusive. Those submitted in the second half of 2018 must be between 2023 and 2033.

² Per IPCC AR5 RCP 2.6, the minimum reduction required is 49% absolute emissions reduction from 2010 to 2050. This translates to a linear 1.23% reduction per year on average ($-49\%/40 \text{ years} = -1.23\%/yr$) or a 1.7% compounded year-on-year reduction rate ($0.983^{40} = 51\%$).

C9 - Method validity: Targets must be modeled using the latest version of methods and tools approved by the initiative. Targets modeled using previous versions of the tools or methods can only be submitted to the SBTi for an official validation within six months of the revision.

C10 - Combined scope targets: Targets that combine scopes (e.g. 1+2 or 1+2+3) are permitted; however, when a company has a combined scope 1, 2, and 3 target, the scope 1 and 2 portion of the target must be in line with a 2°C scenario.

Recommendations and additional guidance

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

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

4. Scope 2

Criteria

C11 - 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.

*C12 - Renewable energy: Targets to source renewable electricity at a rate that is consistent with 2°C scenarios are an acceptable alternative to scope 2 emission reduction targets.

Recommendations and additional guidance

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

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

5. Scope 3

Criteria

C13 – Requirement to have a scope 3 target: Companies must complete a scope 3 screening for all relevant scope 3 categories in order to determine their significance as per the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. If a company's scope 3 emissions are 40% or more of total scope 1, 2, and 3 emissions, a scope 3 target is required.

*C14 – Boundary: Companies must set one or more emission reduction targets and/or supplier engagement targets that collectively cover at least 2/3 of total scope 3 emissions.

C15 – 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.

*C16 - Level of ambition for scope 3 emissions reductions targets: Emission reduction targets (covering the entire value chain or individual scope 3 categories) are considered ambitious if they fulfill any of the following:

- Absolute: Absolute emission reduction targets that are consistent with the level of decarbonization required to keep global temperature increase below 2°C compared to pre-industrial temperatures.
- Intensity: Targets that lead to a reduction of physical or economic emissions intensity whenever this reduction in intensity is consistent with the level of decarbonization required to keep global temperature increase below 2°C compared to pre-industrial temperatures.

Other emission reduction targets where the company can demonstrate that the target is ambitious, in line with current best practices, and does not result in absolute emissions growth.

*C16.1 – Supplier engagement targets: Company targets to drive the adoption of science-based emission reduction targets by their suppliers are considered acceptable when the following conditions are met:

- Formulation: Companies shall provide information to the SBTi on what percentage of emissions from relevant upstream 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.³
- Boundary: Companies may set supplier engagement targets around any relevant upstream categories.
- Timeframe: Companies’ supplier 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 shall set science-based emission reduction targets.

*C16.2 - Direct use phase targets: Direct use-phase emissions are included within the boundary of a scope 3 inventory. Targets on direct use-phase emissions must follow C16.

C17 - Fossil fuel product-use emissions: All companies involved in the distribution of natural gas or other fossil fuel products shall set scope 3 targets for the use of sold products irrespective of the share of these emissions compared to the total S1+S2+S3 emissions of the company.

Recommendations and additional guidance

*R11 - Scope 3 accounting for fuels: As per the GHG Protocol Scope 3 Standard, companies should use life cycle emission factors to calculate scope 3 emissions related to fuels and energy consumed in the reporting company’s value chain, except for category 3 (fuel- and energy-related activities not included in scope 1 or scope 2).

³ If measuring coverage by spend, the company should provide an estimate of the emissions coverage associated with that spend for validation purposes to demonstrate that criterion C14 has been met.

*R12 – Supplier engagement: Companies should recommend that their suppliers use the SBTi guidance and tools available to set science-based targets.

*R13 – Indirect use phase targets: Targets to influence the behavior of end-users (e.g. education campaigns) or to drive the adoption of science-based targets on corporate customers (e.g. customer engagement targets) are not required, but are encouraged when these emissions are significant. Refer to the GHG Protocol Scope 3 Standard for a list of products that generate direct and indirect use-phase emissions.

6. Reporting

Criteria

C18- Frequency: The company shall publicly report its company-wide GHG emissions inventory and progress against its targets on an annual basis.

Recommendation and additional guidance

R14 - Where to disclose: There are no specific requirements regarding where the inventory should be disclosed, as long as it is public. Recommendations include annual reports, sustainability reports, the company's website, and/or CDP's annual questionnaire.

7. Recalculation

Recommendation and additional guidance

R15 - Target recalculation: To ensure consistent tracking of performance over time, the target should be recalculated, as needed, to reflect significant changes that would compromise its relevance and consistency. The SBTi recommends that companies check the validity of their target projections annually. At a minimum, targets should be reassessed every five years. The company should notify the SBTi of any significant changes and report these major changes publicly, as relevant.

A target recalculation should be triggered by significant changes in:

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

Annual Timeline for Revising Criteria

Target validation criteria will be updated on an annual basis as per the timeline below starting in 2019. For further information on the target validation process and CDP's scoring of science-based targets in its climate change questionnaire, please see the [Call to Action Guidelines](#).

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Revised criteria, submission form, and Call to Action Guidelines published	Grace period for revised criteria	CDP Scoring Season					Results provided to non-CDP responders who submitted during or shortly before CDP scoring season		SBTi assesses how to improve the criteria and seeks Technical Advisory Group feedback on revisions		
		Revised criteria go into effect one day after submission deadline for CDP scoring (typically April 15 th)		Results provided to CDP responders by climate change questionnaire response deadline ⁴							

Document History

Version	Change/update description	Date finalized	Effective Dates
1.0	Original version of Science Based Targets Initiative Criteria and Recommendations	May 2015	May 2015 to 16 April 2017
2.0	Updated version of criteria and recommendations to reflect current best practice and latest experience.	24 February 2017	From 24 February 2017
3.0	Updated version of criteria and recommendations to provide greater clarity and reflect current best practices. Updates denoted with an asterisk (*).	23 May 2018	Criteria are in effect. Updates provide clarity.

⁴ Normally, the deadline is the end of June; however, the 2018 deadline is July 31st.