

The SBTi's Net-Zero Standard Road Test

Workshop 1

22nd July 2021

Partner organizations



United Nations
Global Compact



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Today's speakers and the Net-Zero project team



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- Net-Zero Standard Development process
- Road test survey and what it means to be an SBTi NZ Champion
- Deeper dive into Net-Zero Standard Criteria
- What's planned for Workshop 2?



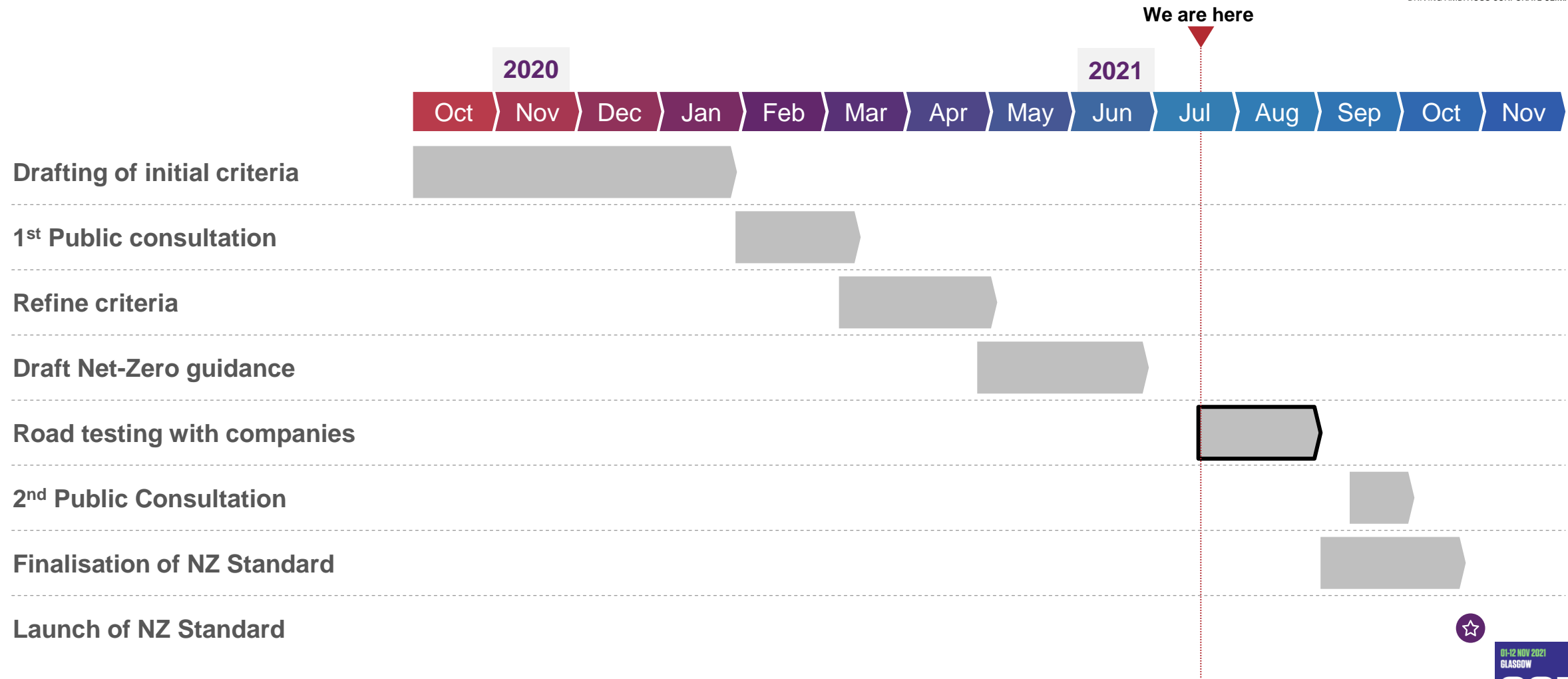
Today's objectives

- Further explain the road testing process (including details on what it means to be an SBTi champion and the survey)
- Provide explanation on the Net-Zero Standard Criteria for near and long-term SBTs
- Update road testers on the SBTi's new strategy



Net-Zero Standard development process

The Net-Zero Standard – where are we in the process?

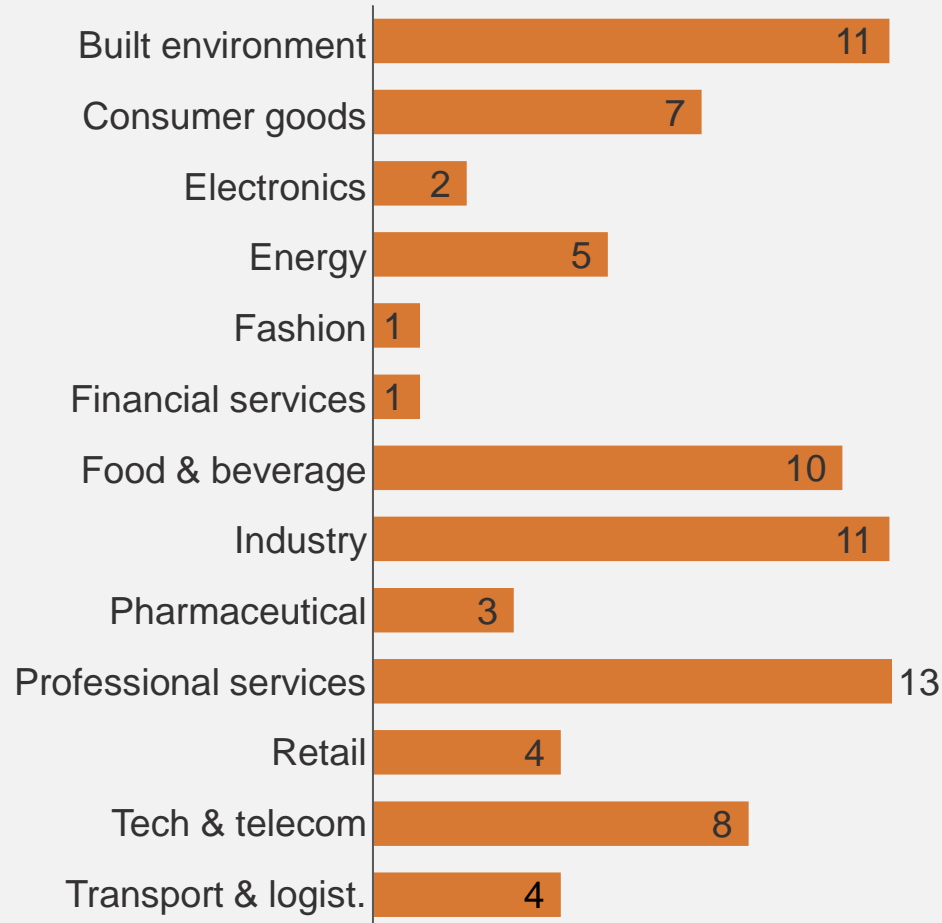


☆ Target launch date has been moved forward to Monday, 18th of October.

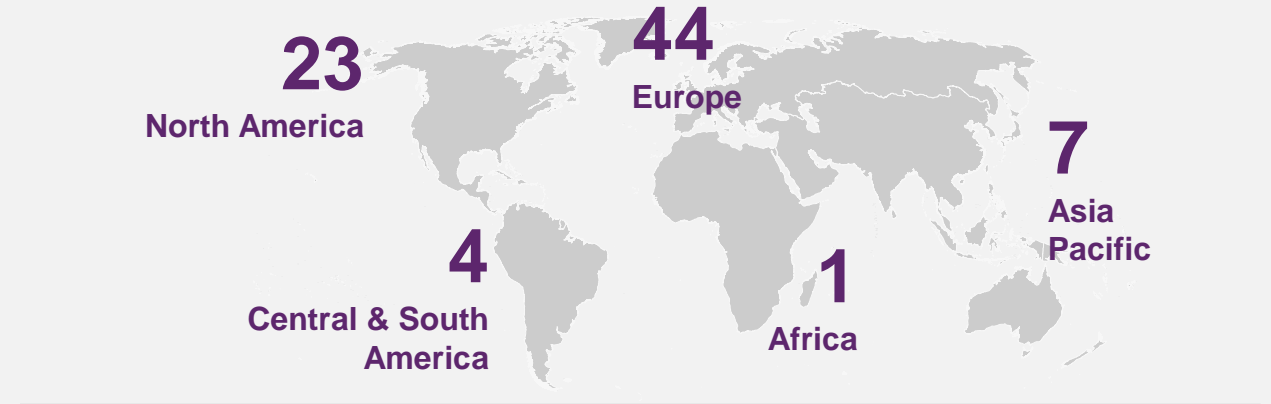


79 companies are participating in the road test

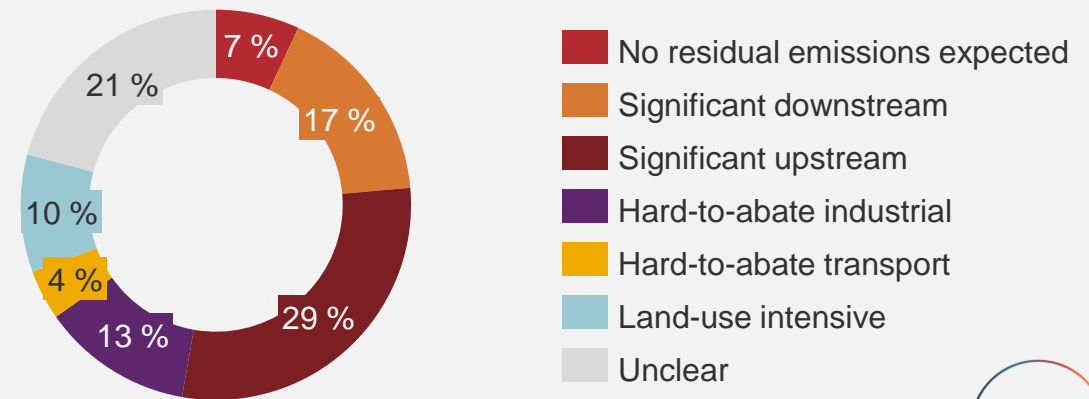
Industries



Geographies



Type of emissions





Three key objectives for the road testing process

- Gather feedback on the clarity, robustness and practicality of the target setting tool, criteria and guidance
- Identify key challenges for adoption and implementation of the standard across industries
- Build a strong network of companies on the journey to setting net-zero targets in line with climate science

Road testing deliverables



Deliver target modelling results

- Trial the target-setting tool
- Share results with SBTi



Provide detailed feedback through survey

- Review the criteria
- Answer all questions in the survey



Engage with SBTi to address issues

- Participate in workshops where possible
- Make use of office hours to discuss any questions, obstacles, or suggestions
- Participate in one-on-one discussions as needed



Become a NZ SBTi champion

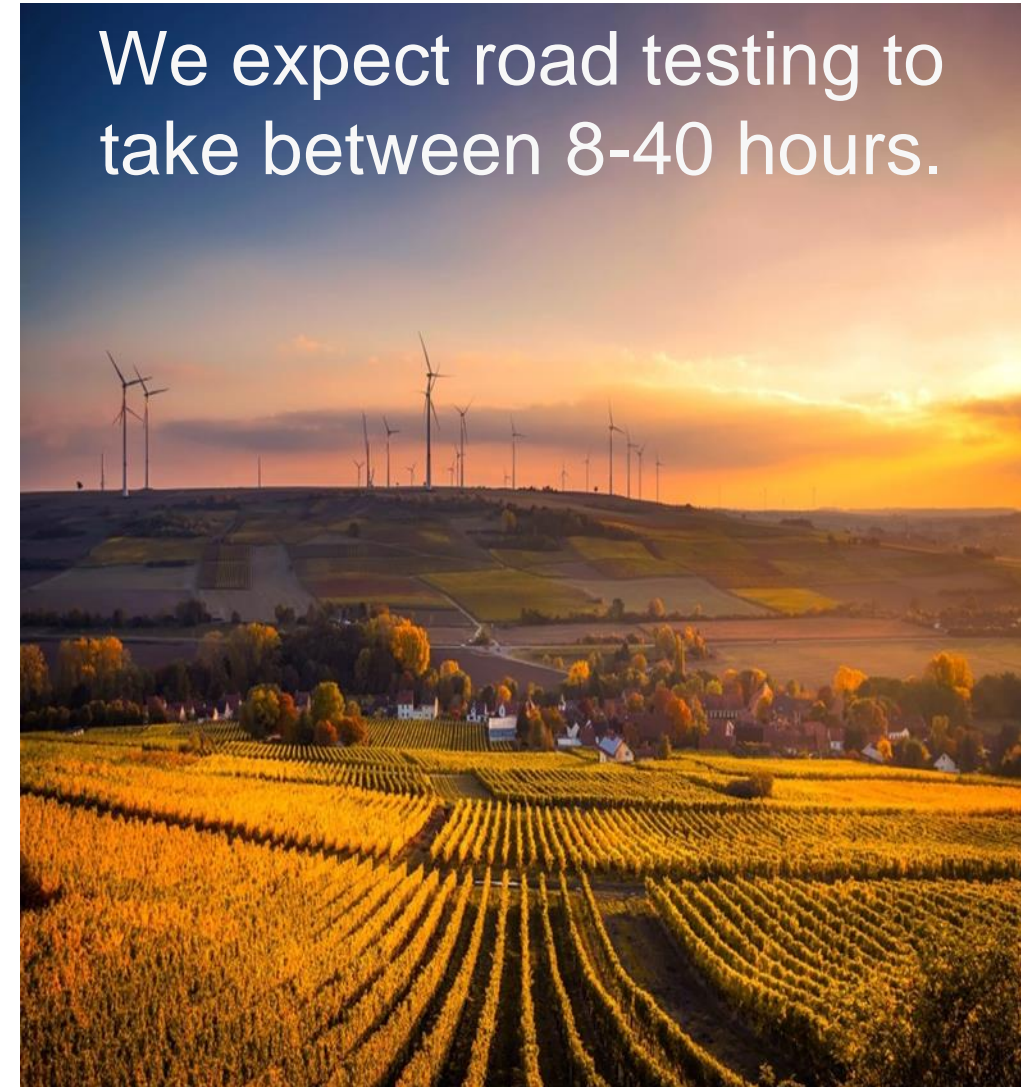
- Take part in deep dive interviews to discuss adoption barriers, expectations, gaps, etc.
- Develop case studies

Expected of all participants




Recommended

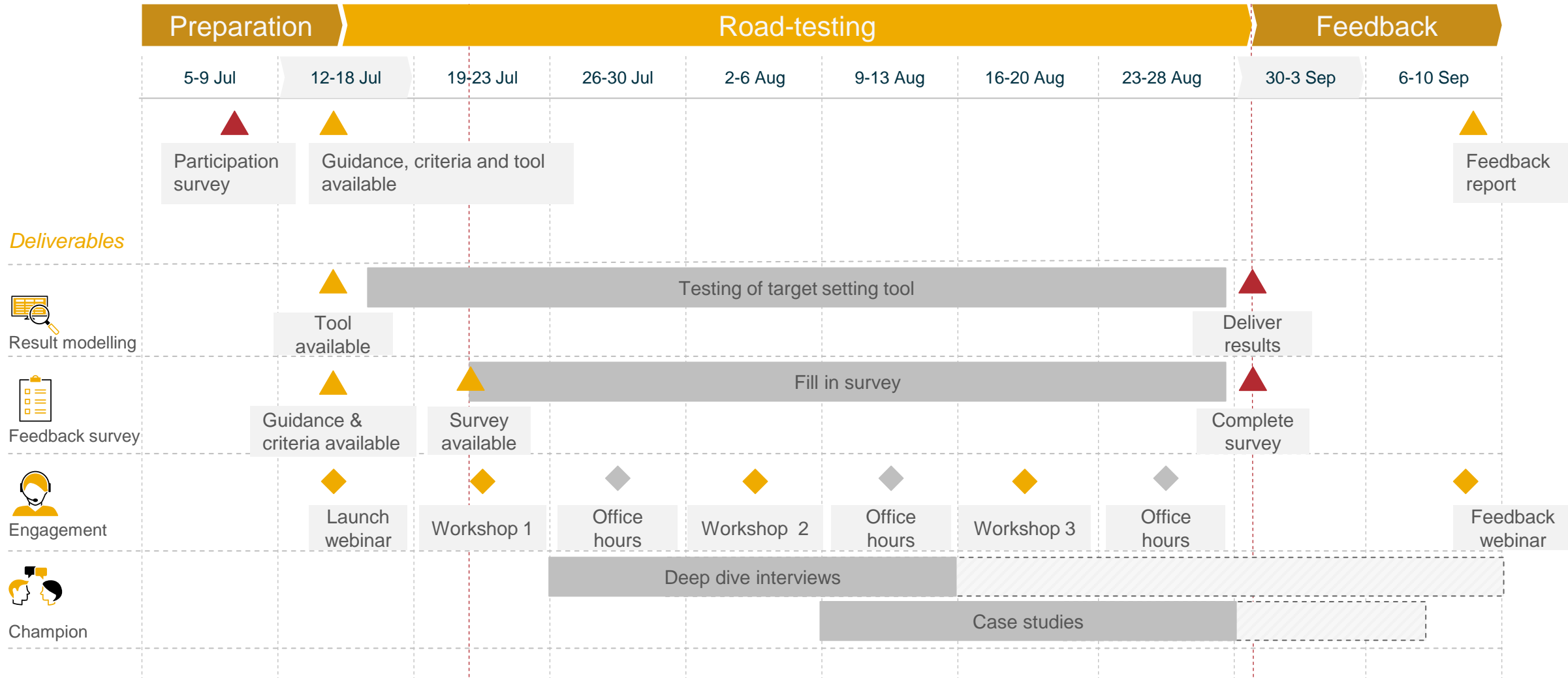
Optional

We expect road testing to take between 8-40 hours.



What is the timeline for road testing?

-  Deadline for participants
-  Milestone
-  Meeting



Meetings to support participants and gather feedback during the process

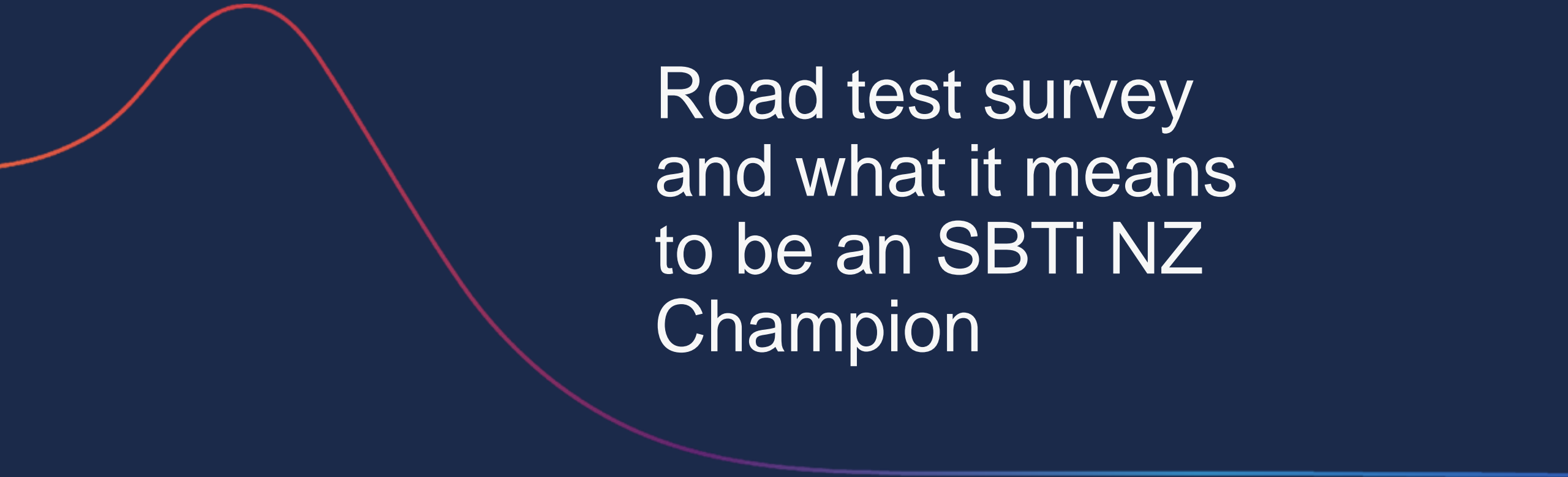
CONFIDENTIALITY
We offer one-on-ones for participants that wish to remain confidential

We are here

	◆	◆	◆	◆	◆	◆	◆
	Launch	Workshop 1	Office hours 1	Workshop 2	Office hours 2	Workshop 3	Office hours 3
<i>Eastern (CEST)</i>	15 July 10:00-11:00	22 July 10:00-11:00	28 July 10:00-10:50	5 August 10:00-11:00	11 August 10:00-10:50	19 August 10:00-11:00	25 August 10:00-10:50
<i>Western (CEST)</i>	15 July 15:00-16:00	22 July 16:00-17:00	29 July 16:00-16:50	5 August 16:00-17:00	12 July 16:00-16:50	19 August 16:00-17:00	26 August 16:00-16:50
Attendance	Required	Preferred	Optional	Preferred	Optional	Preferred	Optional
Topics covered*	Explanation of methods, tool, guidance, etc.	Further explanation & discussion around materials	Open to questions from participants	Using the tool and workshopping targets	Open to questions from participants	Discussion on gaps, adoption barriers, etc.	Open to questions from participants

Next workshop





Road test survey and what it means to be an SBTi NZ Champion

What does it mean to be an SBTi champion?

We will be in touch with those companies who have indicated they would like to participate further next week.



Basic road-testing

Complete result modelling and provide feedback on materials

Up to 40 hours time investment:

- Read through Net-Zero Standard materials
- Complete result modelling
- Complete 30-min survey

Our ask



Deep-dive interview

Engage with SBTi in an interview to zoom in on adoption barriers

1 hour additional time investment:

- Participate in 45-min virtual interview with SBTi Net-Zero team
- Potential follow-on discussion



External-facing case study

Participate in case study based on deep-dive interview

3 hours additional time investment:

- Provide offline feedback on draft text based on interview
- Promote publication through your channels

Objectives for SBTi

- Receive structured input on understanding of overall method, added value, and feasibility and key challenges for adoption
- Solve technical issues and unclaritys

- Understand different interpretations of "net-zero"
- Discuss key drivers and challenges for adopting long-term SBTs
- Brainstorm on potential solutions and recommendations to increase adoption

- Build a strong network of promoters and advocates
- Create continuous communication with the public to showcase the development process of long-term SBTs
- Educate other companies and stakeholders on the process of adopting long-term SBTs

Added value for participant

- Share your perspective and understanding of net-zero
- Provide inputs and recommendations to the Net-Zero Standard

- Opportunity to engage with SBTi and learn more about long-term SBTs and the Net-Zero Standard
- Share your perspective and understanding of net-zero
- Provide inputs to the final version of Net-Zero Standard and think collectively about recommendations

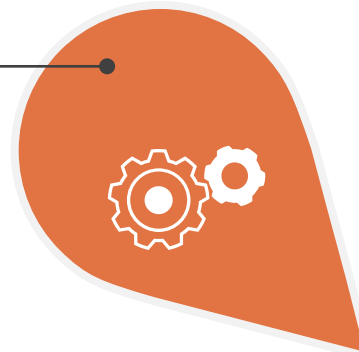
- Establish yourself as frontrunner in climate action
- Build sustainability credentials and expertise within your organization
- Provide inputs and feedback to the Net-Zero Standard by working closely together with SBTi



Survey gathers your structured input on four key dimensions and is now open

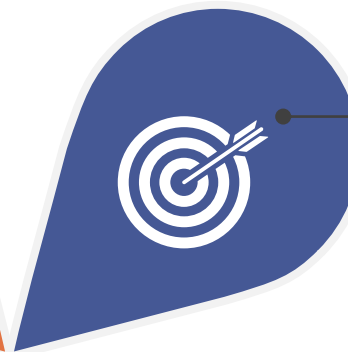
Overall NZ method

Questions on the criteria, pathways and framework options



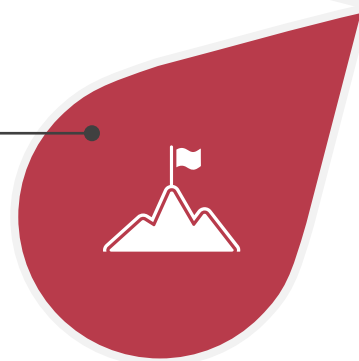
Target setting tool

Questions on user-friendliness of the tool in general



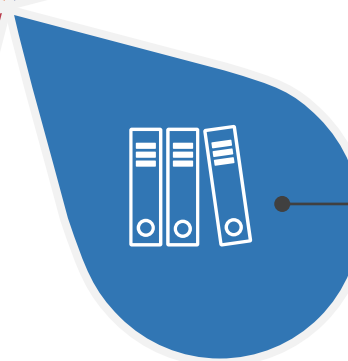
Feasibility and key challenges

Questions on how realistic the results and timelines are for your specific industry and what adoption barriers you would see for wide-scale implementation



Supporting materials

Questions on ease of use and clarity of the materials provided to support the process (e.g. instructions, guidance, etc.)



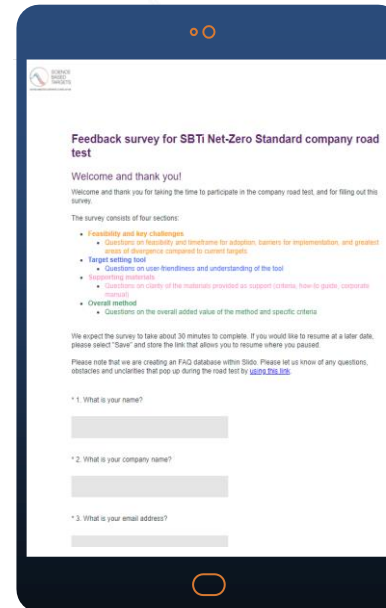
Feedback survey and Q&A tool for questions

Feedback Survey

A 30-minute survey to complete after trying out the target setting tool and using the supporting materials.

★ Provide feedback on the feasibility, key challenges, ease of use of the target setting tool, and overall method

★ Link:
<https://www.surveymonkey.com/r/V7WWHM3>



Feedback survey for SBTi Net-Zero Standard company road test

Welcome and thank you!

Welcome and thank you for taking the time to participate in the company road test, and for filling out this survey.

The survey consists of four sections:

- **Feasibility and key challenges**
 - Questions on feasibility and timeline for adoption, barriers for implementation, and greatest areas of divergence compared to current targets.
- **Target setting tool**
 - Questions on user-friendliness and understanding of the tool
- **Supporting materials**
 - Questions on clarity of the materials provided as support content, how-to guide, corporate strategy.
- **Overall method**
 - Questions on the overall added value of the method and specific criteria.

We expect the survey to take about 30 minutes to complete. If you would like to resume at a later date, please select "Save" and store the link that allows you to resume where you paused.

Please note that we are creating an FAQ database within Slido. Please let us know of any questions, obstacles and uncertainties that pop up during the road test by [submitting this link](#).

*1. What is your name?

*2. What is your company name?

*3. What is your email address?

Slido Interactive Platform

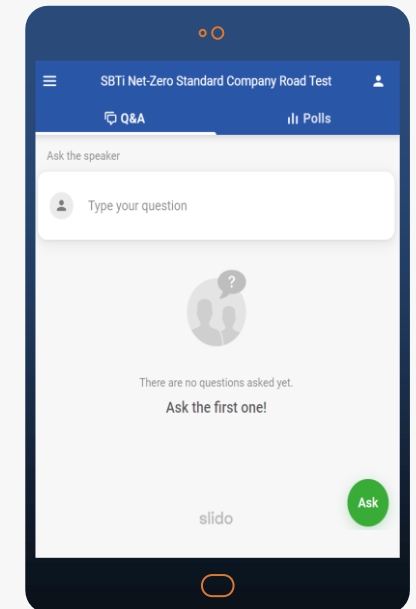
Question and answer and polling platform for the company road test.

★ Enter in any questions that pop up during the road test process

★ Review questions that have already been answered

★ Vote up questions that you have too

★ Link:
<https://app.sli.do/event/wbdzq2qt/live/questions>



SBTi Net-Zero Standard Company Road Test

Q&A Polls

Ask the speaker

Type your question

There are no questions asked yet.
Ask the first one!

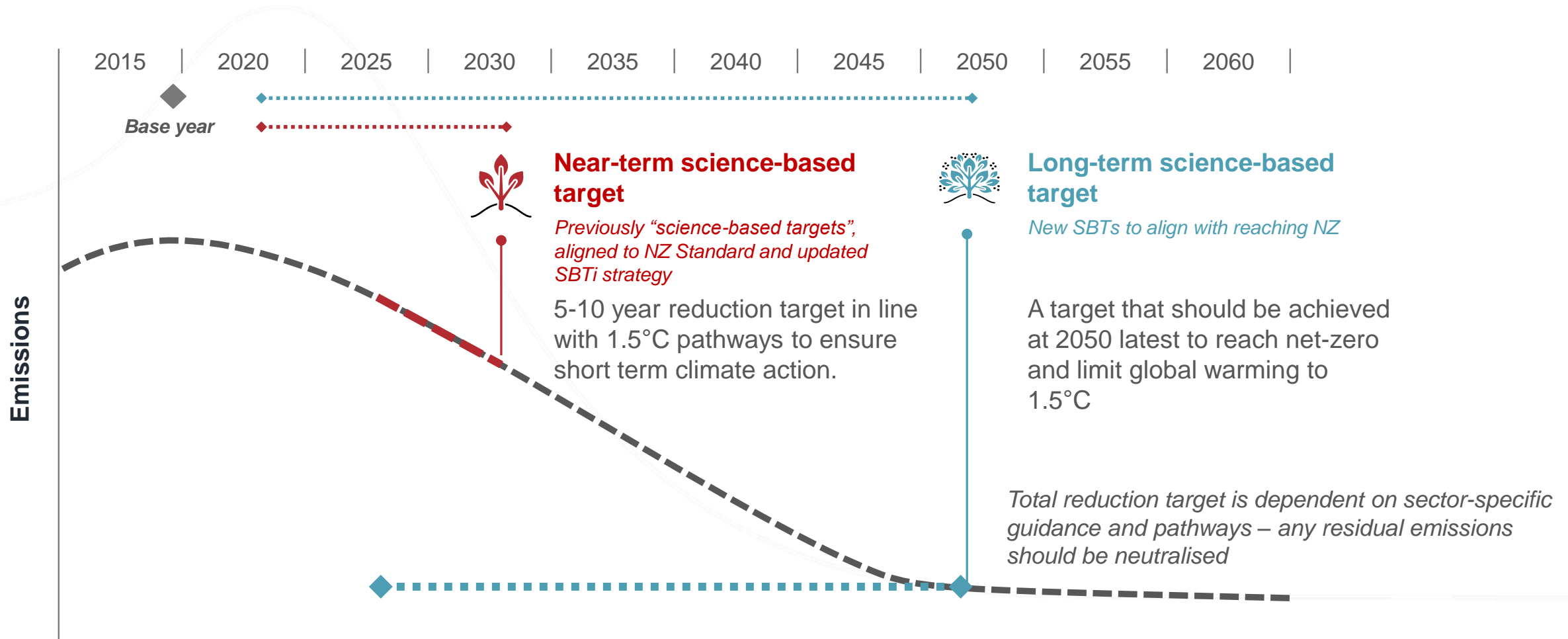
slido Ask





Deeper dive into the Net-Zero Criteria

SBTi's Net Zero Standard covers both near-term and long-term SBT methods for corporate target setting



Overview of the Net-Zero Standard criteria

The three components that are required for companies to set science-based targets as part of a net-zero commitment



Near-term science-based target criteria

Lays out requirements for near-term science-based targets that supersede the requirements within the SBTi's science-based target criteria.

Previously known as 'science-based targets' or 'interim science-based targets'.

I Near-term Science-Based Targets

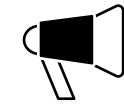


Long-term science-based target criteria

Addresses long-term science-based target criteria on timeframe requirements, how much value chain emissions must be reduced to reach net-zero, and how companies should define emission reduction boundaries.

Previously known as deep decarbonisation targets.

- II** Long-term SBT timeframe
- III** Long-term SBT ambition
- IV** Long-term SBT boundary



Communication, Claims and Validity

The final chapter specifies official target wording that must be publicly available as well as reporting requirements.

V Target Formulation and Reporting



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SCIENCE
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TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Updates to near-term SBT criteria



Climate ambition: SBTi raises the bar to 1.5°C

- Last Thursday, the SBTi unveiled its new strategy to increase minimum ambition in corporate target setting from ‘well below 2°C’ to ‘1.5°C’ above pre-industrial levels.
- The new strategy is being rolled out in response to increasing urgency for climate action and the success of science-based targets to date.
- All companies and financial institutions that submit targets from 15 July 2022 will need to align to the new criteria.





Changes to near-term SBT criteria to align with the Net-Zero Standard

Ambition for near term targets has increased because in order to achieve net zero by no later than 2050, GHG emissions must be halved by 2030 – meaning emissions reductions in the near-term need to be scaled up massively.



Scope 1 & 2 Ambition

The minimum scope 1 and 2 ambition of near-term SBTs will be increased from well-below 2°C to 1.5°C



Scope 3 Ambition

The minimum scope 3 ambition of near-term SBTs will be increased from 2°C to well-below 2°C. Supplier engagement targets will remain eligible; however, the SBTi is considering removing physical intensity target-setting and GEVA methods.



Timeframe

Under the current criteria, near-term SBTs may have a target year 5-15 years from the date of submissions. In the new criteria, this will be changed to 5-10 years from the date of submission.

SBTi will launch the Net-Zero Standard and V5 of SBTi Criteria in mid-October, before the UN COP26 conference. These criteria and will be in force for **all SBTs** from 15 July 2022. At this point the NZ Standard will not include criteria for near-term SBTs, as these will be integrated into SBTi Criteria V5.



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Long-term science-based target criteria



Long-term science-based targets criteria

Long-term targets are critical to the development of net zero criteria to limit global warming to 1.5°C by 2050. They drive economy-wide alignment and long-term business planning to reach the level of global emissions reductions needed for climate goals to be met based on science.



Timeframe

Long-term SBTs to be set for a target year no later than 2050



Target Ambition

Emissions in scopes 1, 2, and 3 that are covered by the long-term SBT boundary must align with 1.5°C net zero pathway at the global or sector level



Target Boundary

Companies to cover at least 95% of scope 1, 2 and 3 emissions in the long-term SBT boundary



Eligible methods and associated pathways for long-term SBTs by sector and type of user

Relevant for
scopes:



Absolute contraction

Physical intensity convergence



Land intensive:

- Agriculture



Pathways available restaurants, groceries, and other purchasers of beef, chicken, pork, dairy, palm oil, maize, wheat, rice and soya (mainly upstream scope 3)



Pathways available for commodity producers of beef, chicken, pork, dairy, palm oil, maize, wheat, rice and soya (scope 1 and upstream scope 3)



Transport:

- Aviation
- Heavy-duty vehicles (HDV)
- Shipping



For airline users, car users, retail companies (e.g., scope 3 emissions from transport), other transport service purchasers



For airlines and airplane manufacturers, auto manufacturers, transportation service providers



Industry:

- Iron and steel
- Cement



For building companies, real estate, auto manufacturers, other steel and cement purchasers (mainly upstream scope 3 emissions from purchased materials)



For steel and cement producers, capital goods producers (e.g., downstream emissions from machinery used to produce materials)



Built environment:

- Buildings, residential, service



For building tenants and users



For real estate companies



Energy

- Power generation



For electricity users



For electric utilities

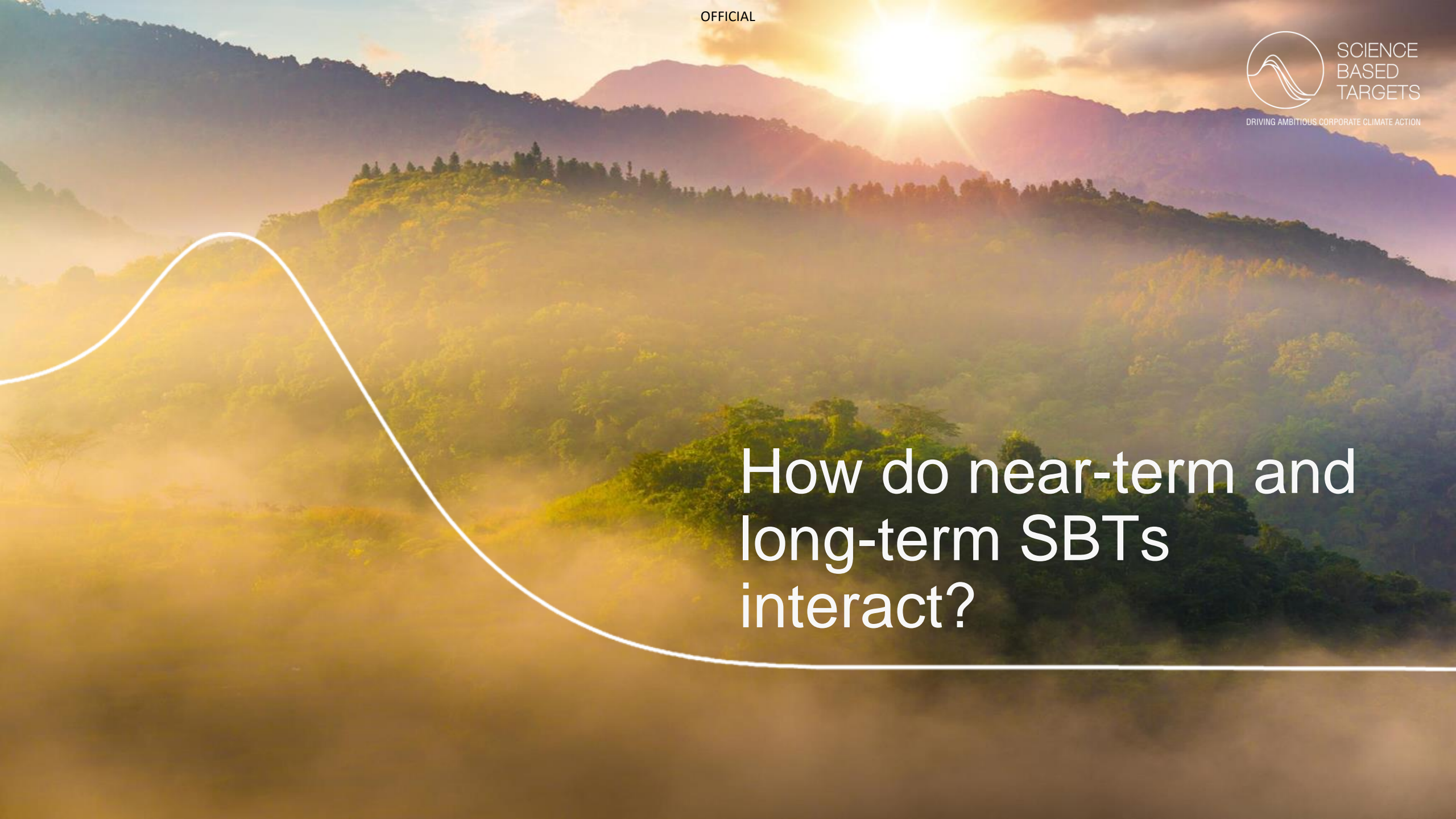


All other sectors



Universal or agriculture pathway may be used by all companies except power generation utilities and timber companies





How do near-term and long-term SBTs interact?

Criteria to set near and long-term science-based targets in SBTi's Net Zero Standard



		Near-term science-based target			Long-term science-based target		
Scopes	Target boundary	95% coverage			95% coverage		
	Aligned to	1.5°C ambition			1.5°C ambition		
	Target year	5-10 years from date of submission			2050 or sooner		
	Eligible methods to calculate target	Absolute contraction <ul style="list-style-type: none"> 4.2% linear annual reduction (l.a.r.) 	Physical intensity convergence <ul style="list-style-type: none"> Depends on sector and company input 	Renewable electricity (Scope 2) <ul style="list-style-type: none"> 80% by 2025 100% by 2030 	Absolute contraction¹ <ul style="list-style-type: none"> 90% reduction overall (mixed pathway) 	Physical intensity convergence <ul style="list-style-type: none"> Depends on sector 	Renewable electricity (S2) <ul style="list-style-type: none"> 100%
Scope	Target boundary	If >40% of total emissions, 67% coverage required			95% coverage		
	Aligned to	At least well-below 2°C ambition ²			1.5°C ambition		
	Target year	5-10 years from date of submission			2050 or sooner		
	Eligible methods to calculate target	Absolute contraction <ul style="list-style-type: none"> 2.5% l.a.r. 	Physical intensity convergence <ul style="list-style-type: none"> Depends on sector and company input 	Physical intensity contraction <ul style="list-style-type: none"> 5.1% l.a.r.³ 	Economic intensity (GEVA) <ul style="list-style-type: none"> 7% year-on-year (compound) reduction³ 	Supplier or customer engagement <ul style="list-style-type: none"> E.g. 80% of suppliers by emissions by 2025 	Absolute contraction¹ <ul style="list-style-type: none"> 90% reduction overall (mixed pathway)












1. When setting long-term SBTs, companies may use sector-specific absolute pathways to set absolute targets, as an alternative to the mixed pathway

2. Although minimum scope 3 ambition for near-term SBTs is well-below 2°C (as shown by this figure), companies are encouraged to set scope 3 targets aligned with 1.5°C ambition

3. For near-term SBTs, the minimum ambition of the scope 3 methods physical intensity contraction and economic intensity (GEVA) are being reviewed and updated to align with well-below 2C

N.B. Methods and minimum ambition values are subject to change

What does my company have to do to align with SBTi requirements?

		In order to align with...targets must meet all below requirements		
When?	What?	SBTi V4.2	SBTi V5 (new 1.5°C strategy)	SBTi's Net-Zero Standard
 <p>Near-term science-based targets</p>	Before July 2022	Ambition  Min. WB2C for scopes 1 & 2 2°C on scope 3	Min. 1.5°C across scopes 1 & 2 WB2C on scope 3	
		Timeframe  5-15 years	5-10 years	
		Boundary  95% scope 1 & 2 2/3 scope 3	95% scope 1 & 2 2/3 scope 3	
	After July 2022	Ambition  No longer allowed*	Min 1.5°C across scopes 1 & 2 WB2C on scope 3	
		Timeframe  No longer allowed*	5-10 years	
		Boundary  No longer allowed*	95% scope 1 & 2 2/3 scope 3	
 <p>Long-term science-based targets</p>	N/A	Ambition  Not applicable		Min. 1.5°C across all scopes
		Timeframe  Not applicable		Before 2050
		Boundary  Not applicable		95% scope 1 & 2 95% scope 3


* Companies that already have SBTs are required to review every 5 years to ensure they are up to date with the latest climate science. These companies will then be required to upgrade 1.5°C



How to upgrade near-term SBTs to align with Net-Zero Standard and the SBTi's 1.5°C Strategy

Companies that have existing near-term SBTs that do not meet the updated SBTi criteria are invited to upgrade their targets.

To update targets, companies can resubmit using the SBTi resubmission service by emailing a completed target submission form to targets@sciencebasedtargets.org and paying a \$2,490 fee.


 Simplified process to achieve SBTi approval if conditions are met:

1. Base year and target year of the updated target remains unchanged;
2. The assumptions used to model the original target continue to be valid (e.g., significance thresholds, boundary, growth projections, etc.)

The process companies follow during the revalidation of their upgraded targets is outlined below:



- 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



Workshop 2: Deeper dive on road test materials and tool

Next time, we will walk through the guidance and tools step-by-step

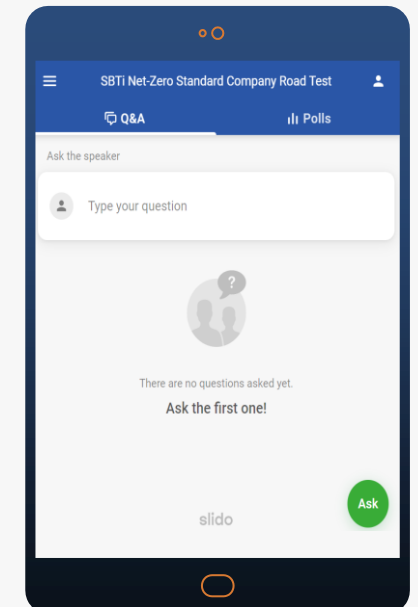
Questions we've been hearing from you

- ☆ How can we compare our existing long-term targets to what is required by the Net-Zero Standard?
- ☆ How should I take advantage of the Pro Tool's ability to calculate up to 11 targets?
- ☆ What if the target reduction seems unrealistic? How can I design a strategy for these targets?
- ☆ I do not see my sector listed in the "activities" list. Can I still set activity-specific targets?
- ☆ Is my company eligible to set long-term intensity targets?

Reach us via Slido or email

Please make sure of the Slido platform to log general questions, but feel free to reach out directly to us with anything specific.

- ☆ Enter in any questions that pop up during the road test process
- ☆ Review questions that have already been answered
- ☆ Vote up questions that you have too
- ☆ Link: <https://app.sli.do/event/wbdzq2qt/live/questions>



Do you have any
questions?





Thank you for listening!

For questions related to the road-testing process and the Net Zero Standard in general, please contact:

Emma Watson
Senior Manager Net-Zero
emma.watson@cdp.net

Paulina Tarrant
Net-Zero Engagement Manager
paulina.tarrant@cdp.net

Next week we will be available to answer questions on Wednesday and Thursday during office hours.

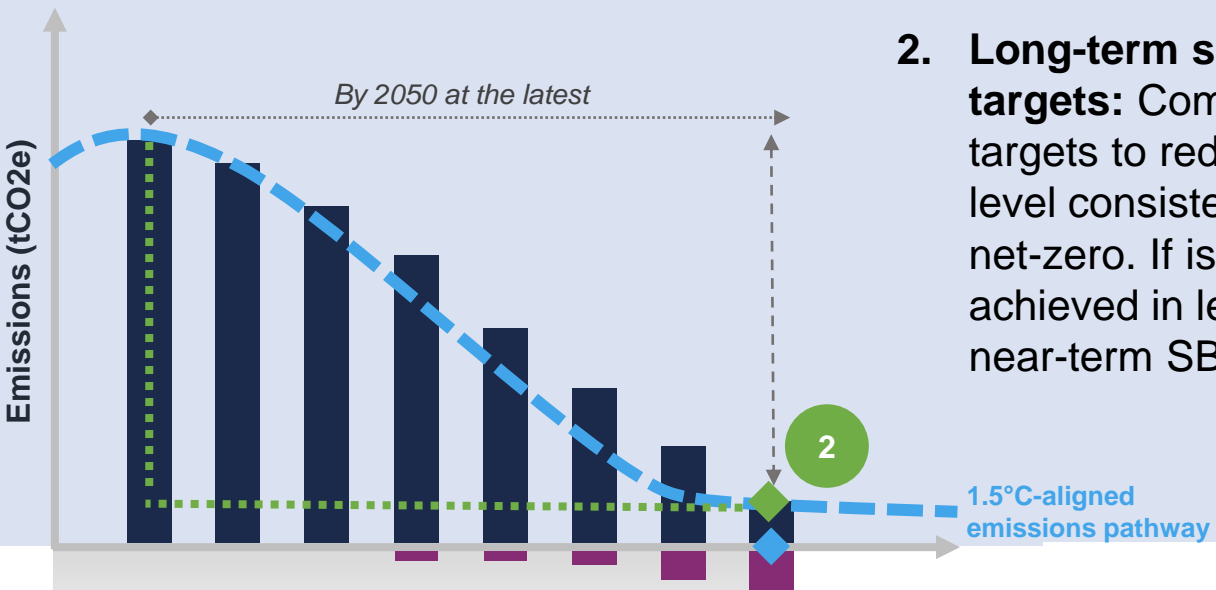
Thank you!



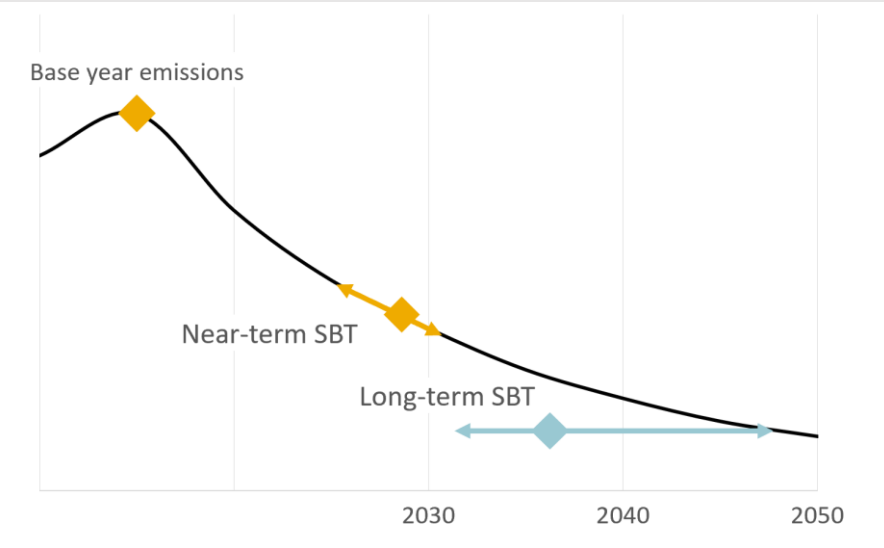
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[/science-based-targets](https://www.linkedin.com/company/science-based-targets) info@sciencebasedtargets.org





The SBTi has developed long-term science-based target setting methods to define what “residual emissions” are for corporates.



2. Long-term science-based targets: Companies must set targets to reduce emissions to a level consistent a state of global net-zero. If is this target is achieved in less than 10 years, near-term SBTs are not required.



Near-term SBTs require a scale of emissions reduction that is company target year-dependent, while long-term science-based targets are company target year-independent.

-  Gross GHG emissions in the value-chain
-  Carbon removals
-  Compensation activities
-  Net-zero emissions

