

Science Based Targets

Aligning business strategies with the 2°C climate scenario

The science behind the targets

In September 2015, 195 countries gathered in Paris and agreed to limit their GHG emissions to avoid catastrophic climate change. Despite efforts to curb emissions, the collective sum of all national reduction commitments so far is not enough to limit global temperature increases to 2°C. Businesses, therefore, have a critical role to play in transitioning to a low carbon-economy by setting ambitious GHG reduction targets aligned with science.

Targets to reduce GHG emissions are considered science-based if they are 'in line with the level of decarbonisation required to keep global temperatures below two degrees centigrade, compared to pre-industrial temperatures'.

When companies adopt targets that are in line with climate science, they contribute to the collective goal of limiting global temperature rises to 2°C while adding value to their business.

WHO'S LEADING THE WAY?

260

the number of companies that have committed to setting SBTs, including Nestlé, PepsiCo, HSBC, Renault and GlaxoSmithKline.

50%

the reduction in Scope 1 and 2 emissions Diageo has committed to by 2020 (from 2007), alongside a 30% reduction in emissions across its supply chain.

44

the number of companies that have set SBTs and had them approved by the Initiative.

42%

the amount Tetra Pak has committed to reduce scope 1 and 2 emissions by 2030, committing to a further 58% by 2040.

The business case for setting Science Based Targets

Companies increasingly understand the risks posed by climate change and are demonstrating leadership by setting SBTs. Reducing GHG emissions is good for business, as efforts to do so can build resilience and long-term business value as well as safeguard future profitability in the following ways:



Cost-savings & profitability:

Savings can come from reduced operational costs and from reductions in material inputs. This involves the adoption of sustainable approaches to production and consumption, resulting in a leaner and more efficient business.



Driving innovation:

Setting ambitious targets can lead to the development of new low carbon technologies, services, and products, as well as transform business practices.



Staying ahead of regulation:

Businesses can be vulnerable to sudden changes in regulation such as additional taxes on carbon. Setting SBTs allows companies to comply with future climate change regulations.



Building credibility & reputation:

Consumers and investors are increasingly basing their purchasing and investing choices on companies' corporate responsibility strategies. Setting SBTs is one way of strengthening relationships with key stakeholders.

Setting the targets – key considerations

Which type of target is right for your business?

The Science Based Targets Initiative recognizes seven different methodologies for setting SBTs. These range from sector-based approaches to absolute or carbon intensity reductions. Choosing the right method will depend on several factors unique to your company, including your business sector and the level of growth.

What is the scope?

SBTs must cover Scope 1 and 2 emissions – emissions generated directly by the company, as well as those from its electricity consumption. Best practice suggests that Scope 3 emissions – including emissions generated across an organisation's value chain – should also be covered by the target.

If Scope 3 emissions account for over 40% of the company's total carbon footprint, a Scope 3 target must be included within the SBT.

What is the duration?

SBTs must span at least 5 years. Preferably they should stretch to the medium- or long-term, reaching to 2030 and up to 2050.

Making it happen – a step-by-step guide

The process of setting an SBT can at first seem daunting. It involves internal coordination and input from across a business. Below are some steps that companies should consider in order to develop and launch a successful SBT:

1. Gain internal buy in:

Demonstrate the business case and need for action to senior management.

2. Gather information:

Set a base year and compile associated emissions data against which your target will be set.

3. Choose the best-fit methodology:

Conduct an analysis to find best fit with the seven available methodologies.

4. Make a commitment and say it to your stakeholders:

Announce your company's commitment to set an SBT. Once the target has been set, get it approved by the Science Based Target initiative.

5. Set & implement the target:

Develop the target using your chosen methodology, and adopt a strategy that delivers your commitment.

6. Report your progress:

Report progress against your SBT, detailing which actions have been taken.

How can we help?

Corporate Citizenship is a leading global management consulting company specializing in sustainability and corporate responsibility. We have 20 years of experience helping organisations achieve their commitments to responsible business. Our environmental expertise includes carbon footprinting, GHG data assurance, and environmental strategy development.

With our SBT service offer, we can assist your organisation throughout the target setting process:

TARGET DEVELOPMENT



We help you select the best-fit methodology for your business

ANALYSIS & INTERIM TARGET SETTING



We analyse your targets, help set interim goals and assist with communicating the target to key internal stakeholders

TARGET VALIDATION



We assist with the official process of validation by the Science-Based Targets Initiative

CLIMATE CHANGE POLICY



We help develop internal- and external-facing climate change policies

AWARENESS AND EDUCATION



We help establish internal and external communication plans

STAKEHOLDER VALIDATION



We convene key stakeholders to validate SBT commitments

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