

Setting, Achieving and Reporting on Science Based Targets- Benefits and Challenges

March 23, 2021

Introduction to CDP

▼ CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

▼ Over the past 20 years we have created a system that has resulted in unparalleled engagement on environmental issues worldwide

▼ Global Challenge

We must act urgently to prevent dangerous climate change and environmental damage. That starts by being aware of our impact so that investors, companies, cities and governments can make the right choices now.

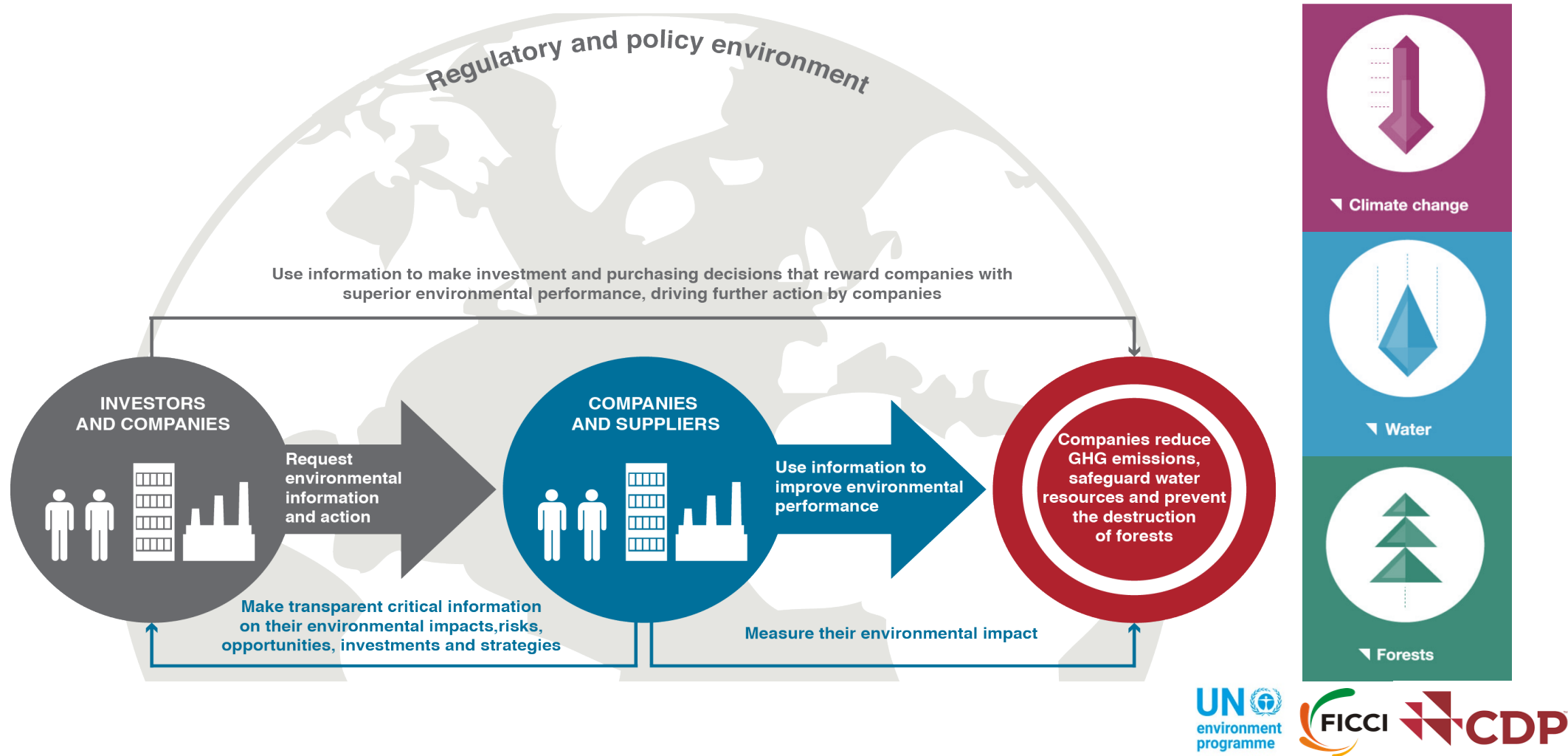
▼ CDP's Vision

We want to see a thriving economy that works for people and planet in the long term

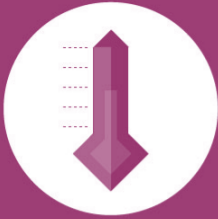


▼ CDP's Mission

We focus investors, companies and cities on taking urgent action to build a truly sustainable economy by measuring and understanding their environmental impact.

How CDP works



CDP Disclosure numbers

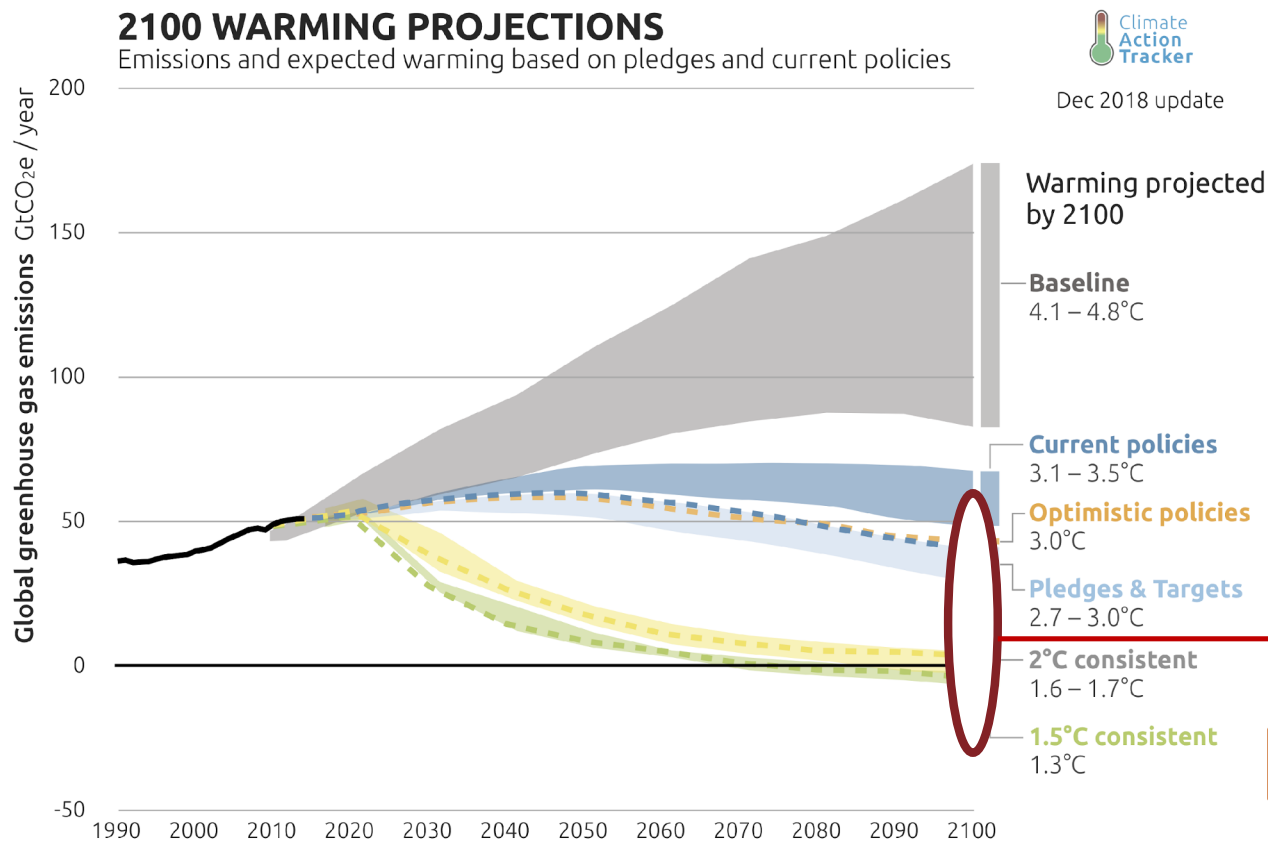
	Investor requested	Supply Chain	Total
 ▼ Climate change	67	172	239
 ▼ Water	28	44	72
 ▼ Forests	1	2	3

INTRODUCTION TO SCIENCE- BASED TARGETS



BUSINESS DRIVING THE LOW-CARBON TRANSITION

- Closing the emissions gap



- ▶ **We're already at 1°C** above pre-industrial levels
- ▶ **By 2030, global emissions need to be halved**
- ▶ **2°C is too high:** limiting warming to 1.5°C instead of 2°C would reduce overall risks and impacts substantially

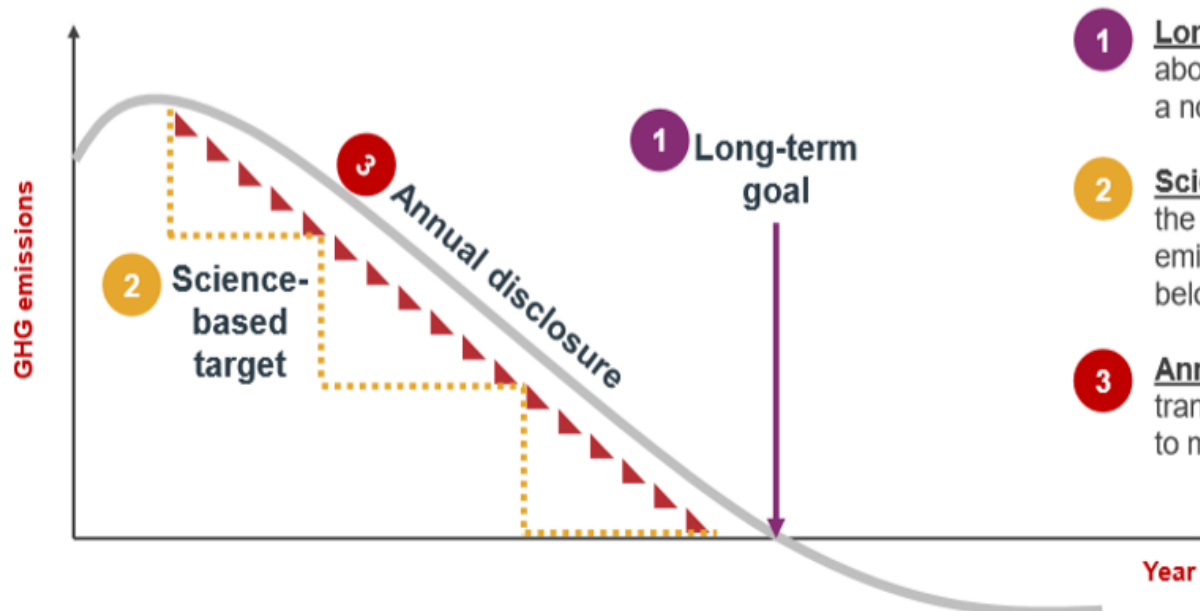
*Private Sector
Climate Action*

**BUSINESS
AMBITION FOR 1.5°C**

SBT 101

- SBTs are a key tool for the low-carbon transition

“GHG emissions reduction targets that are consistent with the level of decarbonization that, according to climate science, is required to keep global temperature increase within 1.5 to 2°C compared to pre-industrial temperature levels”



- 1 Long-term goal:** A net-zero long-term goal provides certainty about the direction that the company will follow and serves as a north-star for long-term strategic decisions;
- 2 Science-based target:** Science-based targets ensure that the company is taking shorter-term action to reduce emissions at a pace that is consistent with keeping warming below 1.5°C / well-below 2°C;
- 3 Annual disclosure:** Climate disclosure provides transparency about the progress that the company is making to meet its long-term and medium-term goals

THE SCIENCE BASED TARGETS INITIATIVE (SBTi)



THE SCIENCE BASED TARGETS INITIATIVE (SBTi)

- Overview



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Partner Organizations:



United Nations
Global Compact



WORLD
RESOURCES
INSTITUTE



In collaboration with **WE MEAN
BUSINESS**

1274

*Companies have formally
committed to set SBTs*

647

*Companies have approved
targets*

447

*Business Ambition for 1.5°C
companies*



CALL TO ACTION



Commit to Action | @CDP

HOW TO GET STARTED

- Joining the SBTi



Commit

Develop Target

Submit Target for
Validation

Announce Target



SBTi Call to Action Guidelines

TARGET DEVELOPMENT



SBTi CRITERIA (V.4.1)

• Overview



Latest [SBTi Criteria](#)



- **Boundary:** All company-wide Scope 1 and 2 GHG emissions must be covered (at least 95%).



- **Timeframe:** 5-15 years into the future; from date target is submitted to SBTi for official validation (long-term targets recommended).



- **Progress to date:** Forward-looking ambition is measured from the year with the most recent completed GHG inventory.



- **Reporting:** Disclose GHG emissions inventory on an annual basis.



- **Scope 3:** A Scope 3 screening is required, and an ambitious, measurable Scope 3 target is required when Scope 3 emissions cover more than 40% of total emissions

This slide represents a summary and not a comprehensive overview. Please refer to the SBTi website for the full criteria and recommendations

SBTi CRITERIA (V.4.1)

- Ambition for Scope 1 and 2 targets



Latest [SBTi Criteria](#)



Level of ambition: At a minimum – consistent with the level of decarbonization required to keep temperature increase to well-below 2°C while we encourage efforts towards 1.5°C.



Absolute vs. intensity: Intensity targets are only eligible when they lead to absolute emission reductions in line with climate scenarios for keeping warming well below 2°C or when they are based on an approved sector pathway or method approved by the SBTi (e.g., the SDA).



Renewable energy targets: Targets to source renewable electricity at a rate that is consistent with 1.5°C scenarios are an acceptable alternative to scope 2 emission reduction targets (80% by 2025; 100% by 2030).

This slide represents a summary and not a comprehensive overview. Please refer to the SBTi website for the full criteria and recommendations



www.sciencebasedtargets.org | [@sciencetargets](#)



SBTi SCOPE 3 CRITERIA (V.4.1)

• Overview



Latest [SBTi Criteria](#)



- **Scope 3:** A Scope 3 screening is required, and an ambitious, measurable Scope 3 target is required when Scope 3 emissions cover more than 40% of total emissions



- **Boundary:** Companies must set one or more targets that collectively cover at least 2/3 of scope 3 emissions.



- **Timeline:** 5-15 years into the future; from date target is submitted to SBTi for official validation (supplementary, long-term targets recommended).



- **Ambition:** The following targets are considered ambitious:

→ 3 different options

- **Alternative: Supplier/Customer Engagement Targets**

This slide represents a summary and not a comprehensive overview. Please refer to the SBTi website for the full criteria and recommendations

KEY UPDATES



BUSINESS AMBITION FOR 1.5°C



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

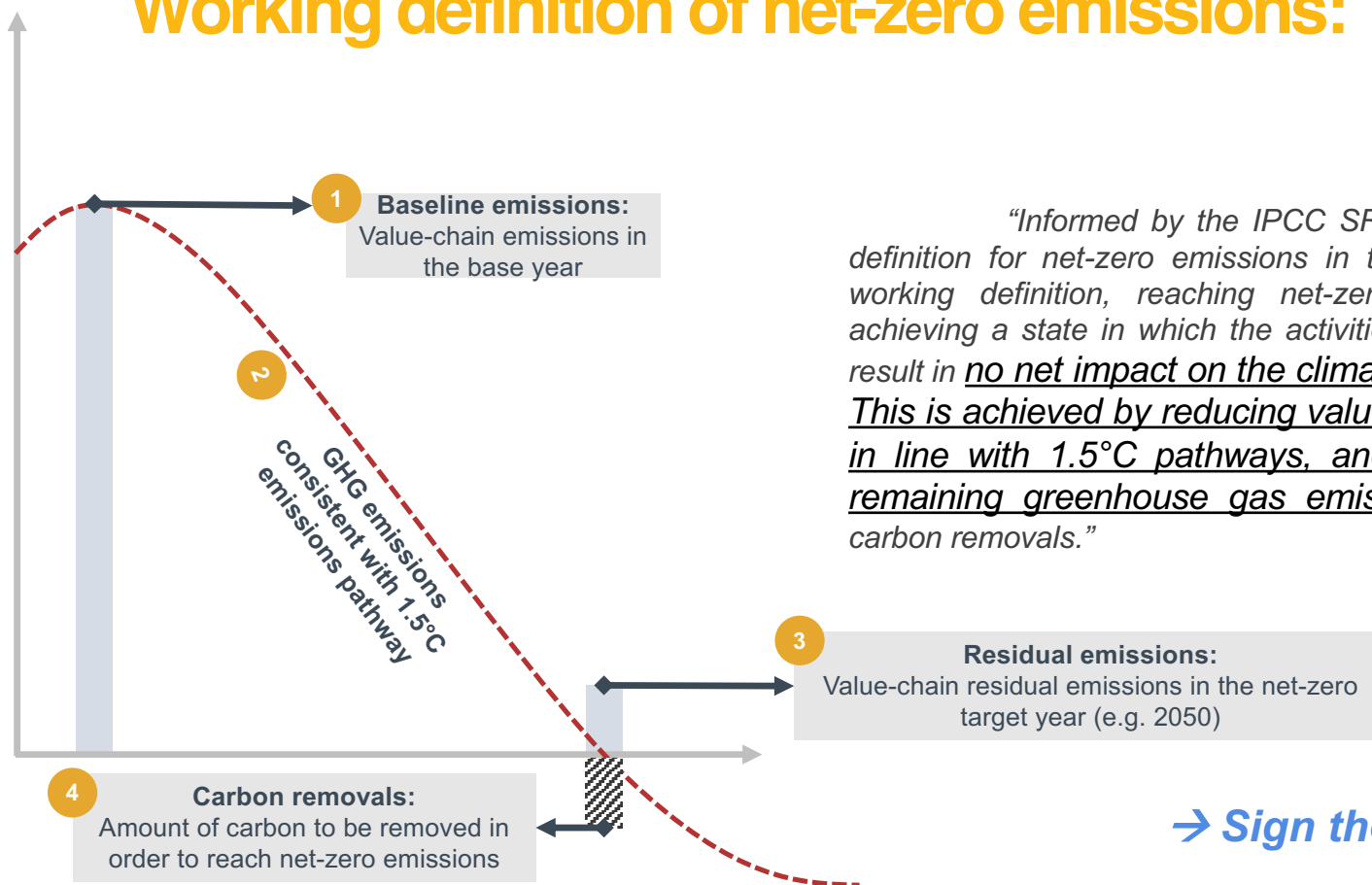
In partnership with



United Nations
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**WE MEAN
BUSINESS**

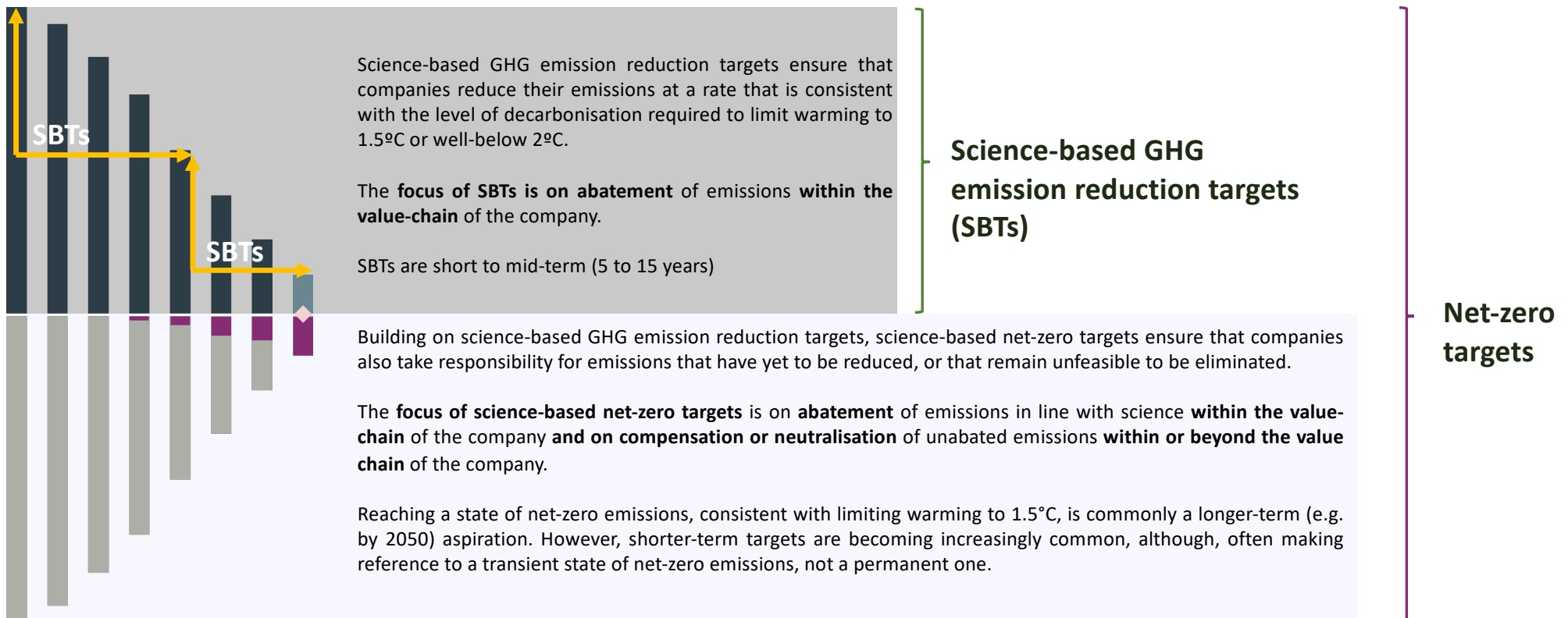
Working definition of net-zero emissions:



“Informed by the IPCC SR15, the SBTi has developed a working definition for net-zero emissions in the corporate sector. According to this working definition, reaching net-zero emissions for a company means achieving a state in which the activities within the value-chain of a company result in no net impact on the climate from greenhouse gas emissions. This is achieved by reducing value-chain greenhouse gas emissions, in line with 1.5°C pathways, and by balancing the impact of any remaining greenhouse gas emissions with an appropriate amount of carbon removals.”

→ Sign the 1.5°C pledge and commit

What is the difference between science-based GHG emission reduction targets and net-zero targets?



SBTi in South-Asia



THE GROWTH OF SBTi

No. of SBTi Companies by Country HQ

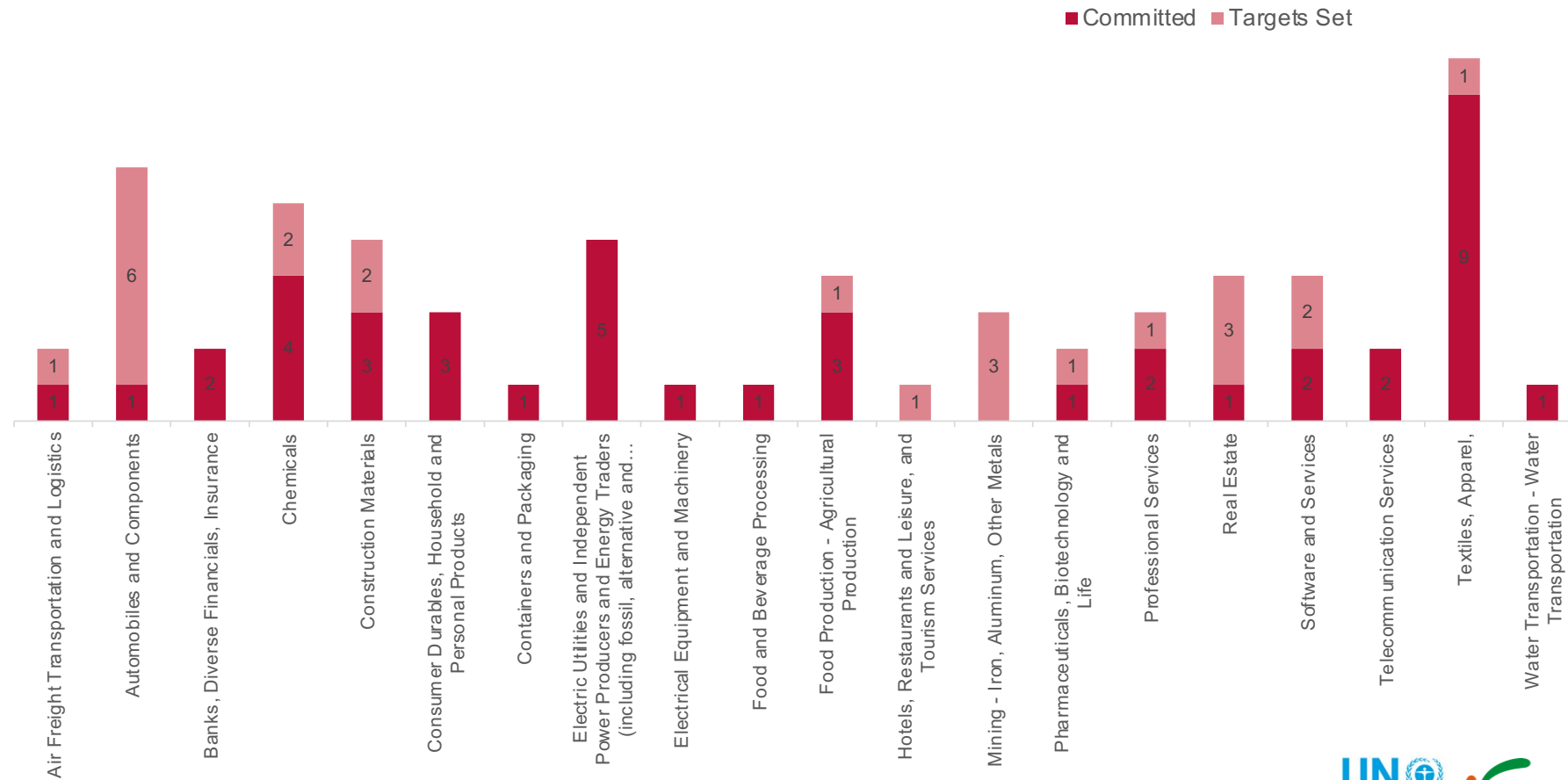


INDIAN COMPANIES COMMITTED TO THE SBTi

- 55 Indian companies have committed to SBTi and are showing bold climate action.



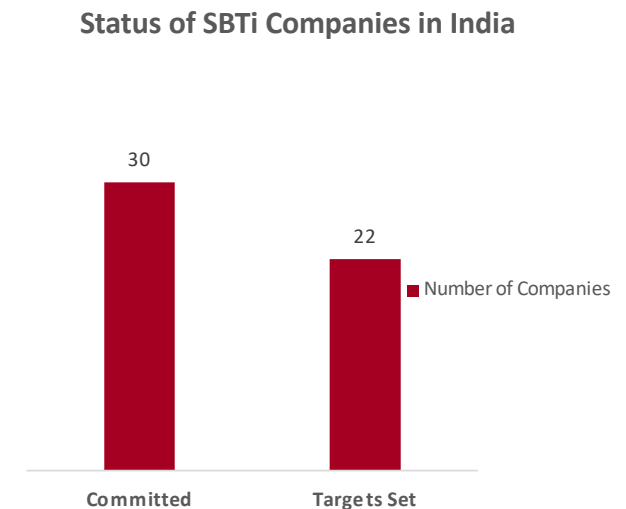
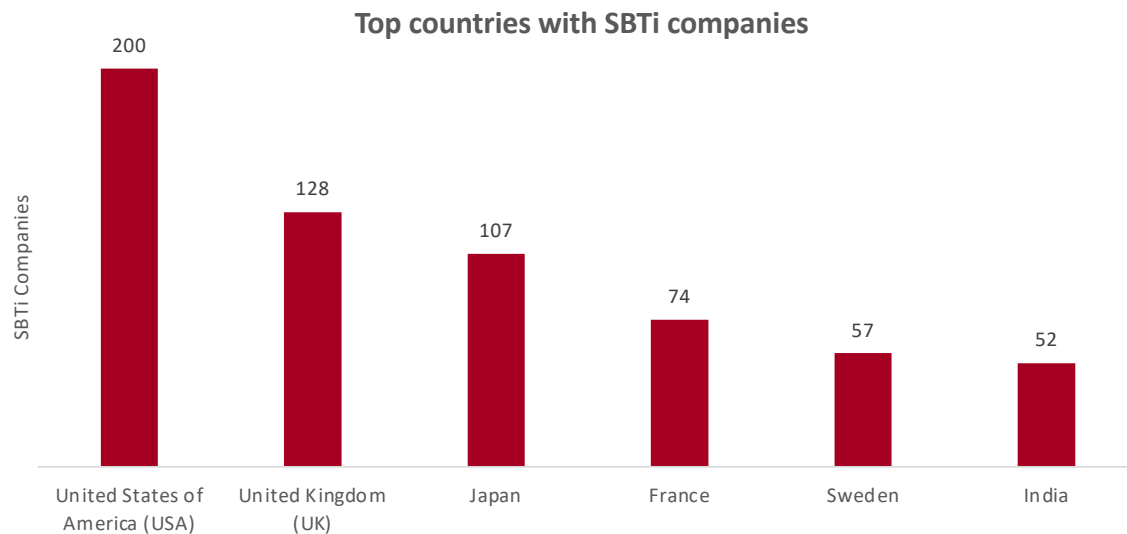
SECTOR-WISE BREAKDOWN OF South-Asian SBTi COMPANIES



SBTi INSIGHTS



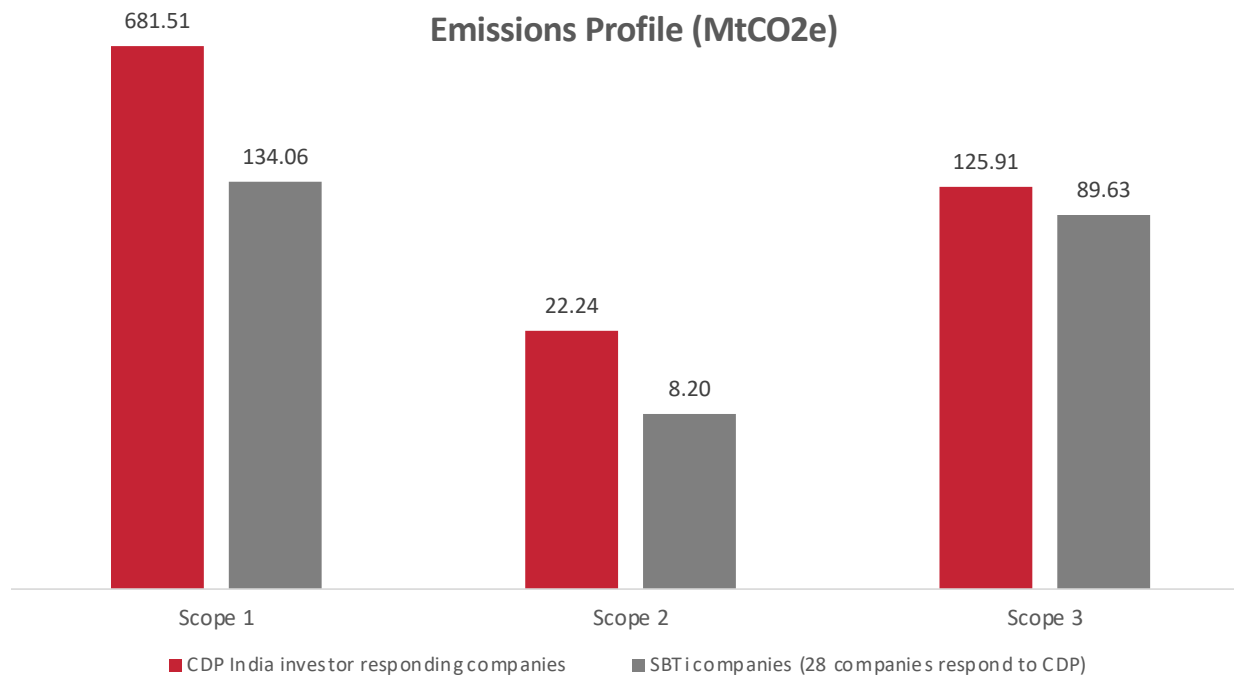
Disclosure and Science-Based Targets



- India is the **sixth country** and the **first developing economy** with the maximum number of companies committing to SBTi
- By 2020, **52** companies have committed to the SBTi which is a significant growth from **38** in 2019. Correspondingly, companies have approved SBTs in 2020 growing from in 2019

Disclosure and Science-Based Targets cont.

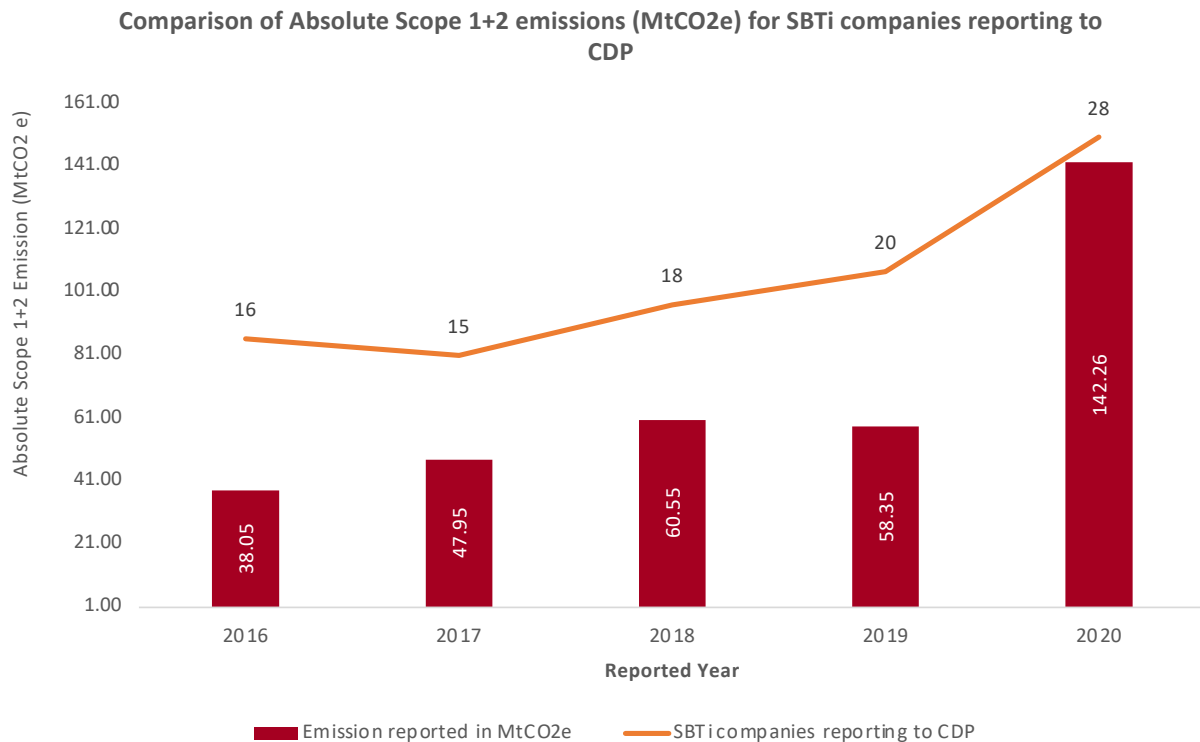
Emissions Profile (MtCO₂e)



- India out of the 52 SBTi committed companies, **28** companies have responded to CDP in 2020
- By 2020, these 28 companies have approximately **20%** share of Scope 1, **37%** share of Scope 2 location-based emissions and **71%** share of Scope 3 Emissions

Disclosure and Science-Based Targets cont.

- Growth in ambition over the years



- ▶ CDP's five-year data shows a rising trend in Indian companies committing to SBTi with their reported emissions increasing by almost 144% compared to 2019
- ▶ The increase in the reported emissions is due to increased commitment and participation from energy intensive companies (cement and constructions & metal and mining sectors).

Benefits of SBTi



Benefits of SBT

01

Brand reputation: 79% of corporate executives surveyed found a strengthened brand reputation to be one of the most significant business benefits for their company.

02

Investor confidence: 52% of execs say their science-based target commitment has boosted investor confidence in their business.

03

Resilience against regulation: Over a third (35%) of executives we surveyed report that setting science-based targets offered them increased resilience against upcoming regulation.

04

Increased innovation: two-thirds (63%) of respondents say setting a science-based target is already driving innovation.

05

Bottom line savings: Almost a third (29%) are already seeing bottom-line savings.

06

Competitive edge: over half (55%) of those surveyed said committing to the Science Based Targets initiative gave them a competitive advantage.



Challenges and Barriers faced by companies while setting SBTs



Challenges of SBT

01

COVID19: It has caused several industries and corporates to take a step back after incurring unprecedented losses and has pushed their ambitions for setting targets to a later date.

02

Scope 3 GHG Inventory: Several companies do not thoroughly account their scope 3 emissions as of yet in India.

03

Hard to abate Sectors: The unavailability of proper technologically and economically feasible solutions as well as various other geographical challenges are few of the major barriers towards their commitment.

04

Difference between internal emission reduction targets and SBTi targets: the SBTi targets are more ambitious, sometimes there is a certain difference between the internal emission reduction targets of the company and emission reduction targets modelled.

05

Technical support for calculation of GHG emissions: Companies have shown interest to be a part of the SBTi, but they do not have a complete GHG Inventory in place.

SBTi Incubator



Science Based Targets Incubator

- **Vision:** Science-based target setting to become standard business practice and corporations will play a major role in driving down greenhouse gas emissions
- Joint collaboration between CDP and WWF India, an initiative supported by **Shakti Sustainable Energy Foundation**
- To provide technical support to corporates for developing SBTs, from signing up till validation
- Facilitating reduction of GHG emissions through the uptake of SBTs in the longer term
- Setting Indian businesses on a path of climate science-based emission reduction targets

Value Proposition

- Increase awareness on SBTs and set corporates on path of climate science based GHG reduction targets.
 - SBTi incubator is a completely funded project and there would be no financial implications on the company
 - Capacity Building workshops and webinars
 - Knowledge dissemination and peer to peer learning
 - Sharing of national & international best practices
 - Case studies of businesses with validated targets
 - **In house trainings** for companies to increase the understanding of SBTi framework and resources
 - Develop macro level technical **resources and modules** on SBTi
- Secretariat support to companies for administrative and technical activities

CDP Support

• Pre-Commitment support

- Capacity building through workshops and webinars
- GHG Inventory Check
- In-house training for understanding SBTi framework and resources

Post-Commitment support

- SBT Target Modelling & Development
- Target Validation
- Communications Support

Thank you!



Learn more

- ▼ Take Action platform: www.wemeanbusinesscoalition.org/take-action
- ▼ SBTs: www.sciencebasedtargets.org

For more information, reach out to:

Debayan Ghosh
Senior Technical Officer
debayan.ghosh@cdp.net

Thank You

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