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Committing to Net Zero: The SBTi Imperative
**Understanding the
Science-Based Targets initiative**

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SHIFTING WAYS



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



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Subject: Committing to Net Zero: The SBTi Imperative

Understanding the Science-Based Targets initiative

This week, Dutch and French translations are available on demand only

Greetings, Sustainability Enthusiasts,

In this week's edition, we explore SBTi, providing an overview for improved understanding and some helpful tips to support the SBTi step-by-step approach.

The Science Based Targets initiative (SBTi) is a global organization that enables companies and financial institutions to set ambitious emissions reduction targets in line with the latest climate science. It was established through a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) to drive corporate climate action. The SBTi provides a clearly defined pathway for companies to reduce greenhouse gas emissions, helping to prevent the worst impacts of climate change and future-proof business growth.

The Science Based Targets initiative (SBTi) is grounded in rigorous climate science and provides a clear methodology for companies to set emissions reduction targets. At its core, the SBTi framework is built on three main elements:

Greenhouse Gas (GHG) Budget: This defines the total amount of GHG emissions that can be emitted while keeping global temperature rise within safe limits, as outlined by the Paris Agreement.

Emission Scenarios: These are pathways that describe how emissions need to be reduced over time to meet specific climate goals, such as limiting global warming to 1.5°C above pre-industrial levels.

Allocation Approach: This involves distributing the global GHG budget across different sectors and companies, ensuring that each entity's targets are fair and aligned with the overall climate goals.

The SBTi uses these scientific principles to create a structured and transparent process for setting and validating targets, ensuring that corporate actions are consistent with the latest climate science. This approach helps companies contribute effectively to global efforts to mitigate climate change.

For more details on these crucial foundations: <https://sciencebasedtargets.org/resources/files/foundations-of-SBT-setting.pdf>

Now that we know what it is, let's explore how we go about integrating it into our business operations.

How to Set Science-Based Targets: A Step-by-Step Guide

Introduction

When people ask me about the Science Based Targets initiative (SBTi), they often feel daunted and think it's a complicated process. In reality, while SBTi is grounded in solid science and follows a rigorous process, implementing it is not as complex as it may seem. This guide aims to demystify SBTi and illustrate how straightforward and beneficial it can be for your company.

Step 1: Commit To begin, your company needs to submit a letter of intent to the Science Based Targets initiative (SBTi). This letter signifies your commitment to setting a science-based target within two years. Committing to SBTi not only enhances your corporate reputation but also aligns your business with global climate goals, demonstrating leadership in sustainability.

- **Helpful Tip:** Engage your leadership team early in the process to ensure their support and commitment.

Step 2: Develop Next, you'll develop your science-based targets. This involves calculating your company's baseline emissions and setting targets for reducing these emissions. Targets must cover scope 1 (direct emissions), scope 2 (indirect emissions from purchased electricity), and scope 3 (all other indirect emissions). Utilize resources like the SBTi Target Setting Tool to help with this process. Ensure your targets are ambitious yet achievable, aligning with the latest climate science.

- **Helpful Tip:** Carefully select your baseline year, as it will serve as the reference point for all future comparisons and progress tracking. Choosing a representative year with reliable data is crucial for setting realistic and achievable targets.

Step 3: Submit Once your targets are developed, submit them to SBTi for validation. The validation process ensures that your targets meet SBTi's criteria and are in line with the goals of the Paris Agreement. Be mindful of common pitfalls, such as incomplete data or unrealistic targets, and ensure all required documentation is thorough and accurate.

- **Helpful Tip:** Double-check all your data and documentation before submission to avoid delays in the validation process. It might be useful to request outside help for verification, if your company must comply to CSRD, use the same 3rd party assurance provider for coherence.

Step 4: Communicate After validation, it's time to communicate your targets. Publicly announcing your targets is vital for transparency and stakeholder engagement. Use various communication strategies, including press

releases, social media, and your company's website, to share your commitment and progress. Engaging stakeholders helps build trust and demonstrates your company's dedication to sustainability.

- **Helpful Tip:** Create a communication plan that includes regular updates to keep stakeholders informed and engaged. ESG Managers should engage with marketing departments early in the process, their help in framing and showcasing your company's efforts is invaluable.

Step 5: Disclose Finally, regularly disclose your progress. Annual reporting on your emissions and progress towards your targets is essential for maintaining transparency and accountability. This not only helps track your progress but also allows for adjustments to ensure you stay on track. Transparency in reporting builds credibility and trust with stakeholders.

- **Helpful Tip:** Use a consistent reporting framework to make it easier to track and compare your progress over time. Apply all possible efforts to maximize interoperability between all your reporting requirements to improve efficiency.

Conclusion

Setting science-based targets is a significant step towards a sustainable future. By following these steps, your company can contribute to global climate goals and demonstrate leadership in sustainability. From my experience, many companies initially feel overwhelmed by the process, but once they start, they find it manageable and rewarding. Put effort in the beginning, start right, put the processes in place, use a project team, but don't dedicate teams once the process is in place, instead integrate the work into your wider business and reporting activities.

I hope this guide has shown that while the process is thorough, it is also straightforward and beneficial.

Ready to take action? Begin your journey with SBTi and join the growing number of companies committed to a sustainable future. A good starting place is the SBTi website, it's full of ready to use resources.

If you already perform Carbon Accounting, not going the extra SBTi mile seems slightly wasteful.

Stay tuned for more insights and news from the world of sustainability. Together, we can make a difference.

Next Week:

Modal Shifting, the move to Sustainable Freight

Understanding the current and future modal shift and technological options

Best regards,

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