



Insight



Science-Based Targets

MAKE BUSINESS SENSE

Science-based targets provide companies with a clearly defined pathway to future-proof growth by specifying how much and how quickly they need to reduce their greenhouse gas emissions.

To date, **497** companies have committed to setting science-based targets and **149** companies have had their targets approved. Science-based target setting is a valuable tool for companies to ensure that their transformational action is aligned with current climate science. It is also recognised to be best practice in emission reduction target setting.

What is a science-based target?

A science-based target is a greenhouse gas emissions reduction target that is in line with the level of decarbonisation required to keep global temperatures below 2 degrees Celsius compared to pre-industrial temperatures, as described in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR5).

Why set a science-based target?

Because this makes business sense! The transition to a low-carbon economy is underway and accelerating globally. Every company in every sector will be transformed. Companies are getting on track now for low-carbon and future-proof growth by setting a science-based target.

Science-based targets help companies to:

- Improve profitability and competitiveness, ensuring a lean and efficient company that is resilient to a resources-constraint future
- Manage compliance risk by taking control of regulatory uncertainties
- Drive innovation
- Strengthen investor confidence and credibility as well as bolster reputation among stakeholders and customers

What steps are involved in science-based target setting?

Setting a science-based target is a 4-step approach. But companies can commit today and get global recognition for demonstrating climate leadership instantly.

The name of your company will appear among the following companies - representing a small sample of a global group of leading companies that have committed and set their science-based targets and together are taking responsibility to protect the planet for future generations:

Table 1 : Companies taking action

Netherlands	South Africa	Global
ABN Amro Bank N.V.	Exxaro Resources Ltd	Acciona
AkzoNobel	Growthpoint Properties	Coca Cola
ASM International, N.V.	Netcare Limited	Dell Technologies
Eneco	Pick 'n Pay Stores Ltd	Hilton
ING Group	Virgin Active South Africa (Pty) Limited	Ikea
Royal Philips	Woolworths Holdings Ltd	Nestlé

Step 1: Commit by signing the commitment letter - which can be downloaded from the website of the Science Based Targets Initiative (SBTi) - after which your company will be recognised as "Committed" on the SBTi and partner websites "We Mean Business" and CDP.

Step 2: Develop a target within 24 months after submitting your commitment letter. This target must meet all the SBTi criteria, although it is not a requirement to use SBTi methodology.

Step 3: Submit your science-based target for validation by completing the Target Submission Form – the outcome of this step can be the formal approval of your science-based target or you may have to make some adjustments.

Step 4: Public announcement of your target by the SBTi and its partners We Mean Business and CDP.



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What are the SBTi criteria?

- **Standard:** GHG Protocol
- **Boundaries:** the target must cover Scopes 1 and 2; if a company's scope 3 emissions are $\geq 40\%$ of total scope 1, 2, and 3 emissions, a scope 3 target is required
- **Timeframe:** Targets must cover a minimum of 5 years and a maximum of 15 years
- **Ambition:** the SBTi must be consistent with the decarbonization timelines and levels required to keep global temperature increase to 2°C; absolute rather than intensity targets
- **Reporting:** GHG emissions inventory and progress against its targets on an annual basis
- **Target recalculation:** when significant changes occur that affect tracking target progress – at a minimum every 5 year

approved science-based targets will be allocated extra points for this in their CDP submissions. CDP works together with the SBTi to achieve science-based target setting to become standard business practice.

IMPORTANT CONSIDERATIONS FOR BUSINESS

- Globally, regardless of sector and/or region, companies need to implement a low-carbon transition plan to future-proof their business
- Setting a science-based target ensures that your effort is aligned to what science has found to be required to prevent catastrophic and irreversible climate change
- A science-based target is good for business as it increases competitive advantage through reduced OPEX and provides resilience to disruptive physical, social, financial and regulatory change

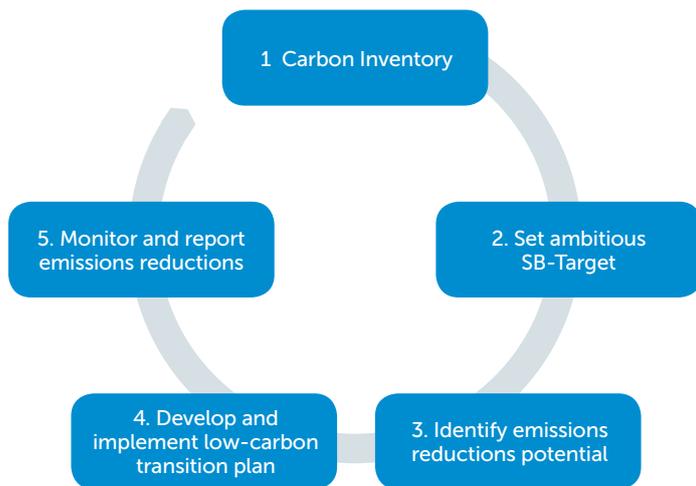


Figure 1: The position of SBT in a holistic carbon management strategy

How can Climate Neutral Group help?

CNG can help you through all the steps but most importantly with the challenging task to develop your company's science-based target. This involves:

- Selecting one of the three approaches
- Selection/development of appropriate methodology
- Engage with SBTi throughout the target development process
- Submit target for validation and assist during the validation process

Science-Based Targets & CDP

The CDP is a partner of the Science Based Targets initiative. Companies that have committed or established



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setting science-based targets



a great way to future proof growth

