SCIENCE BASED TARGETS

Science Based Targets Setting

Overview and methodological approaches

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An initiative by

CDP DRIVING SUSTAINABLE ECONOMIES

THE GLOBAL COMPACT

WORLD RESOURCES INSTITUTE

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Content:

1. Introduction to the Science Based Targets initiative and the Call to Action
2. Overview of methodological approaches for science-based emission reduction targets.

Part I: Introduction to the Science Based Targets Initiative and the call to action *(09:55 – 10:45)*	
I. The science behind Science Based Target setting	(5 min)
II. Science Based Targets initiative and Call to Action	(7 min)
III. The business case behind Science Based Target setting	(10 min)
IV. How to get engaged	(3 min)
V. Q&A	(25 min)

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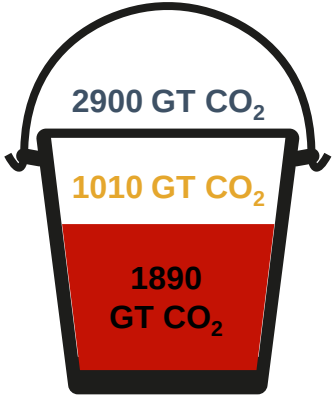
Introduction | The Science behind Science Based Targets

Net anthropogenic GHG emissions per year

Total carbon budget for <2°C

Remaining carbon budget

Cumulative GHG emissions (1870-2011)



~ 20 years at current levels

Annual GHG emissions

↓

Cumulative GHG emissions

↓

Level of warming

↓

Climate impacts

↓

Bad for people, planet business

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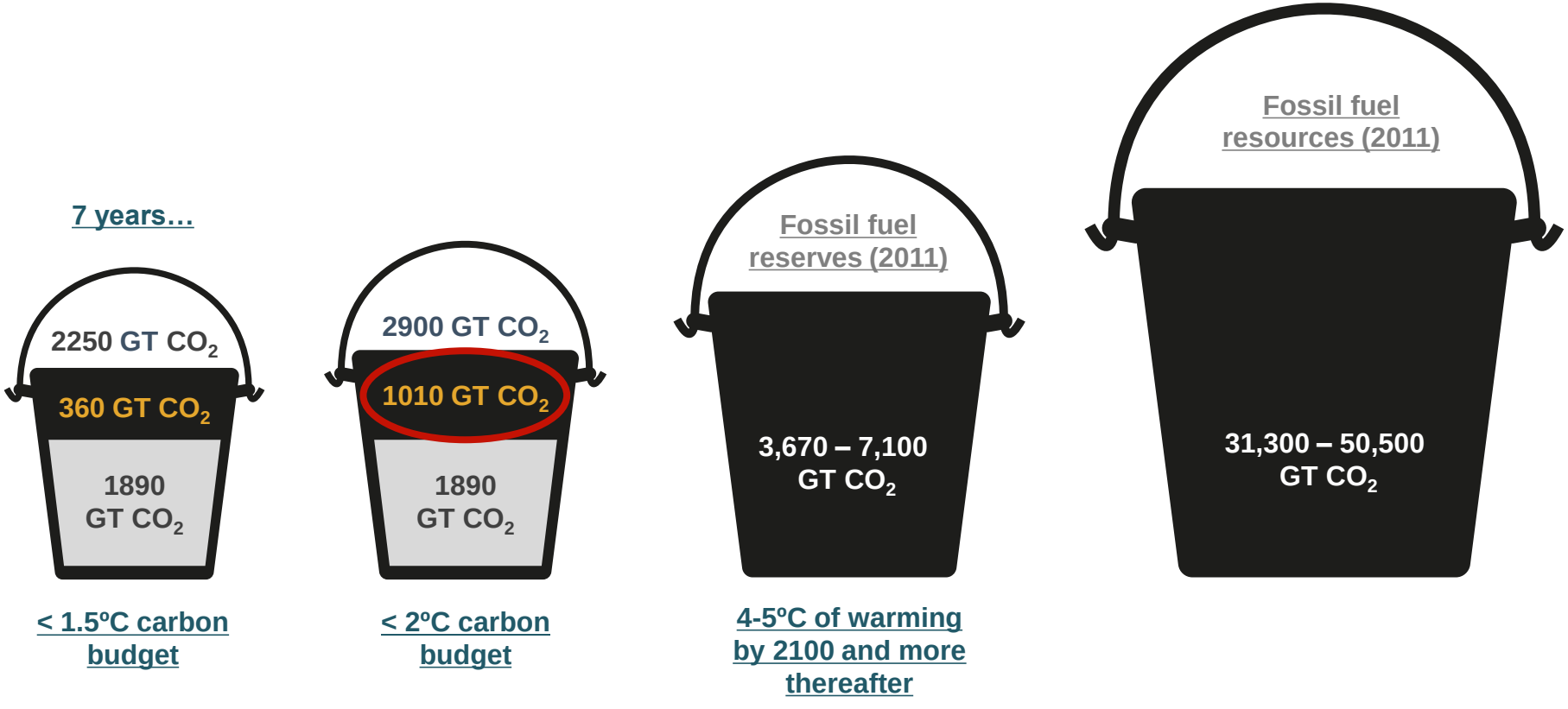
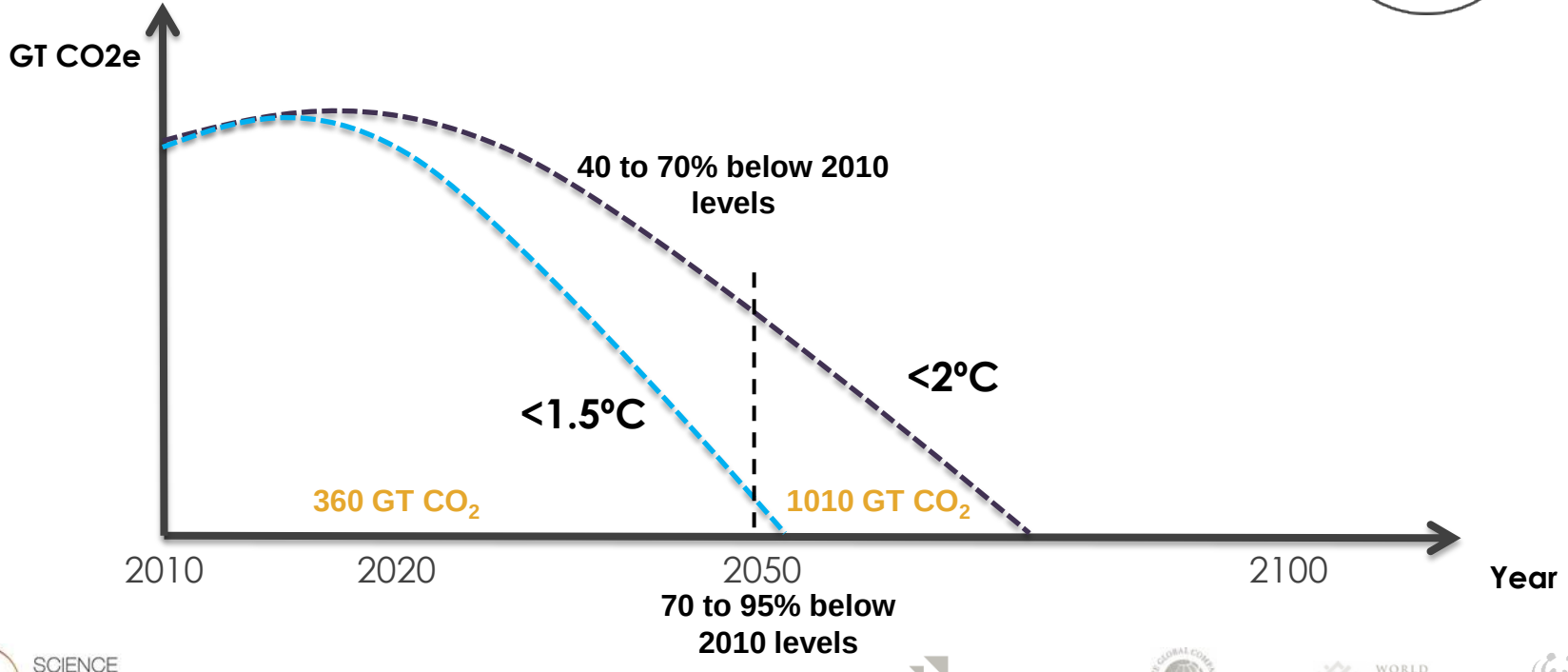
Introduction | The Science behind Science Based Targets



Introduction | The Science behind Science Based Targets

Understanding 1.5ºC and 2ºC emissions trajectories



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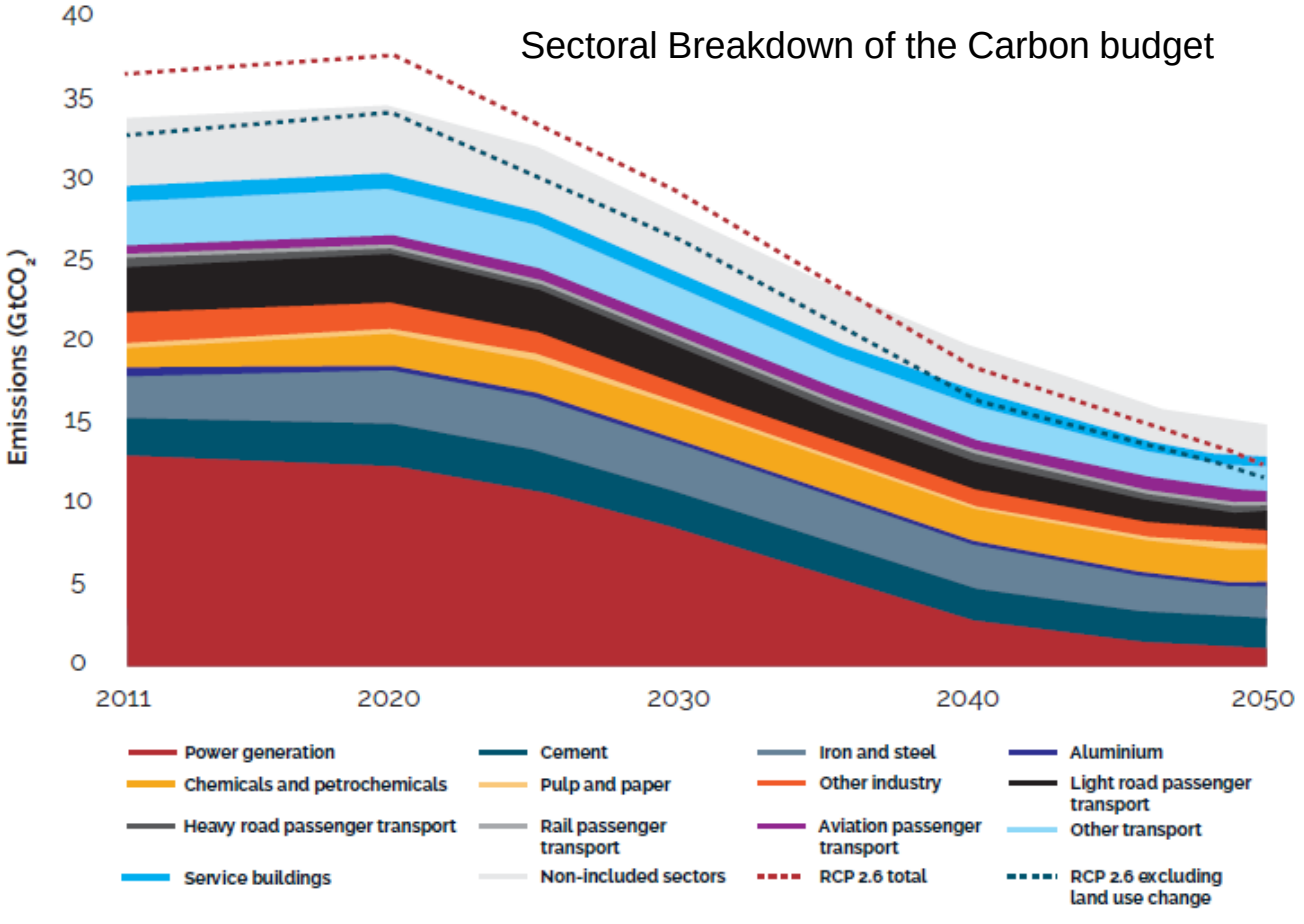
Introduction | The Science behind Science Based Targets



Source: IEA ETP 2DS 2014.

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Science Based Targets Initiative | Background

SCIENCE BASED TARGETS

Science Based Targets is a joint initiative by CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and WWF intended to increase corporate ambition on climate action by changing the conversation on GHG emissions reduction target setting and encouraging companies to set targets consistent with the level of decarbonisation required by science to limit warming to less than 1.5ºC / 2°C compared to pre-industrial temperatures.

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Science Based Targets Initiative | Overview

SCIENCE BASED TARGETS

Objective:

Our aim is that science-based target setting will become standard business practice and corporations will play a major role in closing the emissions gap left by country commitments.

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Overview I Science Based Targets Initiative

STRATEGIES

Reduce the barriers to the adoption of science-based targets	Institutionalize the adoption of science-based emission reduction targets	Create a critical mass

PROJECT ACTIVITIES

SDA method	**SBT online tool**	**Target setting manual**	**Mind the Science Report**	**Reviewing Targets**	**Call to Action**

Science Based Targets | Call to Action

The Science Based Targets initiative is calling on companies to demonstrate their leadership on climate action by publicly committing to science-based greenhouse gas reduction targets.

Our aims are:

1. To enlist 100 companies by 2015,
2. To enlist 250 companies by 2020
3. That Science Based Target setting will become normal practice

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Business is about business.

Why should my company do this?

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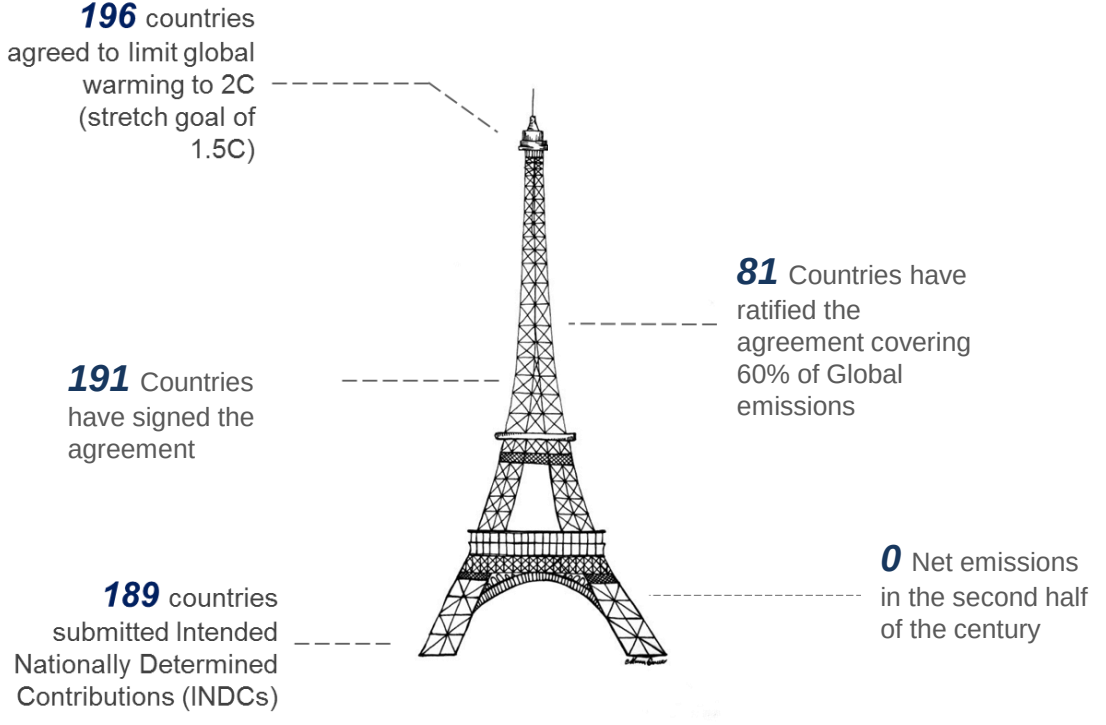
The Business Case | Overview

1. Secure long-term competitive advantage and protect future profitability
2. Unlock financial returns
3. Drive innovation
4. Build credibility and reputation
5. Demonstrate leadership
6. Competitors and value chain action

The Business Case I Secure long-term competitive advantage and protect future profitability

Paris Agreement has set the world on a course for de-carbonization



"The government doesn't just set rules and culture, but is also a potential customer… so in that sense, having a science-based target should stand us in good stead." - John Pflueger, Dell

Original slide from BSR

The Business Case I Secure long-term competitive advantage and protect future profitability

- **$285.9** billion invested in RE (excl. large Hydro) in 2015 (5% increase)
  - Double the dollar allocations to new oil and gas.
- **118GW** of wind and solar capacity added in 2015 - 53% of the capacity of all technologies installed in 2015
- **10%** of global electricity capacity supplied by RE
- Global divestment
  - 612 Institutions divesting
  - Rockefeller, Norwegian Sovereign Wealth Fund, University of Glasgow etc.

The Business Case I Unlock financial returns

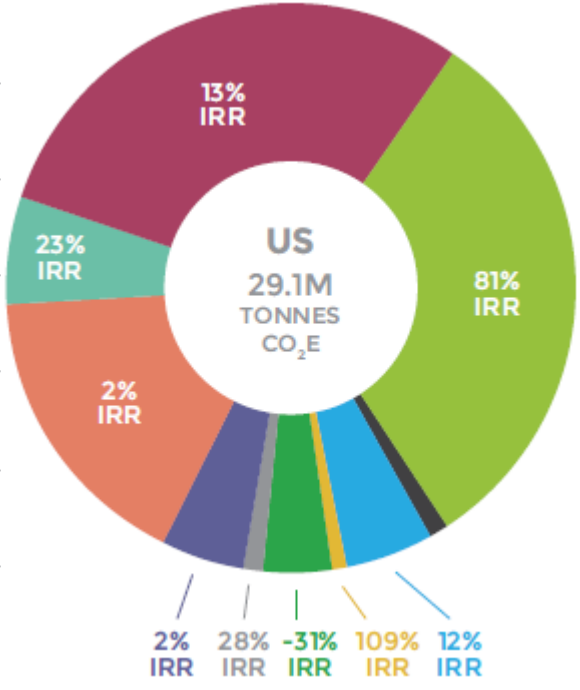
- Internal Rate of Return [IRR] for process energy efficiency measures:
  - In South Africa: 46%.
  - In the US: 81%.

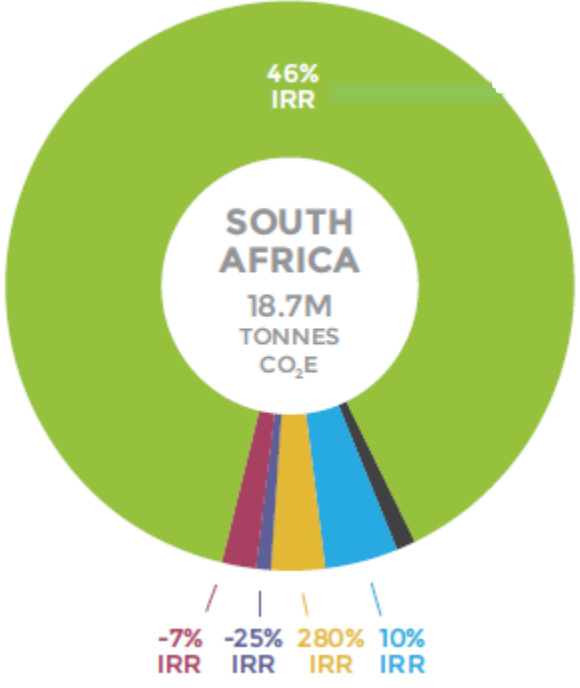
- Forward-thinking companies, with ambitious emissions targets and falling emissions intensity, report an average IRR of 27% on US$8.2 billion low carbon investments.

“We are aiming for a 25% increase in energy efficiency – which will lead to a reduction in our annual energy bill of $2bn.” - Søren Boas, PostNord

The Business Case | Unlock financial returns

- ENERGY EFFICIENT BUILDINGS
- ENERGY EFFICIENCY IN BUILDINGS
- PROCESS EMISSIONS REDUCTIONS
- ENERGY EFFICIENT INDUSTRIAL PROCESSES
- FUGITIVE EMISSIONS REDUCTIONS
- LOW CARBON ENERGY PURCHASE
- LOW CARBON ENERGY INSTALLATION
- FLEET EMISSIONS REDUCTIONS
- TRANSPORT EMISSION REDUCTIONS
- BEHAVIORAL CHANGE





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The Business Case | Overview

1. Secure long-term competitive advantage and protect future profitability
2. Unlock financial returns
3. Drive innovation

   “People are now more willing to try new things to help drive towards the target: it has created a ‘start-up mentality” - Amy Braun, Kellogg

4. Build credibility and reputation

   “This is about how we want to be seen as a company, about what it means to be a responsible corporate citizen; it is also what our customers expect from us.” - John Pflueger, Dell

5. Demonstrate leadership

   “They expect us to set an example. We know, having set a science-based target that we are giving people what they want. We are part of the solution – but we need to keep innovating to stay a leader.” Dorothée Bernier, Thalys

6. Peer pressure

The Business Case I Peer Pressure

The private sector is adopting SBTs quickly

Dell

- **50%** absolute GHG emissions reduction from facilities and logistics by 2020 (from 2010)
- **80%** energy intensity reduction of product portfolio by 2020 (from 2011)

Coca-Cola Enterprises

- **50%** absolute GHG emissions reduction from core business operations by 2020 (from 2007)
- **33%** GHG emissions reduction from the "drink in your hand" by 2020 (from 2007)

NRG

- **50%** absolute GHG emissions (all Scopes) reduction by 2030 (from 2014)
- Long-term target: **90%** absolute GHG emissions reduction (all Scopes) by 2050 (from 2014)

Targets cover Scope 3 emissions related to employee commuting, business and travel

The Business Case | Peer Pressure

190
companies committed to set a science based target

95
targets submitted for review

25
approved targets

~2
companies joining the initiative on average every week

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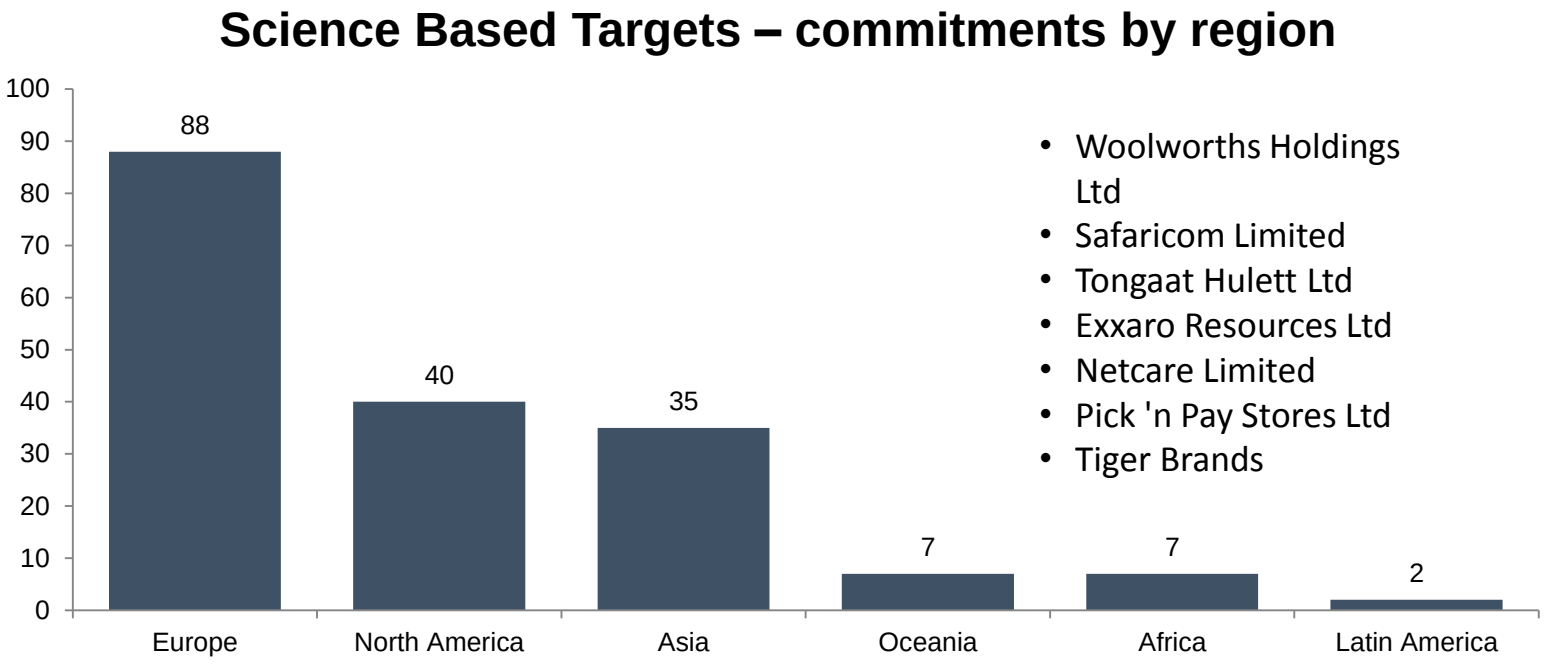
The Business Case | Peer Pressure



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The SBTi and some opinions from companies

https://youtu.be/L8QnbWvJxXs

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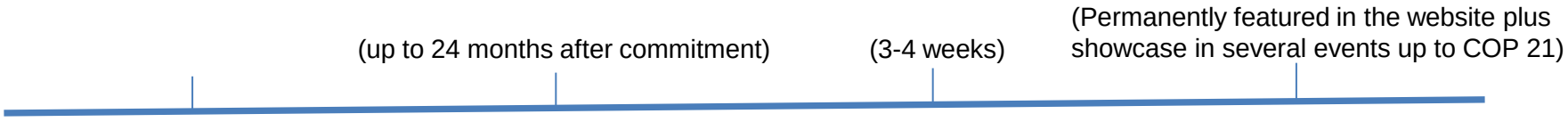
Science Based Targets | Call to Action: process



Commit to set a science-based target

- Complete the "Commitment letter"
- Get listed on SBT website

Develop a science-based target

- Develop a science-based target aligned with the eligibility criteria

Submit your science-based target for Quality Check

- Complete the "Science Based Target Form" for review against eligibility criteria

Announce your science-based target

- Publicly announce the science-based target once it is approved
- Help to grow the initiative

Questions & Answers

SCIENCE BASED TARGETS

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www.sciencebasedtargets.org

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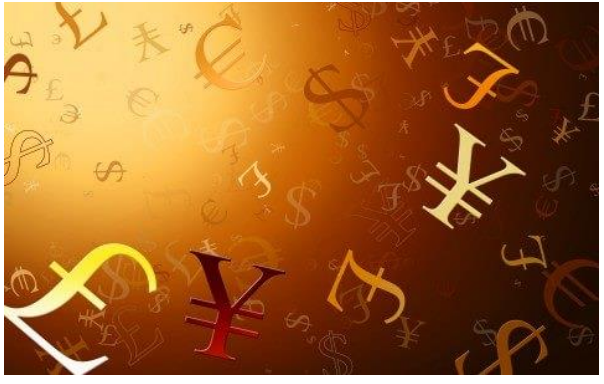
Additional Slides I

Call to Action I Financial Institutions

- Financial institutions are welcome to express their intention to set science-based targets for scope 1 and 2 and for their investment activities under the Call to Action, through signing the commitment letter.

- However, considering that there is not sufficient development yet as to how to assess financial institutions against a 2°C trajectory, the partners of the Science Based Targets initiative will not be able to assess or confirm adequacy of the targets for the time being.

- Financial institutions that sign the commitment letter will be invited to participate in future developments in this area.



Call to Action | Guidance on Scope 3 – best practice examples

SONY

1. Contraction of GHG emissions

Long term vision:

Achieve zero environmental footprint throughout the lifecycle of products and business activities by 2050

Long term goal – aspirational:

Reduce the company's carbon footprint (S1, S2 and S3) by 90% by 2050.

Intermediate targets – Green Management 2020:

S1+S2

- Absolute reduction of GHG emissions of 42% compared to 2000 levels (5% compared to 2015 levels)
- Use renewable energy equivalent to 300,000 tCO2e

S3 (selection)

- Reduce product energy consumption by 30%
- Request main contracted manufacturers to set emission reduction activities equivalent to Sony's.
- Collaborate with suppliers of components with large environmental footprint to set and implement their own emission reduction targets.