



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SCIENCE BASED TARGETS: THE CALL TO ACTION

AN INITIATIVE BY



United Nations Global Compact



WORLD
RESOURCES
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DEFINITION OF SCIENCE-BASED TARGETS

Targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered "science-based" if they are in line with the level of decarbonization required to keep global temperature increase 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).

Smart companies understand the risks posed by climate change and demonstrate leadership by setting science-based greenhouse gas reduction targets.

More than 80 per cent of the world's 500 largest companies established emission reduction or energy-specific targets in the 2014-15 financial year¹; evidence that the business community is investing in a stable climate and seizing opportunities in the new low-carbon economy. The next step in protecting that investment is to ensure that GHG reduction targets are consistent with the pace recommended by climate scientists to limit the worst impacts of climate change.

Science Based Targets, a joint initiative by CDP, the United Nations Global Compact, the World Resources Institute (WRI) and WWF, identifies and promotes innovative approaches to setting ambitious and meaningful corporate GHG reduction targets.

Dozens of companies have already committed to align their GHG reduction targets with climate science, including businesses like H&M, Honda, Mars, National Grid and BT Group. This group continues to grow as more business leaders see the benefits of taking ambitious climate action.

COMPANIES AND THE ROLE OF CLIMATE CHANGE

Despite the introduction of climate change mitigation measures by governments, companies, civil society and other actors, total anthropogenic GHG emissions are continuing to increase. Under the current trajectory, global mean temperatures are projected to increase by 3.7 to 4.8°C by the end of this century, far beyond the levels of warming that the international scientific community has identified as safe.

The world's carbon budget is the total volume of GHGs that can be emitted while providing a degree of confidence that temperature rise will be limited to a manageable 2 degrees Celsius. Science-based targets recognize that budget, limiting a company's GHG emissions to an allocation using various existing approaches.

Most of the global GHG emissions are either directly or indirectly influenced by the corporate sector. Companies have a clear role to play in protecting our climate and ensuring that the transition to a low-carbon economy is smooth and prosperous.

¹ Mind the Science Report, <http://mindthescience.sciencebasedtargets.org/>

BENEFITS OF SETTING SCIENCE-BASED TARGETS

Reducing GHG emissions protects our climate and our communities – and it's also good for business. Companies that set science-based targets build long-term business value and safeguard their future profitability in four important ways:

- 1. Drive innovation**
The transition to a low-carbon economy will catalyze the development of new technologies and operational practices. The companies that set ambitious targets now will lead innovation and transformation tomorrow.
- 2. Save money and increase competitiveness**
Setting ambitious targets now ensures a lean, efficient, and durable company in a future where resources become increasingly more expensive – particularly resources derived from fossil fuels. Rising prices of raw materials can mean the difference between profit and loss.
- 3. Build credibility and reputation**
Companies taking a leadership position on climate bolster their credibility and reputation among stakeholders, including investors, customers, employees, policy makers and environmental groups. Approximately half of consumers worldwide believe climate change will have a negative effect on their own lives, and 65 per cent of consumers agree that human activity is responsible for climate change². Meanwhile, companies increasingly want to do business with suppliers that are taking climate change seriously so that they can reduce GHG exposure in their value chain.
- 4. Influence & prepare for shifting public policy**
Taking ambitious action now helps companies stay ahead of future policies and regulations to limit GHG emissions. Companies that are seen as leaders are better able to influence policy makers and help shape developing legislation.

BECOME A CLIMATE LEADER

The Science Based Targets initiative is calling on companies to demonstrate their leadership on climate action by publicly committing to science-based GHG reduction targets. **We aim to enlist 100 companies in 2015 and 250 companies by 2020.** All participating companies will be recognized at sciencebasedtargets.org.

To join the movement and become one of the first 100 companies to take this important step towards the low-carbon economy, complete the following three steps:

- 1. Complete the commitment letter form**
Completing this form indicates a commitment to setting a science-based target if one does not

already exist at your company. Your company will be listed as "in process of setting a science-based target" at www.sciencebasedtargets.org.

- 2. Develop a target**
Your company will have 24 months to develop and announce a science-based target.
- 3. Announce your target**
Your company must submit the 'Science Based Target Form'. The information provided enables the Science Based Targets team to review the target against the eligibility criteria. On confirmation, the company will be listed and showcased on the Science Based Targets website and in other communications.

Criteria for setting science-based targets include:

- Scope:** The target boundary must be company-wide covering all of the GHGs included in the GHG Protocol, and must include Scope 1 and Scope 2 emissions as per the GHG Protocol Corporate Standard.
- Timeframe:** The commitment period must cover a minimum of 5 years from the date of announcement of the target.
- Level of ambition:** The ambition of the target must lead to a gross GHG reduction rate that is consistent with the level of decarbonization required to keep global temperature increase well below 2 degrees Celsius compared to pre-industrial temperatures, as described by the IPCC AR5 report
- Reporting:** Companies are required to disclose their GHG emissions on an annual basis along with any other data that shows progress against their targets.

Additional recommendations / requirements include:

- Companies are encouraged to develop mid- (e.g. 2030) and long-term goals (e.g. 2050) along with their respective interim milestones.
- Companies are encouraged to express their targets on an absolute and intensity basis.
- When scope 3 emissions cover a significant portion of the company's overall emissions, it is required to develop an ambitious scope 3 reduction target to announce alongside the science-based target covering Scope 1 and 2 emissions.

² National Geographic, Greendex 2014: Consumer Choice and the Environment – A Worldwide Tracking Survey

HOW WE CAN HELP YOU

CDP, UN Global Compact, WRI and WWF provide guidance, resources and support for companies interested in setting science based targets:

1. Participating companies may choose the most suitable methodology for setting science-based targets. One method is the Sectoral Decarbonization Approach (SDA). The SDA is sector-specific, enabling users to account for differences in mitigation potentials and costs among sectors and is most suitable for companies in the following sectors: Aluminum, iron and steel, cement, power generation, transport (air, light-road, heavy-road, rail), pulp and paper, and service buildings.
2. Companies are invited to webinars, workshops, and events to build capacity and share corporate knowledge about setting science-based targets.
3. Participating companies are recognized and profiled on www.sciencebasedtargets.org, corporate factsheets, and other communication activities planned by the Initiative.
4. Participating companies receive a detailed review of their target to ensure it meets the established criteria.
5. For a fee, interested companies can receive more in-depth technical support from the Science Based Targets partner organizations to develop their target.

WHY NOW?

Taking action now will ensure the smoothest-possible transition to the low-carbon economy while preserving ecological stability. If action is delayed, companies will need to make deeper cuts to their GHG emissions, which will be extremely disruptive to business. Companies can demonstrate leadership by joining the Initiative now and receive expert support and greater long-term benefits.

www.sciencebasedtargets.org



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