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## DRIVING COMPANY AMBITION: THE ROLE OF SCIENCE-BASED TARGETS IN INDUSTRY LOW-CARBON TRANSFORMATION



*AGCI Industry Decarbonization Workshop, Aspen, November 14, 2018*

## TODAY'S TOPICS

- The Science Based Targets initiative
  - Industry Links
  - Opportunities



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## Science Based Targets Initiative



The Science Based Targets initiative mobilizes companies to set science-based targets and boost their competitive advantage in the transition to the low-carbon economy.

PARTNER ORGANIZATIONS



IN COLLABORATION WITH



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## What is a Science Based Target?

A greenhouse gas emissions reduction target aligned with the latest climate science.

Defines how much and how quickly companies need to cut their emissions to ensure they contribute their part to the global effort to prevent dangerous climate change.

Gives companies a clear vision of where they need to be in the future, challenging them to transform their business and help create a low-carbon economy where they can thrive.

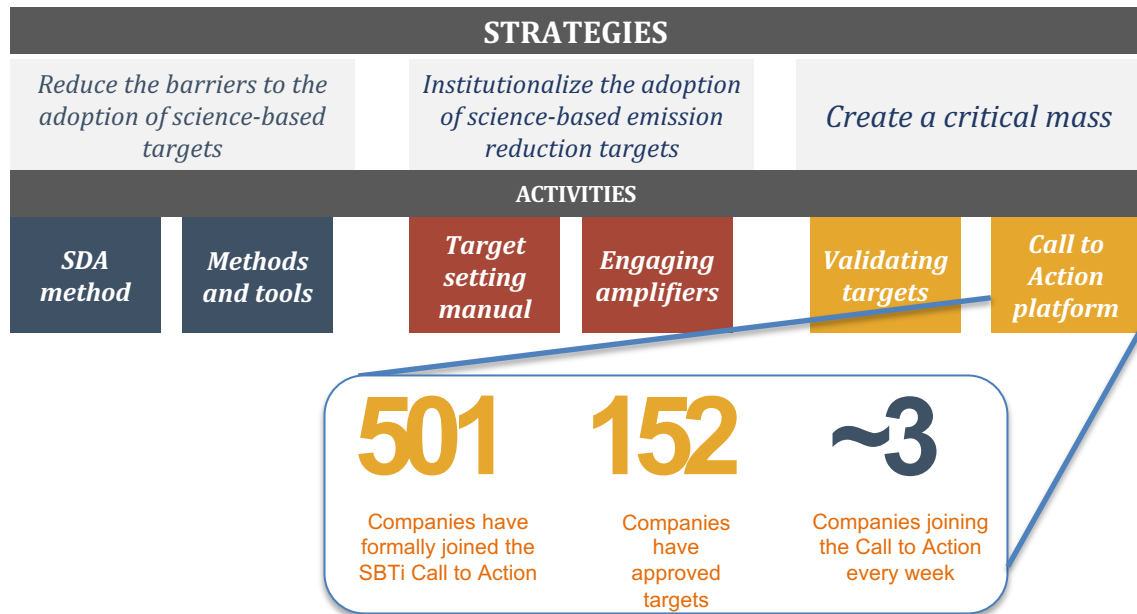
An initiative by



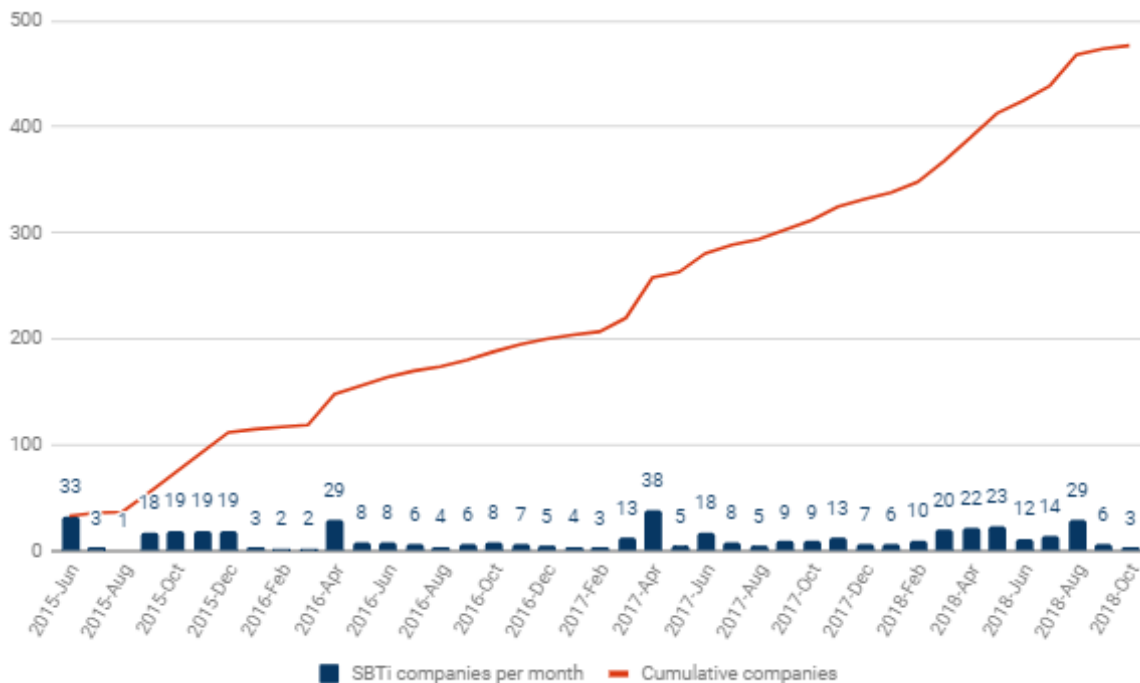
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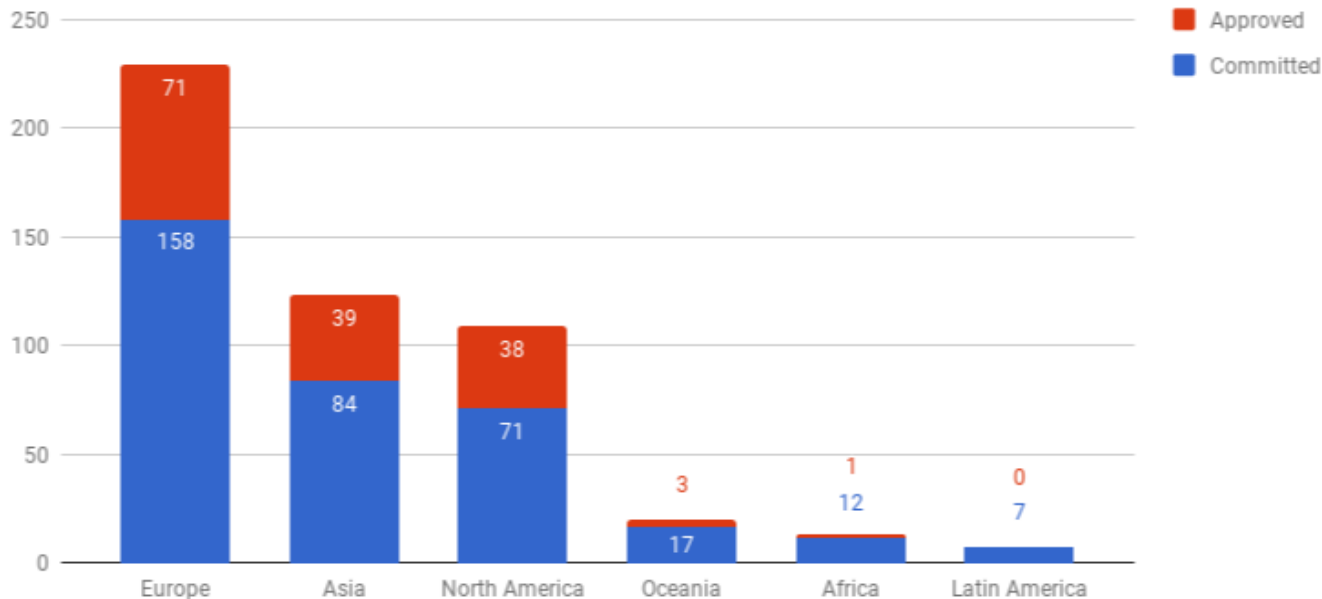
# SBTi's Three-Pillar Strategy



## Science-based targets initiative | Growing momentum



# SBT companies come from all regions



Note: This graph reflects figures as of November, 2018.

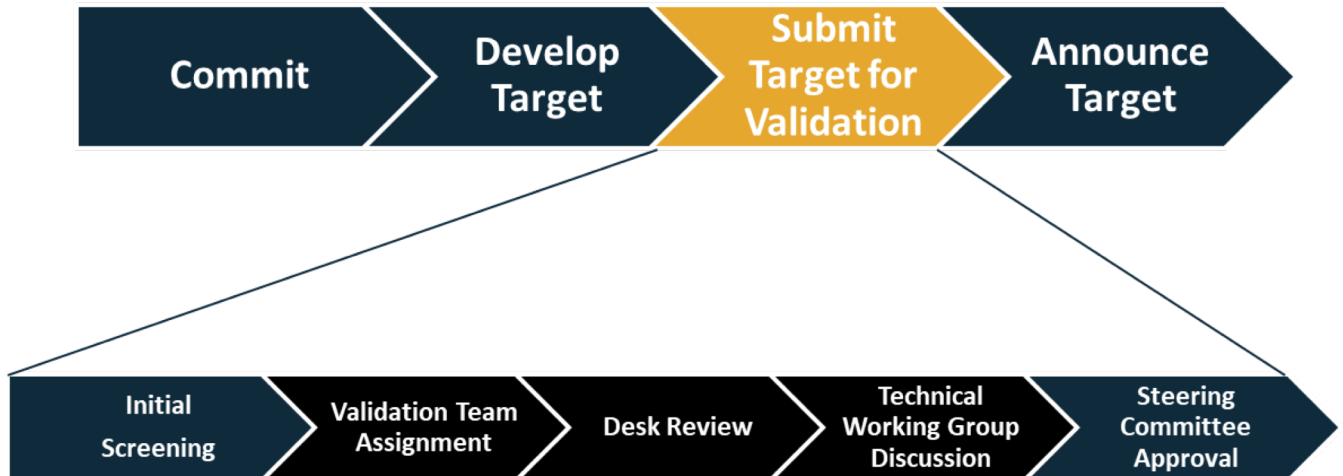
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# SBT companies undergo a comprehensive target validation process



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## SBTi Call to Action eligibility criteria

### 1. Boundary

Covers company-wide scope 1 and scope 2 emissions and all GHGs as required in the GHG Protocol Corporate Standard.

### 2. Timeframe

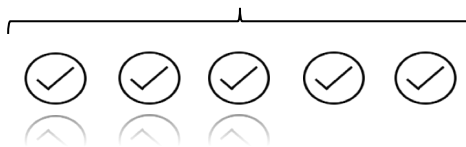
Commitment period must cover a minimum of 5 years and a maximum of 15 years from the date the target is submitted for an official quality check.

### 3. Level of ambition

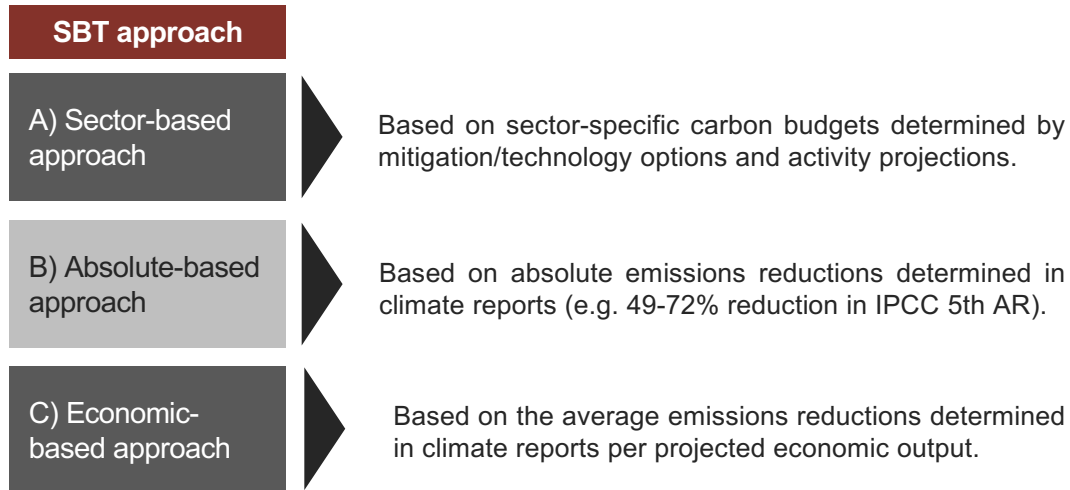
At a minimum, the target will be consistent with the level of decarbonization required to keep global temperature increase to 2°C compared to pre-industrial temperatures, though we encourage companies to pursue

greater efforts towards a 1.5° trajectory. Intensity targets are only eligible when they lead to absolute emission reductions in line with climate science or when they are modelled using an approved sector pathway or method (e.g. the Sectoral Decarbonization Approach).

**All five criteria are mandatory**



## SBTi target-setting methods



## Science-based targets I Getting started on target setting: SDA



- Freely available open-source methodology
- Allows companies to set emission reduction targets in line with a 2°C decarbonization scenario.
- Based on the 2°C scenario (2DS) developed by the International Energy Agency (IEA) as part of its Energy Technology Perspectives publication.

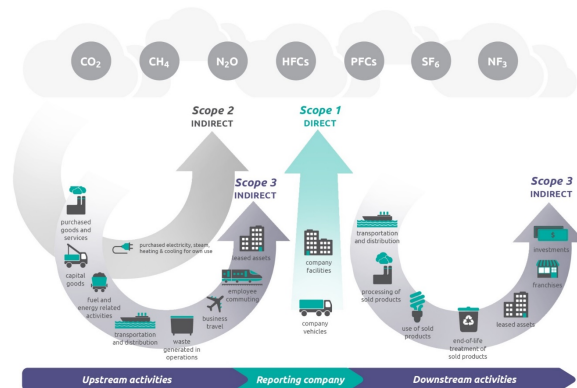
## SBTi Call to Action eligibility criteria

### 4. Scope 3

Companies must complete a scope 3 screening for all relevant scope 3 categories in order to determine their significance per the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

An ambitious and measurable scope 3 target with a clear time-frame is required when scope 3 emissions cover a significant portion (greater than 40% of total scope 1, 2 and 3 emissions) of a company's overall emissions.

The target boundary must include the majority of value chain emissions as defined by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard

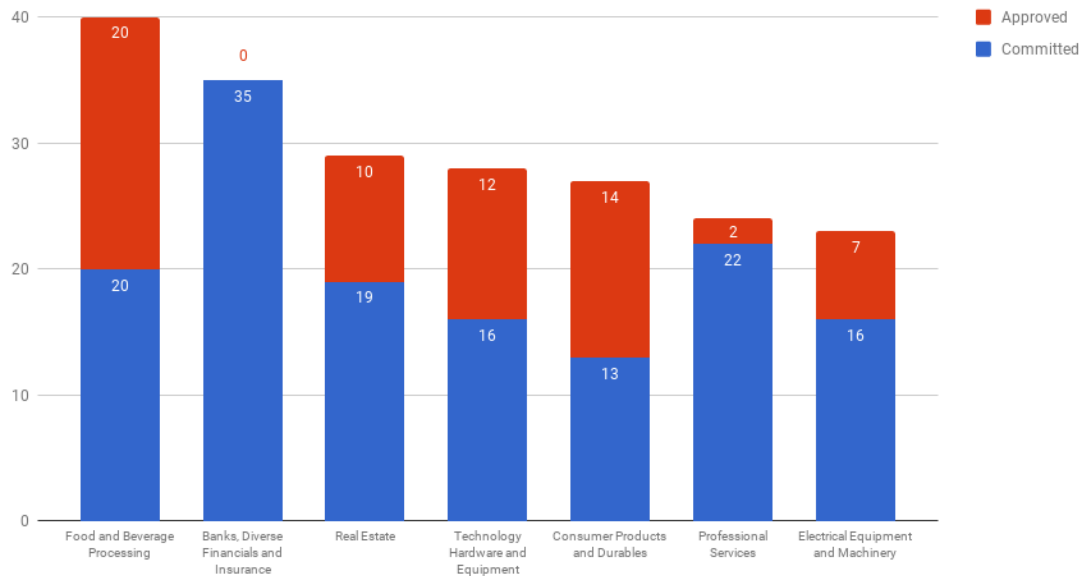


Download the GHG Protocol Scope 3 Standard:  
<http://www.ghgprotocol.org/standards/scope-3-standard>

### 5. Reporting

Disclose GHG emissions inventory on an annual basis.

## Wide range of sectors engaged



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## SBT SECTOR INITIATIVES



## INDUSTRY COMPANY TARGETS



SEKISUI CHEMICAL CO., LTD. commits to reduce absolute Scope 1 and 2 GHG emissions 26% by 2030 from a 2013 base-year. The company also commits to reduce absolute Scope 3 GHG emissions 27% by 2030 from a 2016 base-year.



**SUMITOMO CHEMICAL**

Japanese multinational chemical company Sumitomo Chemical commits to reduce absolute scope 1 and 2 GHG emissions 30 % by 2030 and 57% by 2050 from a 2013 base-year. Sumitomo Chemical also commits that 90 % of its suppliers by product weight will institute science-based GHG reduction targets by 2024.



Indian steel manufacturer Mahindra Sanyo Special Steel commits to reducing Scope 1&2 emissions per tonne of steel produced 35% by 2030, against a 2016 base-year. Mahindra Sanyo also commits to reducing Scope 3 emissions per tonne of steel produced by 35% by 2030 against a 2016 base-year.



American producer of flavors and fragrances and cosmetic actives International Flavors & Fragrances, Inc. commits to reduce absolute scope 1 and 2 GHG emissions 30% by 2025, from a 2015 base-year. International Flavors & Fragrances, Inc., also commits to working with its suppliers (representing 70% of its supply chain emissions) so that they set their own science-based reduction targets and report annual emissions by 2025.



# OPPORTUNITIES



**Sectoral Approaches**  
for target-setting,  
tracking, & evaluation



**Support SBT  
Implementation**  
with investments,  
technical assistance, &  
new business models



**Avoided Emissions**  
are not consistently  
accounted for or  
understood



**Industrial Policy for  
Climate**  
to steer investments &  
transform production  
processes



**Global Infrastructure  
Project**  
to address equity,  
development, & climate  
imperatives



**Address Contraction**  
and adverse human  
impacts of industrial  
transformation





# THANKS!

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For additional information, see:

<https://sciencebasedtargets.org>

